OFFERING MEMORANDUM SUPPLEMENT **CONFIDENTIAL**
(TO THE OFFERING MEMORANDUM DATED MARCH 12, 2024)

$60,000,000,000
Hyundai Capital America

Medium-Term Notes, Series A
General Terms of Sale

This offering memorandum supplement (this "Offering Memorandum Supplement") is supplemental to, and should be read in conjunction with, the Offering Memorandum dated March 12, 2024 (the "Offering Memorandum"), and any other supplements to the Offering Memorandum that we may issue. Unless defined herein, terms included in this Offering Memorandum Supplement shall have the definitions ascribed to them in the Offering Memorandum. The aggregate principal amount of Notes outstanding at any one time under the Medium-Term Notes, Series A program (the "Program") will not exceed $60,000,000,000. As of the date of this Offering Memorandum Supplement, we have $26,550,000,000 aggregate principal amount of Notes outstanding under the Program.

Investing in the Notes involves risks that are described in the "Risk Factors" section beginning on page 8 of the Offering Memorandum.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes are being initially offered in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and outside the United States to non-U.S. persons in compliance with Regulation S of the Securities Act. For further details about eligible offerees and resale restrictions, see "Plan of Distribution" and "Transfer Restrictions" in the Offering Memorandum.

Unless otherwise specified in an applicable Pricing Supplement, the Notes will not be listed on any securities exchange or any automated quotation system.

We may sell Notes to the agents referred to below as principals for resale at varying or fixed offering prices or through the agents as agents using their reasonable efforts on our behalf. We may also sell Notes without the assistance of the agents. For further details, see "Plan of Distribution" in the Offering Memorandum.

Barclays
BNP PARIBAS
BNY Mellon Capital Markets, LLC
BofA Securities
Citigroup
COMMERZBANK
Credit Agricole CIB
HSBC
J.P. Morgan
Lloyds Securities
Mizuho
MUFG
RBC Capital Markets
Santander
SMBC Nikko
SOCIETE GENERALE
TD Securities
US Bancorp
Wells Fargo Securities

The date of this Offering Memorandum Supplement is June 13, 2024.

No agent, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum Supplement and the Offering Memorandum. Neither we nor any of the agents named on the cover of the Offering Memorandum or this Offering Memorandum Supplement or in any amendment or supplement thereto and hereto (collectively, the "Agents") or our or their respective affiliates take any responsibility for, or provide assurance as to the reliability of, any information that others may give you. This Offering Memorandum Supplement and the Offering Memorandum do not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Offering Memorandum Supplement and the Offering Memorandum at any time, nor any sale made in connection with this Offering Memorandum Supplement and the Offering Memorandum, shall, in any circumstances, create an implication that there has been no change in our affairs or the affairs of Hyundai Motor Company since the date of this Offering Memorandum Supplement or that the information contained in the Offering Memorandum or this Offering Memorandum Supplement is correct as of any time subsequent to the date of this Offering Memorandum Supplement.

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In this Offering Memorandum Supplement and the Offering Memorandum, references to "HCA," the "Company," "we," "us" and "our" refer to Hyundai Capital America, a California corporation and the issuer of the Notes, and to its subsidiaries, except where otherwise indicated or where the context otherwise requires, including in the sections of the Offering Memorandum entitled "Summary—General Terms of the Notes" and "Description of the Notes."

This Offering Memorandum Supplement and the Offering Memorandum have been prepared by us solely for use in connection with the proposed offering of Notes described in this Offering Memorandum Supplement and the Offering Memorandum. This Offering Memorandum Supplement and the Offering Memorandum are personal to each offeree and do not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum Supplement and the Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum Supplement and the Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum Supplement or any documents referred to in this Offering Memorandum Supplement or the Offering Memorandum.

Notwithstanding anything in this Offering Memorandum Supplement or the Offering Memorandum to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between us, the Agents or their respective representatives and each prospective investor regarding the transactions described in this Offering Memorandum Supplement.

We have furnished the information contained in this Offering Memorandum Supplement and the Offering Memorandum. The Agents make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum Supplement or the Offering Memorandum (financial, legal or otherwise) and assume no responsibility for such information. Nothing contained in this Offering Memorandum Supplement or the Offering Memorandum is, or should be relied upon as, a promise or representation by the Agents as to the past or future.

Neither the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission nor any other regulatory authority has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum Supplement or the Offering Memorandum. Any representation to the contrary is a criminal offense.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in the Offering Memorandum entitled "Transfer Restrictions" and "Plan of Distribution."

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Notes, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum Supplement or the Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

In this Offering Memorandum Supplement and the Offering Memorandum, we rely on and refer to information and statistics regarding our industry. We obtained this market data from independent industry publications or other publicly available information. Although we believe that these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information.

This Offering Memorandum Supplement and the Offering Memorandum contain summaries of the indenture, Notes and support agreement that are believed to be accurate, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum Supplement and the Offering Memorandum constitute "forward-looking statements," including statements regarding HCA's expectations and projections for future operating performance and business prospects. The words "believe," "expect," "anticipate," "estimate," "project," "will," "aim," "will likely result," "will continue," "intend," "plan," "contemplate," "seek to," "future," "objective," "goal," "should," "will pursue" and similar expressions or variations of these expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Memorandum Supplement and the Offering Memorandum, including, without limitation, those regarding HCA's financial position and results, business strategy, plans and objectives of management for future operations, including development plans and objectives relating to HCA's products and services, are forward-looking statements. Such forward-looking statements and any other projections contained in this Offering Memorandum Supplement and the Offering Memorandum (whether made by HCA or any third party) involve known and unknown risks, uncertainties and other factors that may cause HCA's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections regarding HCA's present and future business strategies and the environment in which HCA will operate in the future. Factors that could cause HCA's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" in the Offering Memorandum. Any forward-looking statements contained in this Offering Memorandum Supplement speak only as of the date of this Offering Memorandum Supplement. HCA expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in HCA's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents selected consolidated financial and other data as of and for the three months ended March 31, 2024 and 2023. The selected consolidated financial and other data have been derived from our unaudited consolidated interim financial statements appearing elsewhere in this Offering Memorandum Supplement. In the opinion of our management, the unaudited consolidated interim financial statements have been prepared on the same basis as our audited consolidated financial statements included in our Offering Memorandum and, in the opinion of our management, include all adjustments necessary for a fair presentation of the information set forth therein. Results for the three months ended March 31, 2024 are not necessarily indicative of full year results. These selected consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited consolidated interim financial statements and notes thereto included elsewhere in this Offering Memorandum Supplement.

	Three Months Ended March 31,	
	2024	**2023**
	(dollars in thousands)	
Income Statement Data:		
Financing Revenue		
Operating leases	$ 898,099	$ 830,007
Retail	618,918	384,972
Wholesale	76,025	36,678
Finance Lease	1,026	141
Total financing revenue	1,594,068	1,251,798
Depreciation on operating leases	620,490	614,695
Interest expense	651,751	348,686
Total depreciation and interest expense	1,272,241	963,381
Net financing revenue	321,827	288,417
Other revenue	79,365	60,758
Total net financing margin and other revenue	401,192	349,175
Expenses		
Operating expenses	146,110	152,092
Provision for credit losses	114,139	57,839
Total expenses	260,249	209,931
Income before provision for income taxes	140,943	139,244
Provision for income taxes	30,123	32,356
Net income	$ 110,820	$ 106,888

	March 31, 2024	March 31, 2023
	(dollars in thousands)	
Balance Sheet Data:		
Finance receivables, net		
Retail	$ 40,007,626	$ 31,608,736
Wholesale	4,364,428	2,381,125
Finance Lease	25,820	1,903
Total finance receivables	44,397,874	33,991,764
Allowance for credit losses	(711,406)	(596,873)
Total finance receivables, net	$ 43,686,468	$ 33,394,891
Investments in operating leases, net		
Vehicles and initial direct costs	$ 20,893,075	$ 19,529,781
Accumulated depreciation	(3,622,832)	(3,825,399)
Allowance for credit losses	(78,333)	(75,973)
Total investment in operating leases, net	$ 17,191,910	$ 15,628,409
Total assets	$ 66,128,354	$ 53,474,907
Total debt, net	$ 54,502,528	$ 43,281,154
Total liabilities	$ 60,027,375	$ 47,685,054
Total shareholders’ equity	$ 6,100,979	$ 5,789,853
Total liabilities and shareholders’ equity	$ 66,128,354	$ 53,474,907
Other Financial Data		
Net Income to Total Assets ratio (1)	0.7%	0.8%
Net Income to Equity ratio (1)	7.3%	7.4%
Loss to Receivables ratio (1) (2)	0.8%	0.7%
Allowance for Credit Losses to Finance Receivable ratio (3)	1.6%	1.8%
Allowance for Credit Losses to Investment in Operating Leases ratio (4)	0.5%	0.5%

(1) All ratios have been annualized.
(2) Calculated based on net charge-offs divided by the average amount of receivables outstanding, excluding the allowance for loan losses, unearned interest supplements and other deferred items related to finance receivables.
(3) Calculated based on allowance for credit losses related to retail and wholesale loans divided by total finance receivables.
(4) Calculated based on allowance for credit losses related to operating leases divided by total net investment in operating leases, excluding the allowance for credit losses.

RISK FACTORS

Our financial position, results of operations and cash flows are subject to numerous risks. You should carefully consider the risks described under "Risk Factors" starting on page 8 of the accompanying Offering Memorandum, as well as the other information contained in the Offering Memorandum.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

HCA is a majority-owned subsidiary of Hyundai Motor America ("HMA"), the primary distributor of Hyundai vehicles in the United States. HMA is a wholly owned subsidiary of Hyundai Motor Company ("HMC"), which is a worldwide manufacturer and distributor of motor vehicles headquartered in South Korea. As of March 31, 2024, HMA owns 80% of the outstanding common stock of HCA, and Kia America, Inc. ("KUS"), a wholly owned subsidiary of Kia Corporation ("KC"), owns 20% of the outstanding common stock of HCA. KUS is the primary distributor of Kia vehicles in the United States. KC is an affiliate of HMC, and both companies have outstanding common stock listed on the Korea Exchange, but are not registered with the SEC in the United States of America. HCA offers indirect automotive consumer loan and lease financing and direct dealer financing through its retail dealer agreements with HMA, KUS and Genesis Motor America LLC ("GMA"), a subsidiary of HMA, dealerships, and a small number of other dealerships, all of which are located within the United States. In August 2016, Genesis, a division of HMA, began distributing a new line of vehicles under the Genesis brand. GMA began distributing Genesis brand vehicles beginning with the 2019 model year.

For the purposes of this Offering Memorandum Supplement, references to HMA include GMA, and references to Hyundai include the Genesis brand, unless otherwise noted.

HCA's financial results are impacted by several factors, the most important of which are financing revenue, market penetration of Hyundai and Kia new vehicle sales, market penetration of wholesale dealer financing provided to Hyundai and Kia automobile dealers, borrowing costs, portfolio credit performance, and residual value performance on our lease portfolio. These factors are affected by certain trends, including rising interest rates and changes in the overall credit quality of our finance receivables.

HCA makes certain critical accounting estimates with respect to residual values in our lease portfolio and in the allowance for credit losses for our finance receivable and lease portfolios. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Financing Revenue from Finance Receivables and Operating Leases

HCA's portfolio has four major types of income producing assets: retail loans, operating leases, finance leases, and wholesale loans to dealers. The retail loans are installment contracts using market-based pricing tiered for customer credit risk. The operating leases provide for fixed monthly rental payments from customers with a guaranteed purchase option price at lease termination. HCA maintains residual exposure on vehicles subject to operating leases. Lease rental payments are priced based upon a market based rate of return and tiered for consumer credit risk. Finance lease receivables, which are currently immaterial, consist of signage leases made to dealers for a term of ten years and the underlying assets have a zero-dollar residual value, leases for hydrogen trucks made to the lessee for seven years which the lessee will purchase at the end of the term, and leases of electric vehicle ("EV") charging equipment made to the lessee for five years with an option to go month-to-month thereafter. Wholesale loans to dealers are predominantly comprised of borrowings by dealers to finance new and used automobile inventory and are due from the dealers shortly after the related vehicles are sold to customers. Wholesale loans also include real estate and working capital loans, which are utilized, generally, for the acquisition, construction or improvement of the dealer's facilities.

Rate Subsidy Payments

As an accommodation to HMA and KUS, HCA frequently provides incentive programs to customers. Generally, under these programs, HCA finances or leases vehicles on favorable terms and receives subsidy amounts from HMA and KUS. Subsidy amounts are generally received for lower than market interest rates, lower than market lease rentals, greater than market estimated lease residual values and greater than normal expected credit losses. The subsidies are also known as rate support or subvention. HMA and KUS provide incentives on retail loan contracts by paying the present value difference between the customer rate (the subvened rate) and HCA's settlement rate. The settlement rate is determined primarily based upon current market rates and other HCA operational costs. Similarly, for lease contracts, HCA establishes a standard money factor and HMA and KUS pay the present value difference between the customer rate and HCA's standard rate. HMA and KUS also may elect to support residual values (established at lease inception) in excess of HCA's standard residual values which reduce the customer's payment. HCA utilizes residual values published by a third-party industry guide and HMA and KUS guarantee any amount in excess of the standard residual values. In some cases, HCA shares residual support programs with HMA and KUS. The portion allocable to HCA is amortized, straight-line, as a reduction to lease revenue.

HMA and KUS pay HCA under its vehicle incentive financing programs, which include yield and residual value and other end of term incentives. The amounts billed to HMA for various yield incentive programs amounted to $156.6 million and $153.8 million for the three months ended March 31, 2024 and 2023, respectively. The amounts billed to KUS for various yield incentive programs amounted to $20.8 million and $30.1 million for the three months ended March 31, 2024 and 2023, respectively. These amounts are recognized in financing revenue over the terms of the related contracts.

The amounts billed to HMA for residual value and other end of term incentive programs were $1.7 million and $1.0 million for the three months ended March 31, 2024 and 2023, respectively. The amounts billed to KUS for residual value and other end of term incentive programs were $0.1 million and $0 for the three months ended March 31, 2024 and 2023, respectively. The effect of the residual value incentive program is a reduction of depreciation over the life of the lease. Other end of term incentive programs consist of disposition fees paid on behalf of loyal customers and are recorded in financing revenue.

The outstanding receivable balance for HMA yield incentive programs were $175.7 million and $141.6 million as of March 31, 2024 and 2023, respectively, and are a component of due from affiliates, net. The outstanding receivable balance for HMA residual value and other end of term incentive programs were $212.7 million and $149.0 million as of March 31, 2024 and 2023, respectively, and are a component of due from affiliates, net.

The outstanding receivable balance for KUS yield incentive programs were $77.7 million and $42.9 million as of March 31, 2024 and 2023, respectively, and are a component of due from affiliates, net. The outstanding receivable balance for KUS residual value and other end of term incentive programs were $137.7 million and $118.2 million as of March 31, 2024 and 2023, respectively, and are a component of due from affiliates, net.

The residual value and other end of term incentive receivable balance due from HMA and KUS for each period presented consists primarily of an estimated future billing amount for units covered under the incentive program but not billable until end of lease term. The estimated future billing corresponding amounts are included as a reduction of the investment in operating leases, net.

The following table reflects the number and percentage of total contracts purchased during the period that received rate subsidies from HMA or KUS:

	Three Months Ended March 31, (1)	
	2024	**2023**
Retail Loan:		
Number of vehicle retail contracts purchased by HCA:		
Hyundai	78,249	82,363
Kia	61,901	53,130
Total	140,150	135,493
Subvened retail loan		
Number of vehicle subvened retail contracts purchased by HCA:		
Hyundai	72,307	74,993
Kia	52,469	39,864
Total	124,776	114,857
Subvened retail loan percent		
Hyundai	92%	91%
Kia	85%	75%
Total	89%	85%
Lease:		
Number of vehicle lease contracts purchased by HCA:		
Hyundai	46,795	22,177
Kia	33,670	21,790
Total	80,465	43,967
Subvened lease		
Number of vehicle subvened lease contracts purchased by HCA:		
Hyundai	46,666	22,131
Kia	33,487	21,734
Total	80,153	43,865
Subvened lease percent (1)		
Hyundai	100%	100%
Kia	99%	100%
Total	100%	100%

(1) Genesis included in Hyundai. Subvened percent calculated based on the number of subvened retail loan or lease contracts divided by the combined total number of contracts purchased by HCA in the United States.

Market Penetration of Hyundai and Kia Vehicle Sales and Leases

The following chart provides market penetration information regarding Hyundai and Kia vehicles in the United States for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, (1)(2)	
	2024	**2023**
Number of vehicles sold or leased in U.S.:		
Hyundai	180,692	182,794
Kia	158,084	171,736
Total	338,776	354,530
Retail Loan:		
Number of vehicle retail contracts purchased by HCA:		
Hyundai	78,249	82,363
Kia	61,901	53,130
Total	140,150	135,493
Retail loan penetration rate:		
Hyundai	43%	45%
Kia	39%	31%
Total	41%	38%
Lease:		
Number of vehicle lease contracts purchased by HCA:		
Hyundai	46,795	22,177
Kia	33,670	21,790
Total	80,465	43,967
Lease penetration rate:		
Hyundai	26%	12%
Kia	21%	13%
Total	24%	12%
Retail Loan and Lease:		
Number of vehicle retail and lease contracts purchased by HCA:		
Hyundai	125,044	104,540
Kia	95,571	74,920
Total	220,615	179,640
Retail loan and lease penetration rate:		
Hyundai	69%	57%
Kia	60%	44%
Total	65%	51%

(1) Genesis included in Hyundai. Number of vehicles sold or leased in the United States excludes fleet units.

(2) Genesis included in Hyundai. Penetration rate calculated based on the number of new retail loan and/or lease contracts that were purchased divided by the combined total number of Hyundai or Kia vehicles sold or leased in the United States.

The combined market penetration for Hyundai and Kia vehicles for the three months ended March 31, 2024 increased compared to the three months ended March 31, 2023 as both brands' penetration rates increased. The higher penetration rates were due to higher incentives from HMA and KUS as industry new vehicle inventory levels gradually returned to normalized levels.

Market Penetration of Wholesale Financing

HCA attempts to strengthen the overall relationship with Hyundai and Kia dealers by providing floorplan lines of credit, real estate loans and working capital loans. The following chart provides information regarding our wholesale dealer financing relationship with Hyundai, Kia and other dealers in the United States:

	Three Months Ended March 31,	
	2024	**2023**
Number of dealers in the U.S. [1]		
Hyundai	842	838
Kia	788	781
Genesis	9	7
Total	1,639	1,626
Number of dealers with floorplan loans		
Hyundai	259	230
Kia	243	210
Genesis	4	3
Total	506	443
Number of other dealers with floorplan loans (non-Hyundai, non-Kia and non-Genesis)	65	44
Wholesale finance receivables outstanding (dollars in thousands) [2]	$ 4,364,428	$ 2,381,125

[1] Non-standalone Genesis dealers are included in Hyundai
[2] Includes non-Hyundai, non-Kia dealers and non-Genesis dealers

From March 31, 2023 to March 31, 2024, HCA's floorplan penetration and wholesale receivables outstanding increased due to higher dealer inventory balances and the addition of new dealers.

Interest Rates and Credit Spreads

HCA's results of operations depend on both the levels of finance and lease revenues and levels of borrowing costs (interest expense). Changes in market interest rates and credit spreads can impact HCA's revenues and expenses differently depending upon whether our assets and liabilities are tied to fixed or floating rates of interest and the term of the asset or liability. Compared to the three months ended March 31, 2023, higher average market rates and market volatility amid inflationary pressures negatively impacted HCA's interest expense and results of operations for the three months ended on March 31, 2024. There can be no assurances that interest rates and spreads will not continue to rise in the future or that HCA will be able to price its assets to appropriately reflect an increase in borrowing costs.

Portfolio Credit Performance

The following table shows our net credit losses (credit losses, net of recoveries), average receivables outstanding and loss-to-receivables ratio (net credit losses divided by the average amount of receivables outstanding, excluding the allowance for credit losses, unearned interest supplements and other deferred items related to finance receivables). Percentage amounts presented for the three months ended March 31, 2024 and 2023 have been annualized for comparability.

	Three Months Ended March 31,	
	2024	2023
	(dollars in thousands)	
Net credit losses	$ 92,006	$ 60,866
Average receivables	43,812,445	32,893,773
Loss-to-Receivables ratio (annualized)	0.84%	0.74%

During the three months ended March 31, 2024, the retail portfolio experienced higher net credit losses compared to the same period in 2023 due to a larger asset base, higher delinquencies, and lower recoveries as used car prices decreased. As a result, there was a 10 basis points increase in the loss-to-receivables ratio during the three months ended March 31, 2024 from prior year levels.

HCA monitors delinquency ratios on a daily and monthly basis. Risk/behavioral-based collection models and segmentation are used to identify high-risk accounts and HCA's collections efforts target those accounts earlier in the delinquency cycle. As accounts fall further past due, collection efforts are increased in order to mitigate potential losses. An account is charged off due to credit losses at the earlier of when it is deemed to be uncollectable or when it becomes 120 days past due. Collection efforts continue after the account has been charged off both internally and through outside agencies.

Losses on wholesale finance receivables are charged to the allowance for credit losses upon loss of specific assets or when the fair value of the collateral supporting the impaired wholesale finance receivables is estimated to be below the carrying value of the receivables. Interest ceases to be earned on wholesale finance receivables generally when the dealer is in default on a loan.

Residual Performance

HCA underwrites lease residuals using a published third-party valuation of residuals. Occasionally, HMA or KUS guarantees a portion of a vehicle's residual value as part of a marketing program to reduce the customer's monthly payment. The guaranty amount is a fixed percentage of a vehicle's published residual amount. Residual subvention is recorded as a reduction to net investment in operating leases so that the carrying value of the leased vehicle at contract maturity reflects the residual value as published by the third-party valuation guide. The residual subvention receivable from HMA and KUS is recorded in due from affiliates on the financial statements.

HCA periodically evaluates and updates the residual value established at lease inception. To the extent the new estimate of residual value has declined, net investment in operating leases is reduced over the remaining life of the lease through depreciation expense. We also periodically review the operating lease portfolio for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Generally an impairment condition is determined to exist if the estimated undiscounted cash flows from the use and eventual disposition of the asset are lower than the carrying value.

At lease maturity, the customer has the option to purchase the vehicle at the contract residual or to return the vehicle to an authorized Hyundai or Kia dealership. In the event the vehicle is returned, the dealer can purchase the vehicle at the same contract residual price. All leased vehicles not purchased by customers or dealers at the contract residual are returned to HCA.

Our remarketing department offers the vehicles for sale on a branded internet website supported by a third-party vendor at a fixed price and/or at an auction with an open bidding environment. We use a network of auto auctions throughout the United States, which allows us to efficiently manage our inventory by controlling the flow and placement of vehicles to the auction locations that we believe will yield the highest net recovery value. We are exposed to risk of loss upon disposition of end of term leased vehicles when auction proceeds are less than the net book value of the terminated lease except where covered by HMA or KUS residual subvention support payments.

Critical Accounting Policies

The following is a summary of accounting policies that we believe are most critical to understanding our results of operations and financial condition. We believe our interpretation and application related to these accounting policies are appropriate. Our other significant accounting policies are discussed in the "Notes to Unaudited Consolidated Interim Financial Statements—Note 2—Summary of Significant Accounting Policies."

Finance Receivables

Finance receivables include retail finance receivables, wholesale finance receivables and finance lease receivables. Retail finance receivables consist of retail installment contracts with consumers. Wholesale finance receivables consist of floor plan, real estate, and working capital loans made to dealers. Finance lease receivables consist of signage leases made to dealers for a term of ten years and the underlying assets have a zero-dollar residual value, leases for hydrogen trucks made to the lessee for seven years which the lessee will purchase at the end of the term, and leases of EV charging equipment made to the lessee for five years with an option to go month-to-month thereafter.

Finance receivables are classified as held-for-investment if the Company has the intent and ability to hold the receivables for the foreseeable future or until maturity or payoff. As of March 31, 2024 and 2023, all finance receivables were classified as held-for-investment, and there were no receivables classified as held-for-sale.

Retail finance receivables are generally due in installments from customers over a period of three to seven years and are collateralized by liens on the related vehicles. The Company retains purchase money security interests in all automobiles financed until full payment is received. Retail finance receivables also include a retail balloon product offered where customers may finance their vehicles with a series of installment payments followed by a single balloon payment. At the end of the contract, the customer may keep the vehicle by making the final balloon payment or return it to HCA and pay charges for excess mileage and use, if any. The recorded investment of retail balloon products may contain an allowance for residual exposure as well as residual guarantees received from HMA and KUS.

Finance receivables are reported at the principal amount outstanding, net of allowance for credit losses, unearned origination fees, and deferred origination costs. A portion of the retail finance receivables include origination fees in the form of rate subsidies (subvention) received from HMA or KUS at the inception of the receivable and are accreted into revenue over the receivable's term using the effective-interest-rate method. Origination costs include flat commissions paid to the dealers for originating the loan, payments made for rate participation, and other initial direct costs.

Revenue on retail finance receivables and wholesale finance receivables includes contractual interest income, accretion of origination fees, and amortization of origination costs. Interest income is accrued as earned using the simple-interest method. The recognition of finance revenue on retail finance receivables is discontinued when the underlying collateral is repossessed or accounts are charged off, generally no later than 120 days. Revenue on finance lease receivables includes the interest calculated throughout the lease term using a precomputed method as well as the selling profit which is calculated as the difference between the contractual value and the carrying value of the underlying assets at lease commencement. Interest is accrued when earned and accrued interest receivable is included within Other assets in the Consolidated Balance Sheets.

Investment in Operating Leases

The Company leases vehicles to customers under operating leases typically for a term of two to four years. The investment in operating leases is reported at cost, less accumulated depreciation and net of allowance for credit losses. Operating lease revenue is recognized on a straight-line basis over the lease term. Operating lease revenue includes accretion of origination fees and is net of amortization of origination costs, which are also recognized on a straight-line basis over the lease term as earned. Rental subsidies received from HMA or KUS at the inception of the lease are accounted for as deferred origination fees in Accounts payable and other liabilities and are accreted into revenue over the lease term in proportion to the recognition of operating lease income. Initial direct costs of originating operating leases are deferred and allocated over the lease term in proportion to the recognition of operating lease income. Occasionally, HMA or KUS guarantees a portion of the vehicle's residual value as part of a marketing program to reduce the customer's monthly payment. The guaranty amount is a fixed percentage of the vehicle's value established at origination and is accounted for as a reduction to investment in operating leases. At lease termination, the realized portion of the guaranty is recognized as income and presented net with the gain or loss on disposition of the vehicle in Disposal of investment in operating leases.

A review for impairment of the Company's operating leases is performed whenever events or changes in circumstances indicate that the carrying values may not be recoverable. Generally, an impairment condition is determined to exist if estimated undiscounted cash flows from the use and eventual disposition of the asset are lower than the carrying value. For the purposes of testing for impairment, operating lease assets are grouped at the lowest level the Company can reasonably estimate cash flows. When impairment conditions are met, impairment losses are measured by the amount carrying values exceed their fair values. No impairment charges were recorded for the three months ended March 31, 2024 and 2023.

Determination of Residual Values for Vehicles Subject to Operating Leases

The Company is exposed to residual risk for vehicles subject to operating leases to the extent the actual amount received upon the sale of vehicles at disposition is lower than the residual value, net of guaranty, estimated at lease inception. The Company initially estimates the residual values at lease inception using external industry guides, which take into account expected economic conditions for the used vehicle market. Periodically, residual values are reviewed to assess the appropriateness of the carrying value of the vehicles. To the extent the estimated fair value at lease termination is lower than the residual value established at lease inception, the residual value of the vehicle is adjusted downward so that the carrying value at lease-end will approximate the estimated end of term market value. Adjustments are made on a straight line basis over the remaining terms of the leases and are included in Depreciation expense on operating leases on the Consolidated Statements of Income.

Returned and Repossessed Collateral

Returned and repossessed collateral includes vehicles and real estate property acquired by voluntary return or through repossession/foreclosure for nonpayment of indebtedness. These held for sale assets are generally recorded at fair value less estimated selling expenses. The majority of vehicles are sold through automobile auctions within a short period after repossession. Real estate property is classified as available for sale property and disposal times vary depending upon market demand. Once the collateral has been sold, the net sales proceeds are applied as reduction to net credit losses. If there is a deficiency balance remaining, the cumulative value that was charged off is pursued for recovery.

Allowance for Credit Losses

The allowance for credit losses is the Company's estimate of lifetime credit losses inherent in Finance receivables, net, and probable credit losses inherent in Investment in operating leases, net as of the Consolidated Balance Sheet date. Because credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain.

The allowance for credit losses is estimated using a combination of models and management judgment and is based on factors such as historical trends in credit losses and recoveries (including key metrics such as delinquencies, repossessions, and bankruptcies), the composition of the present portfolio (including vehicle brand, term, and internal risk evaluation), trends in historical and projected used vehicle values, and economic conditions.

The allowance for credit losses on retail finance receivables is calculated under the current expected credit loss ("CECL") standard. Retail finance receivables are categorized as a homogeneous portfolio for the purpose of disclosures in "Notes to Unaudited Consolidated Interim Financial Statements—Note 6—Allowance for Credit Losses and Credit Risk". The retail finance receivables portfolio is primarily comprised of pools of homogenous loans that are evaluated collectively for purposes of calculating the allowance. The Company estimates the allowance for credit losses for retail finance receivables at the portfolio level based on loan characteristics. Retail loans are segmented by origination year and month, customer FICO score (greater than or equal to 680 being prime, below being non-prime), and the designation of the vehicle as either new or used to assess for performance of the portfolio. Credit quality metrics are analyzed by each segment to develop a lifetime allowance for credit losses on retail finance receivables. The allowance is calculated utilizing regression models that correlate loan vintage, credit quality, historical performance, aging of individual accounts, current delinquencies, and macroeconomic variables such as unemployment rate, used vehicle price indices, and the Consumer Confidence Index. The reasonable and supportable forecast period extends over the life of the underlying assets. Qualitative adjustments considering underwriting quality, collections performance, collateral value, and external factors are applied based on management judgment in cases where the model is not representative of the current environment. Assignment of retail finance receivables to segments is determined at the time of origination.

The allowance for credit losses on investment in operating leases is calculated under the ASU 842-30 and ASC 450 standards. A portion of the Company's operating leases is expected to terminate prior to their scheduled maturities when lessees default on their contractual obligations. Losses are generally realized upon the disposition of the repossessed operating lease vehicles. Operating leases are collectively evaluated to determine the estimated losses incurred. The Company estimates an allowance for credit losses on the net investment in operating leases initially utilizing historic net loss data from the portfolio and applying it to the outstanding investment in operating leases. In cases where historical loss data is not representative of the current environment, qualitative adjustments are used to supplement the allowance to the levels management estimates to be adequate.

Losses on retail finance receivables and investment in operating leases are charged to the allowance for credit losses at the earlier of when an account is deemed uncollectible or over 120 days contractually past due, taking into consideration the value of the collateral. Interest ceases to be earned on accounts that have been charged to the allowance. Subsequent recoveries on finance receivables and investments in operating leases previously charged off are credited to the allowance. Related collateral, if recoverable, is repossessed and sold. For leased assets, proceeds resulting in a gain will be retained by HCA and in the case of a shortfall between proceeds received from the sale of repossessed collateral and the amounts due from customers, the shortfall is charged off and it will trigger collection efforts. For retail contracts, the collateral is generally recorded at fair market value less selling costs upon repossession. Any shortfalls are charged to the allowance. After sale, excess amounts are resolved as recoveries and any remaining shortfalls trigger collection efforts.

The allowance for credit losses on wholesale and finance lease finance receivables is calculated under the CECL standard. The Company develops an estimate of lifetime credit losses on wholesale finance receivables. For wholesale finance receivables, the Company utilizes an internal risk rating system to evaluate dealer credit risk. Dealers are assigned an internal probability of default based primarily on assessment of their financial condition and historical performance, and other factors. Such credit quality indicators include dealer liquidity and profitability ratios. When assessing the credit quality of the wholesale finance receivables, account balances are categorized into three distinct credit quality indicators based on internal risk assessments: performing, credit watch, and default. Internal risk ratings are explained further in "Notes to Unaudited Consolidated Interim Financial Statements—Note 6—Allowance for Credit Losses and Credit Risk". The internal risk assessments for all wholesale finance receivables are updated monthly.

Wholesale finance receivables where the dealer is currently in default are individually evaluated for impairment. The Company evaluates the expected credit losses on an individual basis if, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the loan agreement. Factors such as payment history, compliance with terms and conditions of the underlying loan agreement, and other subjective factors related to the financial stability of the borrower are considered when determining if a loan will be individually evaluated for impairment. The amount of the impairment on wholesale loans individually evaluated equals the difference between the outstanding loan amount and the estimated amount that could be recovered from the underlying collateral. The remaining wholesale finance receivables (not individually evaluated for impairment) are evaluated at the dealer and product level over the life of the underlying asset based upon the Company's internal risk assessment, which contemplates historic loss experience, financial condition of the dealer and current economic indicators.

Losses on wholesale finance receivables individually evaluated for impairment are charged to the allowance for credit losses upon loss of specific assets or when the fair value of the collateral supporting the wholesale finance receivable is estimated to be below the carrying value of the receivables. Interest ceases to be earned on wholesale finance receivables generally when the dealer is in default on a loan for greater than 120 days.

Loans generating wholesale finance receivables include off-balance-sheet credit exposures related to the unfunded portion of real estate loans and revolving lines of credit. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via contractual obligations to extend credit unless that obligation is unconditionally cancellable by the entity. The estimate for credit losses on these unfunded commitments is developed under the same methodology for other loans in the wholesale portfolio. The allowance for credit losses on off-balance sheet credit exposures is reflected in the Provision for credit losses in the Consolidated Statement of Income and is recorded in Accounts payable and other liabilities on the Consolidated Balance Sheet.

The allowance for credit losses on finance lease receivables is calculated under the CECL standard. The allowance is measured using the same internal risk rating system as used for wholesale finance receivables. The internally developed probability of default is applied at the dealer level leveraging the same information to evaluate creditworthiness. Account balances are categorized into three distinct credit quality indicators based on internal risk assessments, see "Notes to Unaudited Consolidated Interim Financial Statements—Note 6—Allowance for Credit Losses and Credit Risk". The internal risk assessments for all finance lease receivables are updated on a monthly basis.

Finance lease receivables where the dealer is currently in default, are individually evaluated for impairment on an individual dealer basis. Finance lease receivable account balances are considered specifically impaired when, based on current information and events, it is probable the borrower will be unable to make all of their contractual principal and interest payments or if the lease is modified for dealers under reorganization due to a bankruptcy proceeding. Factors such as payment history, compliance with terms and conditions of the underlying finance lease receivable agreement, and other subjective factors related to the financial stability of the dealer are considered when determining if a lease will be individually evaluated for impairment. The amount of the impairment on finance leases individually evaluated equals the difference between the outstanding finance lease receivable amount and the estimated amount that could be recovered from the underlying collateral. The remaining finance lease receivables (not individually evaluated for impairment) are evaluated at the dealer and product level over the life of the underlying asset based upon the Company's internal risk assessment, which contemplates historic loss experience, financial condition of the dealer and current economic indicators.

Losses on finance lease receivables individually evaluated for impairment are charged to the allowance for credit losses upon loss of specific assets or when the fair value of the collateral supporting the finance lease receivable is estimated to be below the carrying value of the receivable. Interest ceases to be earned on finance lease receivables generally when the dealer is in default on a loan for greater than 120 days.

As accrued interest receivable is excluded from the amortized cost basis of finance receivables; it is excluded from measurement on the allowance for credit losses. The Company has elected the practical expedient to not measure an allowance for credit losses on accrued interest receivable as the interest receivable is considered to be written off in a timely manner. See below for the Company's non-accrual policies. See "Notes to Unaudited Consolidated Interim Financial Statements—Note 6—Allowance for Credit Losses and Credit Risk" for the amount of accrued interest receivable excluded from the measurement of the allowance for credit losses.

Nonaccrual Policy

Retail finance receivables—

Retail finance receivables are not placed on nonaccrual status when principal or interest is 120 days or more past due. Rather, these receivables are charged off against the allowance for credit losses when payments due are no longer expected to be received or the account is 120 days contractually delinquent, whichever occurs first. Interest accrued, but not collected at the date of charge off, is reversed against Total financing revenue.

Wholesale finance receivables—

Wholesale finance receivables are placed on nonaccrual status if full payment of principal or interest is in doubt, or when principal or interest is 120 days or more past due. Impaired collateral dependent loans are placed on nonaccrual status if collateral is insufficient to cover principal and interest. Interest accrued, but not collected at the date a receivable is placed on nonaccrual status, is reversed against interest income. Interest income on nonaccrual receivables is recognized only to the extent it is received in cash. Accounts are restored to accrual status only when interest and principal payments are brought current and future payments are reasonably assured.

Finance lease receivables—

Finance lease receivables are placed on nonaccrual status if full payment of principal or interest is in doubt, or when principal or interest is 120 days or more past due. Impaired collateral dependent receivables are placed on nonaccrual status if collateral is insufficient to cover principal and interest. Interest accrued, but not collected at the date a receivable is placed on nonaccrual status, is reversed against interest income. Interest income on nonaccrual receivables is recognized only to the extent it is received in cash. Accounts are restored to accrual status only when interest and principal payments are brought current and future payments are reasonably assured.

Income Taxes

HCA uses the asset-and-liability method of accounting for income taxes, whereby the deferred tax assets and liabilities are determined based on differences between the financial reporting and the tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or a portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse and become deductible.

HCA is included in HMA's consolidated federal income tax return and combined or consolidated income tax returns in certain states. Federal income tax is provided in the consolidated financial statements on a separate-return method. In accordance with the tax sharing agreement between HCA and HMA, to the extent that HCA has net operating losses (NOLs), the current benefit is provided to HCA up to the amount that can be utilized by HMA. For states where a combined or consolidated income tax return is filed, state income taxes are allocated to HCA based upon the relative apportionment factors and income in those states. Current federal and state income taxes receivable or payable, which are included in Due from affiliates, are settled on an annual basis.

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 740-10, Income Taxes - Overall, the Company recognizes the effect of uncertain income tax positions only if those positions have a probability of more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest related to unrecognized tax benefits and penalties through the income tax provision.

The Company accounts for the EV tax credits under the deferral method permissible under ASC 740-10-25-45, which allows for recognition of the benefit over the life of the underlying revenue-generating asset.

Derivatives

The Company enters into interest rate and foreign exchange derivative agreements to reduce the exposure to market risks from changing interest rates and foreign currency exchange rates. The interest rate instruments are used to economically hedge interest rate exposure on floating rate debt, and the currency exchange agreements are used to manage the currency exposure on foreign denominated debt. For derivatives that the Company has elected not to apply hedge accounting to, the fair value changes in the interest rate and currency exchange agreements are included in Other revenue on the Consolidated Statements of Income. For derivatives that the Company has elected to apply hedge accounting to, the fair value changes in the interest rate and currency exchange agreements are included in Accumulated other comprehensive income on the Consolidated Balance Sheets. Derivatives that are designated in hedging relationships are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period.

Variable Interest Entities

A variable interest entity ("VIE") is an entity that either (i) has insufficient equity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The Company is the primary beneficiary when it is determined that the Company has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses or the right to receive residual returns that could potentially be significant to the VIE.

(i) On-Balance-Sheet Securitization Trusts

HCA uses several special-purpose entities that are considered VIEs to issue asset-backed securities (ABS) to third party, bank sponsored asset-backed securitization vehicles and to investors in securitization transactions. The securities issued by these VIEs are backed by the cash flows from retail and wholesale finance receivables and investment in operating leases (the Assets) that have been transferred to the VIEs. Although the transferred assets have been legally sold to the VIEs, HCA holds variable interests in the VIEs that are expected to absorb expected losses, receive the expected residual returns, or both. The Company determined that HCA is the primary beneficiary of the securitization entities because (i) HCA's servicing responsibilities for the transferred receivables give them the power to direct the activities that most significantly impact the performance of the VIEs and (ii) HCA's variable interests in the VIEs give them the obligation to absorb losses and the right to receive residual returns that could potentially be significant.

The cash held by the Company on behalf of the VIE is classified as Restricted cash on the Consolidated Balance Sheets. The assets of the VIEs and the restricted cash held by HCA serve as the sole source of repayment for the asset-backed securities issued by these entities. Investors in the notes issued by the VIEs do not have recourse to HCA's general credit, with the exception of customary representation and warranty repurchase provisions and indemnities.

As the primary beneficiary of these entities, HCA is exposed to credit, interest rate, and prepayment risk from the receivables transferred to the VIEs. However, HCA's exposure to these risks did not change as a result of the transfer of the assets to the VIEs. HCA may also be exposed to interest rate risk arising from the secured notes issued by some of the VIEs.

The transfers of the receivables to the special-purpose entities in HCA's securitizations are considered to be sales for legal purposes. However, the securitized assets and the related debt remain on HCA's Consolidated Balance Sheets. The Company recognizes financing revenue on the pledged receivables and interest expense on the secured debt issued by the entities. The Company also maintains an allowance for credit losses on the pledged receivables to cover probable credit losses estimated using a methodology consistent with that used for the nonsecuritized loan portfolio. The interest rate instruments are consolidated within HCA's consolidated financial statements.

(ii) Off-Balance-Sheet Securitization Trusts

The Company periodically has transactions involving an off-balance-sheet securitization trust. The trust is created from an ABS transaction and the subsequent sale of the residual interest certificates in the assets of the trust. The Company continues to service the assets held by the VIE. As of March 31, 2024 and 2023, the Company did not have any off-balance-sheet securitizations.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management of the Company to make several estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The accounting estimates that are most significant to the Company's business are the allowance for credit losses and the determination of residual value of vehicles subject to operating leases as well as estimates related to the fair value of investment securities.

Results of Operations

Comparison of Three Months Ended March 31, 2024 and 2023

The following table shows summarized changes in financing revenue, expense and other income statement data for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,		% Change
	2023	2023	2024 to 2023
	(dollars in thousands)		
Income Statement Data:			
Financing revenue			
Operating leases	$ 898,099	$ 830,007	8.2 %
Retail	618,918	384,972	60.8
Wholesale	76,025	36,678	107.3
Finance Lease	1,026	141	627.7
Total financing revenue	1,594,068	1,251,798	27.3
Depreciation on operating leases	620,490	614,695	0.9
Interest expense	651,751	348,686	86.9
Total depreciation and interest expense	1,272,241	963,381	32.1
Net financing revenue	321,827	288,417	11.6
Other revenue	79,365	60,758	30.6
Total net financing margin and other revenue	401,192	349,175	14.9
Expenses			
Operating expenses	146,110	152,092	(3.9)
Provision for credit losses	114,139	57,839	97.3
Total expenses	260,249	209,931	24.0
Income before provision for income taxes	140,943	139,244	1.2
Provision for income taxes	30,123	32,356	(6.9)
Net income	$ 110,820	$ 106,888	3.7 %

Total Financing Revenue

- Operating leases revenue increased $68.1 million, or 8.2%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase primarily resulted from a 7.0% year-over-year increase in investment in operating leases in the portfolio. Investment in operating leases net of depreciation and allowance for credit losses increased to $17.2 billion at March 31, 2024 from $15.6 billion at March 31, 2023 driven by higher average lease balances from increased average acquisition costs despite a decline in active leases. The number of operating lease vehicles active in the portfolio at March 31, 2024 was 657,272 compared to 674,908 at March 31, 2023.

- Retail finance revenue increased $233.9 million, or 60.8%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was due to a 26.6% year-over-year growth in retail receivables and higher market rates as active contracts increased to 1,792,540 at March 31, 2024 from 1,439,279 at March 31, 2023. Retail receivables net of yield maintenance subvention increased to $40.0 billion at March 31, 2024 from $31.6 billion at March 31, 2023.

- Wholesale finance revenue increased $39.3 million, or 107.3%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase primarily resulted from higher market interest rates and an increase in outstanding wholesale finance receivables. Wholesale finance receivables increased to $4.4 billion at March 31, 2024 from $2.4 billion at March 31, 2023, while the average prime rate was 8.5% in the three months ended March 31, 2024 and 7.7% in the year ended March 31, 2023.

- Finance Lease revenue increased $0.9 million, or 627.7%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The number of active finance lease receivables in the portfolio at March 31, 2024 was 334 compared to 22 at March 31, 2023.

Depreciation on Leased Vehicles

Depreciation on leased vehicles increased $5.8 million, or 0.9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase resulted from a 7.0% year-over-year increase in investment in operating leases in the portfolio.

Interest Expense

Interest expense increased $303.1 million, or 86.9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase is a result of a 25.9% year-over-year increase in debt to support asset growth and an increase in average interest rates on new debt year-over-year. Outstanding debt increased to $54.5 billion at March 31, 2024 from $43.3 billion at March 31, 2023.

Other Revenue

Other revenue increased $18.6 million, or 30.6%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, mainly driven by higher balances and interest rates on restricted cash and money market accounts, gains on market value adjustments of equity securities and higher gains on disposal of operating leases vehicles.

Operating Expenses

Operating expenses decreased $6.0 million, or 3.9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to lower marketing expenses offset by an increase in remarketing expense and employment expense to support asset growth.

Provision for Credit Losses

Provision for credit losses, which covers finance receivables and investments in operating leases, increased $56.3 million, or 97.3%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was due to higher finance receivable balances, higher delinquencies and deterioration of the macroeconomic variable related to used vehicle sale prices.

Provision for Income Taxes

Provision for income taxes decreased $2.2 million, or 6.9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The effective tax rate was 21.4% and 23.2% for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate differed from the federal statutory rate of 21% primarily as a result of state income tax for the three months ended March 31, 2024 and 2023.

Balance Sheet, Liquidity and Capital Resources

The following table presents summarized balance sheet data as of March 31, 2024 and 2023:

	March 31, 2024	March 31, 2023	% Change 2024 to 2023
	(dollars in thousands)		
Balance Sheet Data:			
Finance receivables, net			
Retail	$ 40,007,626	$ 31,608,736	26.6 %
Wholesale	4,364,428	2,381,125	83.3
Financial Lease	25,820	1,903	1,256.8
Total finance receivables	44,397,874	33,991,764	30.6
Allowance for credit losses	(711,406)	(596,783)	19.2
Total finance receivables, net	$ 43,686,468	$ 33,394,891	30.8
Investments in operating leases, net			
Vehicles and initial direct costs	$ 20,893,075	$ 19,529,781	7.0
Accumulated depreciation	(3,622,832)	(3,825,399)	(5.3)
Allowance for credit losses	(78,333)	(75,973)	3.1
Total investment in operating leases, net	$ 17,191,910	$ 15,628,409	10.0
Total assets	$ 66,128,354	$ 53,474,907	23.7
Total debt, net	$ 54,502,528	$ 43,281,154	25.9
Total liabilities	$ 60,027,375	$ 47,685,054	25.9
Total shareholders' equity	$ 6,100,979	$ 5,789,853	5.4
Total liabilities and shareholders' equity	$ 66,128,354	$ 53,474,907	23.7 %
Other Financial Data:			
Net Income to Total Assets ratio [1]	0.7%	0.8%	
Net Income to Equity ratio [1]	7.3%	7.4%	
Loss to Receivables ratio [1][2]	0.8%	0.7%	
Allowance for Credit Losses to Finance Receivables ratio [3]	1.6%	1.8%	
Allowance for Credit Losses to Investment in Operating Leases ratio [4]	0.5%	0.5%	

(1) All ratios have been annualized.

(2) Calculated based on net charge-offs divided by the average amount of receivables outstanding, excluding the allowance for loan losses, unearned interest supplements and other deferred items related to finance receivables.

(3) Calculated based on allowance for credit losses related to retail and wholesale loans divided by total finance receivables.

(4) Calculated based on allowance for credit losses related to operating leases divided by total net investment in operating leases, excluding the allowance for credit losses.

Finance Receivables, net

Finance receivables, net increased $10.3 billion, or 30.8%, at March 31, 2024 compared to March 31, 2023. The increase was attributable to an increase in retail and wholesale assets. The number of retail loans active in the portfolio at March 31, 2024 was 1,792,540 compared to 1,439,279 at March 31, 2023. The ratio of allowance for credit losses to total finance receivables decreased to 1.6% at March 31, 2024 from 1.8% at March 31, 2023, mainly driven by improved portfolio credit quality.

Investment in Operating Leases, net

Investment in operating leases, net increased $1.6 billion, or 10.0%, at March 31, 2024 compared to March 31, 2023. The increase was primarily attributable to higher average lease balances as acquisition costs have increased. The number of operating lease vehicles active in the portfolio at March 31, 2024 was 657,272 compared to 674,908 at March 31, 2023. The ratio of allowance for credit losses to total investment in operating leases were 0.5% as of March 31, 2024 and 2023.

Funding Sources and Liquidity

Liquidity risk is the risk relating to our ability to meet our financial obligations when they come due. Our liquidity strategy is to fund current and future obligations through expanding our ability to access capital in a cost-effective manner. HCA's funding strategy incorporates investor diversification and the utilization of multiple funding sources including raising funds via global capital markets, affiliate loans, credit facilities and from our balance sheet.

Commercial Paper

HCA has a $4.0 billion commercial paper program to support the overall growth of our business and also to meet short-term working capital requirements. At March 31, 2024, approximately $1.4 billion was outstanding under this program with a weighted average interest rate of 5.5%. The notes issued under this program are backed by the support agreement. See "Certain Relationships and Related Transactions—Support Agreement" in the Offering Memorandum.

Revolving Lines of Credit and Term Loans

HCA utilizes committed revolving lines of credit and term loans to meet working capital requirements. We maintain relationships with a variety of global banking partners to ensure liquidity. Interest on our revolving lines of credit and term loans is generally based upon a floating benchmark rate (typically SOFR) plus a fixed spread. As of March 31, 2024, HCA had drawn $1.4 billion against our total revolving lines of credit capacity of $6.1 billion and had $0.6 billion outstanding in term loans.

Asset-Backed Conduit

HCA's financing transactions with bank-sponsored asset-backed commercial paper conduits and other financial institutions consist of bankruptcy-remote, special purpose entities (warehouse facilities) to which we transfer finance receivables and lease assets that are pledged as collateral for debt issued by the special purpose entities. Interest rates on the debt are generally based upon a floating benchmark rate (such as the Commercial Paper Index Rate or SOFR) plus a fixed spread. HCA generally engages in interest rate swap transactions to manage the risk related to floating interest rates. See "Notes to Unaudited Consolidated Interim Financial Statements—Note 13—Derivatives" for more information on our derivatives transactions. As of March 31, 2024, we had outstanding debt of $8.0 billion through asset-backed conduits against total borrowing capacity of $13.2 billion.

Asset-Backed Securitizations

HCA regularly securitizes and sells pools of its receivable and lease assets through ABS transactions, including securities that it retains. Pursuant to these transactions, assets are sold to a special purpose entity ("SPE") which has been established for the limited purpose of buying and reselling the Company's receivables. The SPE then transfers the same receivables to a trust that issues notes to investors. The notes are predominantly fixed rate and are structured to amortize on a monthly basis according to the cash collections on the underlying receivables. Our securitizations are structured to provide credit enhancements to reduce the risk of loss to security holders and other interest holders in the ABS. The aforementioned credit enhancements include overcollateralization (when the principal amount of the securitized assets exceeds the principal amount of related ABS), segregated cash reserve funds, subordinated securities and excess spread (when interest collections on the securitized assets exceed the related fees and expenses, including interest payments on the related ABS). We service the securitized receivables in accordance with our customary servicing practices and procedures, and servicing duties include collecting payments on receivables and submitting them to a trustee for distribution to security and other interest holders. We prepare monthly servicer certificates on the performance of the receivables, including collections, investor distributions, delinquencies and credit losses. These securitizations are structured legally as sales; however, the finance receivables remain on the balance sheet. HCA recognizes financing revenue on the pledged receivables and interest expense on the secured debt issued by the securitization trusts. During the three months ended March 31, 2024, HCA executed two ABS transactions, which securitized an aggregate of $3.3 billion of leases. During the three months ended March 31, 2023, HCA executed one ABS transaction, which securitized $1.2 billion of leases. As of March 31, 2024, HCA had $13.0 billion in outstanding obligations related to ABS transactions. HCA generally retains ownership of the asset-backed trust's residual interest certificates and the assets and debt held by the trust are included in our financial results. Investors in ABS do not have recourse to our other assets, and HCA does not guarantee the obligations issued by any securitization trust. We are not required to repurchase receivables from the trusts that become delinquent or default after securitization. As seller and servicer of the receivables, we are required to repurchase receivables that are subsequently discovered not to have met specified eligibility requirements.

Senior Unsecured Notes

As of March 31, 2024, HCA had $26.5 billion in obligations related to outstanding bond issuances. All bonds outstanding as of March 31, 2024 are backed by the support agreement. See "Certain Relationships and Related Transactions—Support Agreement" in the Offering Memorandum. On March 13, 2015, we established a private U.S. medium term note program (the "MTN program"), through which notes may be offered and sold pursuant to Rule 144A or Regulation S under the Securities Act. Under the original MTN program, we were authorized to issue up to $4.0 billion aggregate principal amount of notes with original maturities of one year or more. In June 2016, we increased the size of the MTN program from $4.0 billion to $12.0 billion and in May 2019, we increased the size of the MTN program to $40.0 billion. In August 2023, we revised the size of the MTN program to $60.0 billion aggregate principal amount outstanding at any one time. During the three months ended March 31, 2024, the Company issued $4.2 billion aggregate principal amount of senior unsecured notes under the MTN program.

Affiliate Borrowings

HCA administers the North America Cash Management fund ("NACM") for HMC's affiliates in the United States. Affiliate companies may deposit cash into the fund or borrow from it. Excess cash held by the fund is used to fund short term borrowing needs of the affiliate companies that participate. Deposits to the fund from affiliate companies are classified as affiliate borrowings and are included in the debt section of the balance sheet. Loans from the fund to affiliate companies are classified as due from affiliates, net. As of March 31, 2024, deposits from affiliate companies included in debt were $1.5 billion. HCA also enters into separate intercompany borrowing agreements with affiliated companies. The interest rates of these loans are generally fixed. As of March 31, 2024, the principal balance outstanding for the agreements separate from NACM was $2.2 billion.

Support Agreement

Pursuant to a support agreement with HMC, dated as of August 22, 2012 (the "support agreement"), HMC has agreed to: (1) directly or indirectly through its controlled subsidiaries and entities subject to joint control, own one hundred percent (100%) of the issued and outstanding shares of our stock; (2) cause us to have a positive consolidated tangible net worth, as determined in accordance with U.S. GAAP and as shown on our most recent audited annual consolidated balance sheet; and (3) take all actions necessary, including making cash contributions to us, required to maintain our fixed-charge coverage ratio at not less than 1.10-to-1 on a four-quarter rolling basis. The support agreement may be terminated by either us or HMC and may be modified or amended by written agreement between HCA and HMC, in each case, with 30 days prior written notice. However, so long as any loan agreement, bonds, debentures, notes and other debt securities ("Debt") is outstanding, no such action will be effective with respect to such Debt if it would constitute a default unless (i) each holder of any of the Debt (or the requisite holders specified in the document governing such Debt) consents or (ii) with respect to Debt that is rated by one or more rating agencies, each such rating agency confirms in writing it will not withdraw or reduce its rating of such Debt.

The support agreement is not, and nothing done pursuant to the support agreement by HMC shall be deemed to constitute, a guarantee by HMC of any of the notes offered hereby, or other obligation, indebtedness or liability of any kind or character of HCA whatsoever. See "Certain Relationships and Related Transactions—Support Agreement" in the Offering Memorandum.

Maturity of Borrowings

The expected maturity of our borrowings as of March 31, 2024 was:

Maturity Schedule		Within 1 year		1 ~ 2 years		2 ~ 3 years		3+ years		Total
		(dollars in thousands)								
Commercial Paper	$	1,411,689	$	-	$	-	$	-	$	1,411,689
Revolving Lines of Credit and Term Loans		1,562,000		50,000		350,000		-		1,962,000
Asset Backed Loans and Conduits		1,210,323		2,757,260		1,958,918		2,077,181		8,003,682
Asset Backed Securitization		547,736		2,941,113		4,672,193		4,857,929		13,018,971
Senior Unsecured Notes		3,099,490		5,844,848		7,491,127		10,081,267		26,516,732
Affiliate Borrowings		3,695,230		-		-		-		3,695,230
Less: unamortized debt issuance cost		39,565		23,393		17,157		25,661		105,776
Total	$	11,486,903	$	11,569,828	$	14,455,081	$	16,990,716	$	54,502,528

For the three months ended March 31, 2024 and 2023, gross proceeds from the issuance of debt and affiliate borrowings (excluding net changes in NACM) were $22.5 billion and $24.8 billion, respectively. For the three months ended March 31, 2024 and 2023, gross repayments on debts and affiliate borrowings (excluding net changes in NACM) were $20.6 billion and $24.8 billion, respectively. See "Notes to Unaudited Consolidated Interim Financial Statements—Note 7—Debt," for further details of our borrowings.

Lease Commitments

The Company is party to lease agreements ranging from four to twelve years for the headquarters facility in Irvine, California, as well as regional offices in Georgia, Texas and California. In October 2023, the Company executed a sublease agreement with HMA for office space at the Plano, Texas facility. In January 2024, the Company executed a lease amendment for its headquarters facility in Irvine, California adding an additional annex space.

The Company's leases contain one or more options to extend. The Company includes options that are reasonably certain to be exercised in evaluating the lease term after considering all relevant economic and financial factors. The right-of-use assets in operating lease arrangements are presented in Other Assets on the Company's Consolidated Balance Sheet. See "Notes to Unaudited Interim Financial Statements—Note 14—Other Assets."

The Company does not separate the non-lease components from the lease components to which they relate. The Company calculated the initial lease liability as the present value of fixed payments not yet paid using the incremental borrowing rate. Operating lease liabilities are reported in Accounts Payable and Other Liabilities on the Company's Consolidated Balance Sheet. Variable payments are included in the lease liability if they are based on a market rate or an index (e.g., CPI). Variable payments that do not meet this criterion are expensed as incurred. Lease payments associated with short-term lease contracts are expensed as incurred. See "Notes to Unaudited Consolidated Interim Financial Statements—Note 16—Accounts Payable and Other Liabilities."

As of March 31, 2024 and March 31, 2023, the weighted average remaining lease term for the operating lease liabilities was 4.95 years and 5.32 years, respectively, and the weighted average discount rate was 3.18% and 3.12%, respectively. The straight-line operating lease costs incurred as a reduction to right-of-use assets as of March 31, 2024 and March 31, 2023 amounted to $2.8 million and $2.8 million, respectively. The variable lease costs incurred as of March 31, 2024 and March 31, 2023 amounted to $0.8 million and $0.6 million, respectively. The right-of-use assets obtained in exchange for operating lease liabilities amounted to $0.8 million and $0.5 million, respectively.

The Company's income from sublease activity of its Newport Beach, California facility as of March 31, 2024 and 2023 amounted to $0.2 million and $0.2 million, respectively. The Company's income from sublease activity of its Plano, Texas facility amounted to $0.1 million for the three months ended March 31, 2024.

Rental expense is recognized on a straight-line basis over the lease term. For the three months ended March 31, 2024 and 2023, total rental expense, including payments to affiliates for the headquarters as well as regional offices, temporary office spaces, and lease restructure costs above, was $3.4 million and $3.3 million, respectively.

Line of Credit Commitments

At March 31, 2024 and 2023, the Company had commitments to make available an additional $2.5 billion and $3.4 billion, respectively, of wholesale inventory financing to dealers.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016 13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and subsequent amendments. The new guidance replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The FASB issued ASU No. 2019-10—Financial Instruments—Credit Losses (Topic 326): Effective Dates to defer the effective date from January 1, 2022 to January 1, 2023. The Company adopted this guidance using the modified retrospective approach as of January 1, 2023. The adoption of the guidance resulted in a decrease to Finance receivables, net of $(260) million, an increase to Accounts payable and other liabilities of $0.4 million, an increase to Accumulated other comprehensive income of $0.5 million, a decrease to Net deferred tax liabilities of $(50) million, and a decrease to Retained earnings of $(211) million on the Company's Consolidated Balance Sheet. The Company changed its financial statement disclosures resulting from adoption of the guidance.

In July 2021, the FASB issued ASU No. 2021-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments. The new guidance amends the lease classification requirements for lessors to align them with practice under Topic 840. The amendments under this update are effective for the Company for the fiscal years beginning after December 15, 2022. The Company adopted this guidance on January 1, 2023. The adoption of the guidance did not have an impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements

In October 2023, the FASB issued ASU No. 2023-06, Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. The new guidance modifies disclosure and presentation requirements of a variety of Topics in such codification. The amendments under this update are effective for the Company in fiscal periods starting two years after SEC's removal of the related disclosure from Regulation S-X or Regulation S-K. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements and financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures. The new guidance outlines revisions to disclosure requirements for income tax information. The amendments under this update are effective for the Company for the fiscal years beginning after December 15, 2025. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements and financial statement disclosures.

Market Risk

Credit Risk

We are exposed to credit risk on our retail, lease and wholesale portfolios. Credit risk is the risk of loss arising from the failure of a customer or dealer to meet the terms of any contract with us or otherwise failing to perform as agreed. Credit risk is concentrated in our retail and lease portfolios as our wholesale portfolio constitutes 6.6% of our overall assets as of March 31, 2024 and 4.5% of our overall assets as of March 31, 2023. The level of credit risk is influenced primarily by two factors: the total number of contracts that experience default and the amount of loss per occurrence, which in turn are influenced by various economic factors, underwriting standards and the obligors' characteristics.

Among the economic factors that affect credit risk are unemployment, consumer debt service burden, personal income growth, dealer profitability and used vehicle prices. We analyze these trends and make adjustments to the overall level of our credit loss reserves in an attempt to protect us from future losses. Changes in used vehicle prices directly affect the amount of proceeds we receive from sales of repossessed vehicles and, thus, the level of loss severity we experience. The supply of and demand for used vehicles, interest rates, inflation, the level of manufacturer incentives on new vehicles, and general economic outlook are some of the factors affecting the used vehicle market.

Underwriting standards have a major impact on credit risk. In purchasing retail and lease contracts, we use a proprietary credit scoring algorithm that classifies contracts using several factors such as credit bureau data, customer credit characteristics and proposed terms of the retail installment sale contract. In addition to our proprietary scoring system, we consider other factors, such as employment history, financial stability and capacity to pay.

As of March 31, 2024, 1.7% of our retail finance and 0.5% of the lease contracts outstanding in our owned portfolio had FICO® scores below 620 at contract inception. This includes contracts made pursuant to special programs, such as college graduate programs, repeat customer programs, cosigner programs and loans with a strong equity position. A change in the mix of contracts purchased at various credit tiers may potentially impact the amount of credit risk we assume. An increase in the number of contracts purchased with lower FICO® scores can increase the amount of credit risk, and an increase in the number of contracts purchased with higher FICO® scores can lower credit risk. An increase in the mix of contracts with lower FICO® scores can potentially increase credit and operating risk; therefore, appropriate controls and procedures have been established. We manage our collection and servicing efforts based on purchase and portfolio quality and strive to maintain a consistent mix of contracts in the various FICO® ranges and to price contracts based on the risk to achieve a reasonable return on investment.

FICO® Band	Retail: Average FICO® (1)(2)	Retail: % of Portfolio (1)(2)	Lease: Average FICO® (1)(2)	Lease % of Portfolio
>=680	773	82.18%	781	91.30%
620-679	652	16.11%	656	8.24%
<=619	595	1.70%	597	0.46%

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(1) Active accounts in HCA's owned portfolio at March 31, 2024.
(2) The information in this table is based upon the actual FICO® score of the customer at time of origination. FICO® scores are calculated excluding accounts for which no FICO® score is available and/or valid.

When customers purchase vehicles in the name of a business, the credit process differs from the procedures described above. Eligible businesses include corporations, partnerships, sole proprietorships, limited liability companies, trusts, nonprofit organizations and state and local government agencies. In addition to financial statements and tax returns, a consumer credit report or commercial credit report from credit bureaus is used depending on the credit structure selected during underwriting of a credit request. A personal guarantee is often obtained for credit enhancement. As of March 31, 2024, the principal amount outstanding on retail and lease contracts with businesses was $471.8 million.

The level of credit risk in our wholesale portfolio is influenced primarily by the financial strength of dealers within our portfolio, dealer concentration, collateral quality and other economic factors. The financial strength of dealers within our portfolio is influenced by general macroeconomic conditions, the overall demand for new and used vehicles, and the financial condition of automotive manufacturers, among other factors. An increase in credit risk would increase our provision for credit losses, which would have a negative impact on our operating results and financial condition.

HCA relies on stringent underwriting guidelines as well as sophisticated credit scoring models to assess and measure risk prior to extending credit. Additionally, HCA's commercial risk team conducts monthly portfolio reviews on a deal-by-deal basis to proactively identify and mitigate credit risk in the portfolio.

Residual Risk

We are exposed to residual risk, which is the risk that the value of a vehicle returned to us at the end of lease term will be below the contract residual value. Residual risk is affected by several factors, including among others the used vehicle market, new vehicle sales and incentives, fuel prices, our initial residual value estimates and our remarketing strategies. Residual value losses on matured leased vehicles may be partially offset by residual value support from HMA and KUS.

We establish initial residual values at lease inception based on values supplied to us by a third party. Used vehicle prices may decline unexpectedly, whether because of general economic conditions, an increased supply of used vehicles, a decrease in new vehicle transaction prices, or changes in consumer behavior and preferences. These declines are difficult to predict, but can impact our exposure to residual risk. Residual values are reviewed to assess the appropriateness of the carrying value of the vehicles. To the extent the estimated fair value at lease termination is lower than the residual value established at lease inception, the residual value of the vehicle is adjusted downward so that the carrying value at lease-end will approximate the estimated end of term market value.

In addition, our ability to efficiently process and effectively remarket off-lease vehicles affects our disposal costs and the proceeds we are able to realize from off-lease vehicle sales. HMA and KUS may influence the market for off-lease Hyundai and Kia vehicles by offering incentives on new vehicles and programs designed to encourage lessees to terminate their leases early in conjunction with the acquisition of new Hyundai and Kia vehicles (referred to as "pull ahead" programs) or by making increased fleet sales to rental car companies. Hyundai and Kia also indirectly affect our residual values by influencing brand image and consumer preference for Hyundai and Kia vehicles ultimately impacting values in the used car market.

Operational Risk

Operational risk is the risk of loss resulting from, among other things, inadequate or failed processes or systems, theft, fraud or natural disaster. These events can potentially result in financial losses or other damages to us. We rely on internal and external information and technological systems to manage our operations and, therefore, are exposed to risk of loss resulting from potential failures of these systems. In order to monitor and manage operational risk, we maintain a framework of internal controls designed to provide a sound operational environment. We strive to maintain appropriate levels of operational risk relative to our business strategies, competitive and regulatory environment and markets in which we operate. Notwithstanding these control measures, we remain exposed to operational risk, but our approach to operational risk management is intended to mitigate losses arising from operational risk.

Foreign Currency Risk

From time to time, we may have a limited amount of short-term trade payables denominated in foreign currency. As of March 31, 2024, substantially all of our assets and obligations were denominated in U.S. dollars, and we did not have any foreign currency exposure.

INDEX TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

HYUNDAI CAPITAL AMERICA

HYUNDAI CAPITAL AMERICA AND SUBSIDIARIES

(A Majority-Owned Subsidiary of Hyundai Motor America)

Consolidated Financial Statements

March 31, 2024 and December 31, 2023

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Review Report

The Board of Directors
Hyundai Capital America:

Results of Review of Consolidated Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Hyundai Capital America, a majority-owned subsidiary of Hyundai Motor America, and its subsidiaries (the Company) as of March 31, 2024, the related consolidated statements of income and comprehensive income for the three-month period ended March 31, 2024 and 2023, the consolidated statement of shareholders' equity for the three month period ended March 31, 2024, and the related consolidated statements of cash flows for the three month periods ended March 31, 2024 and 2023, and the related notes (collectively referred to as the consolidated interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of consolidated interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Consolidated Balance Sheet as of December 31, 2023

We have previously audited, in accordance with GAAS, the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 14, 2024. In our opinion, the accompanying consolidated balance sheet of the Company as of December 31, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

Irvine, California
May 7, 2024

HYUNDAI CAPITAL AMERICA AND SUBSIDIARIES

(A Majority-Owned Subsidiary of Hyundai Motor America)

Consolidated Balance Sheets

(Dollar amounts in thousands, except share data)

(Unaudited – See accompanying independent auditors' review report)

Assets		**March 31, 2024**	**December 31, 2023**
Cash and cash equivalents	$	529,927	557,295
Restricted cash		1,078,645	852,229
Investments (note 3):			
Available-for-sale		481,525	469,955
Equity		41,293	38,467
Other		7,292	6,890
Finance receivables, net of allowance of $711,406 and $698,750, respectively (note 4)		43,686,468	41,974,550
Investment in operating leases, net (note 5)		17,191,910	16,468,996
Due from affiliates, net (note 8)		1,248,908	1,350,897
Derivative assets (note 13)		3,546	179
Returned and repossessed collateral		207,805	153,991
Other assets (note 14)		1,651,035	1,563,939
Total assets	$	66,128,354	63,437,388
Liabilities and Shareholders' Equity			
Liabilities:			
Debt, net (note 7)	$	54,502,528	52,222,175
Net deferred tax liabilities (note 9)		2,634,843	2,560,500
Derivative liabilities (note 13)		1,515	8,662
Accounts payable and other liabilities (note 16)		2,888,489	2,662,182
Total liabilities		60,027,375	57,453,519
Commitments and contingent liabilities (note 11)			
Shareholders' equity:			
Common stock, no par value. Authorized, 5,000,000 shares; issued and outstanding, 1,940,065 shares		1,525,000	1,525,000
Accumulated other comprehensive loss		(9,313)	(15,603)
Retained earnings		4,585,292	4,474,472
Total shareholders' equity		6,100,979	5,983,869
Total liabilities and shareholders' equity	$	66,128,354	63,437,388

The following table presents the assets and liabilities related to the consolidated variable interest entities. These assets and liabilities are included in the Consolidated Balance Sheets presented above. Refer to note 10 for additional information.

		March 31, 2024	**December 31, 2023**
Restricted cash	$	989,660	774,141
Finance receivables, net		9,491,900	8,867,246
Investment in operating leases, net		6,435,903	5,883,762
Other assets		34,641	30,283
Total assets	$	16,952,104	15,555,432
Debt, net	$	12,984,332	11,855,763
Other liabilities		25,798	22,042
Total liabilities	$	13,010,130	11,877,805

See accompanying notes to consolidated financial statements.

HYUNDAI CAPITAL AMERICA AND SUBSIDIARIES

(A Majority-Owned Subsidiary of Hyundai Motor America)

Consolidated Statements of Income

(Dollar amounts in thousands)

(Unaudited – See accompanying independent auditors' review report)

		Three months ended March 31, 2024	Three months ended March 31, 2023
Financing revenue:			
Operating leases	$	898,099	830,007
Retail		618,918	384,972
Wholesale		76,025	36,678
Finance Lease		1,026	141
Total financing revenue		1,594,068	1,251,798
Depreciation on operating leases		620,490	614,695
Interest expense		651,751	348,686
Net financing revenue		321,827	288,417
Other revenue:			
Disposal of investment in operating leases		43,011	37,013
Vehicle service contracts revenue, net (note 15)		11,337	8,548
Other revenue, net		25,017	15,197
Total net financing margin and other revenue		401,192	349,175
Expenses:			
Operating expenses		146,110	152,092
Provision for credit losses (note 6)		114,139	57,839
Total expenses		260,249	209,931
Income before provision for income taxes		140,943	139,244
Provision for Income tax (note 9)		30,123	32,356
Net income	$	110,820	106,888

See accompanying notes to consolidated financial statements.

HYUNDAI CAPITAL AMERICA AND SUBSIDIARIES

(A Majority-Owned Subsidiary of Hyundai Motor America)

Consolidated Statements of Comprehensive Income

(Dollar amounts in thousands)

(Unaudited – See accompanying independent auditors' review report)

		Three months ended March 31, 2024	Three months ended March 31, 2023
Net income	$	110,820	106,888
Other comprehensive income (loss), net of tax:			
Unrealized holding gains (losses):			
Unrealized holding gains (losses) arising during the period on derivative hedging instruments		10,514	(2,262)
Unrealized holding (losses) gains arising during the period on available-for-sale investments		(2,334)	4,827
		8,180	2,565
Income tax expense related to unrealized holding (gains) losses:			
Income tax expense related to unrealized holding (gains) losses on derivative hedging instruments		(2,412)	521
Income tax expense related to unrealized holding losses (gains) on available for sale investments		522	(1,085)
Other comprehensive gains		6,290	2,001
Comprehensive income		117,110	108,889

See accompanying notes to consolidated financial statements.

HYUNDAI CAPITAL AMERICA AND SUBSIDIARIES

(A Majority-Owned Subsidiary of Hyundai Motor America)

Consolidated Statements of Shareholders' Equity

(Dollar amounts in thousands, except share data)

(Unaudited – See accompanying independent auditors' review report)

	Common stock		Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
	Shares	**Amount**			
Balance at December 31, 2023	1,940,065	$ 1,525,000	(15,603)	4,474,472	5,983,869
Issuance of common stock	—	—	—	—	—
Net income	—	—	—	110,820	110,820
Other comprehensive income, net of tax	—	—	6,290	—	6,290
Balance at March 31, 2024	1,940,065	$ 1,525,000	(9,313)	4,585,292	6,100,979

See accompanying notes to consolidated financial statements.

HYUNDAI CAPITAL AMERICA AND SUBSIDIARIES

(A Majority-Owned Subsidiary of Hyundai Motor America)

Consolidated Statements of Cash Flows

(Dollar amounts in thousands)

(Unaudited – See accompanying independent auditors' review report)

		Three months ended March 31, 2024	Three months ended March 31, 2023
Cash flows from operating activities:			
Net income	$	110,820	106,888
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of investment in operating leases, fixed assets, debt costs and other		651,841	635,062
Accretion of rate subsidies and other costs/fees on finance receivables and investments		(33,984)	5,871
Provision for credit losses		114,139	57,839
Expected credit loss/(release) on AFS securities		7	(177)
Gain on disposal of investment in operating leases		(43,011)	(37,013)
Gain from sale of available-for-sale and changes in market value of equity investments		(2,727)	(1,257)
Gain on disposal of repossessed collateral		—	(32)
Net change in:			
Due to/from affiliates		284,548	(52,514)
Deferred income taxes		(85,862)	16,064
Other assets		(171,615)	(74,812)
Accounts payable and other liabilities		314,495	88,300
Net cash provided by operating activities		1,138,651	744,219
Cash flows from investing activities:			
Purchase of property, equipment and software		(1,208)	(3,094)
Purchase of finance receivables		(12,208,731)	(10,125,761)
Principal collected on finance receivables, net		10,311,284	8,217,034
Proceeds from sale of returned and repossessed collateral acquired in settlement		113,978	94,454
Purchase of investment in operating leases		(2,788,909)	(1,357,693)
Proceeds from liquidation of investment in operating leases and repossessed vehicles		1,407,879	1,011,496
Increase in due from affiliates		—	(141,000)
Purchase of available-for-sale, equity and other investments		(35,411)	(14,623)
Proceeds from maturity and redemption of available-for-sale, equity and other investments		21,428	7,254
Net cash used in investing activities		(3,179,690)	(2,311,933)
Cash flows from financing activities:			
Increase in NACM		328,400	1,426,911
Proceeds from issuance of debt		22,545,123	24,817,761
Repayments on debt		(20,633,436)	(24,782,543)
Proceeds from affiliate borrowings		—	500,000
Net cash provided by financing activities		2,240,087	1,962,129
Net change in cash, cash equivalents and restricted cash		199,048	394,415
Cash, cash equivalents and restricted cash at beginning of period		1,409,524	1,168,277
Cash, cash equivalents and restricted cash at end of period	$	1,608,572	1,562,692
Supplemental disclosures of cash flow information:			
Interest paid	$	538,502	325,548
Income taxes paid		1	—
Supplemental disclosures of noncash investing:			
Returned and repossessed collateral acquired in settlement of finance receivables	$	135,266	62,079
Accrual for property, equipment and software		995	1,336
Reversal of accrual for property, equipment and software		(816)	(965)

See accompanying notes to consolidated financial statements.

(1) Nature of Operations

Hyundai Capital America and its subsidiaries (HCA or the Company) is a majority-owned subsidiary of Hyundai Motor America (HMA). HCA was incorporated in the state of California on September 6, 1989. HMA, the primary distributor of Hyundai vehicles in the United States, owns 80% of the outstanding common stock of HCA. HMA is a wholly owned subsidiary of Hyundai Motor Company (HMC). The outstanding common stock of HMC is listed on the Korea Exchange (KRX) but is not registered with the Securities and Exchange Commission (SEC) in the United States of America. Kia America, Inc. (KUS) owns 20% of the outstanding common stock of HCA. KUS is a wholly owned subsidiary of Kia Corporation, which is an affiliate of HMC.

HCA has retail dealer agreements with dealers authorized by HMA, KUS, and Genesis Motor America LLC, a subsidiary of HMA. All of the dealers' dealerships are located within the United States. A small number of dealers have dealerships offering other domestic and imported vehicles, which are financed by the Company. Contracts for dealers are submitted to HCA under the trade names of Hyundai Motor Finance, Kia Motors Finance, and Genesis Finance.

HCA provides indirect retail passenger motor vehicle loan and lease financing by purchasing motor vehicle retail installment sale contracts and leases from dealers. HCA also provides direct wholesale financing to many of these dealers by financing inventories, making loans for facilities refurbishment, real estate purchases, construction, and working capital requirements and providing finance leases to dealers for property and equipment upgrades.

The Company's wholly owned subsidiaries included in consolidation as of March 31, 2024, are as follows:

Hyundai ABS Funding, LLC
Hyundai Asset Backed Lease, LLC
Hyundai Auto Lease Offering, LLC
Hyundai Cha Funding, LLC
Hyundai HK Funding, LLC
Hyundai HK Funding Two, LLC
Hyundai HK Funding Three, LLC
Hyundai HK Funding Four, LLC
Hyundai HK Lease, LLC
HCA Exchange, LLC
Hyundai Lease Titling Trust
Hyundai Capital Insurance Services, LLC
HK Real Properties, LLC
Hyundai Protection Plan, Inc.
Hyundai Protection Plan Florida, Inc.
Hyundai Capital Insurance Company
Power Protect Extended Services, Inc.
Power Protect Extended Services Florida, Inc.
Extended Term Amortizing Program, LLC

Hyundai Capital Insurance Services, LLC was established in 2009 to provide insurance brokerage services. HK Real Properties, LLC was established in 2010 to manage foreclosed dealership properties. Hyundai Protection Plan, Inc. (HPP) and Hyundai Protection Plan Florida, Inc. (HPP FL) were established in 2012 as service contract obligor companies to offer a variety of service contract and related vehicle protection products. Hyundai Capital Insurance Company (HCIC) was established in 2012 to be a licensed captive insurance company to provide insurance products to support the obligor companies. Operations for these companies commenced in January 2013. Power Protect Extended Services, Inc. (PPES) and Power Protect Extended Services Florida, Inc. (PPES FL) were established in 2014 to expand the Company's vehicle service contract business (note 15). Operations in these companies commenced in January 2019. Hyundai Capital America Deferred Compensation Plan, a grantor trust, was established for certain key personnel to defer a portion of their income to be paid out at a later date after which the income was actually earned. The remaining entities were established for the purpose of purchasing, holding, and selling finance receivables and leases, or for specific debt transaction.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Company's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of the Company and all variable interest entities (VIEs) of which the Company is the primary beneficiary. See note 2(o) for additional discussion on VIEs. All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management of the Company to make several estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The accounting estimates that are most significant to the Company's business are the allowance for credit losses and the determination of residual value of vehicles subject to operating leases as well as estimates related to the fair value of investment securities.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits, short-term money market instruments, and certain highly liquid investment securities with maturities of three months or less from the date of purchase.

(d) Restricted Cash

Restricted cash consists of deposits held in trust for the benefit of the note holders with respect to the asset-backed notes secured by retail and wholesale finance receivables, operating leases, and deposits for reserves on hedged derivatives held for interest rates swaps on asset-backed conduits.

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(e) Investments

Investments consist of debt and equity securities, and other investments. The Company determines the appropriate classification of debt securities at the time of purchase. The Company classifies all of its debt securities as available for sale as the investments can be held for an indefinite period of time, but not necessarily be held to maturity or on a long-term basis. The available for sale debt securities are carried at fair value using quoted market prices, where available, with unrealized gains or losses included in Consolidated Statements of Comprehensive Income and recognition of an allowance for credit loss for the portion of market loss attributed to credit risk. Interest income is recognized when earned. Realized gains and losses from available for sale debt securities are reported using the specific identification method and are included in the Consolidated Statements of Income. Equity securities are carried at fair value using quoted prices, where available. All of the equity securities market gains and losses are included in Other revenue, net in the Consolidated Statements of Income. All of the available for sale and equity securities are held by HPP, HPP FL, and HCIC to meet certain regulatory capital requirements related to the Company's vehicle service contract business (note 15) and are generally not available to satisfy obligations not related to this line of business.

For available for sale debt securities, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. Management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a ratings agency, recent changes in market rates, information obtained from regulatory filings, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the Company estimates a portion of the difference between fair value and amortized cost, the impairment, to be recorded as an expected credit loss on the security that is recognized in the Consolidated Statement of Income. Any impairment that has not been recorded through the expected credit losses is recognized in Other comprehensive income. Changes in the expected credit losses are recorded as a reduction of (or increase in) Other revenue, net. The Company has elected to exclude accrued interest receivable on available for sale debt securities from the estimate of credit losses. Accrued interest receivable is included in Other assets. For securities where the Company determines it no longer has the intent or ability to hold the investment until a recovery in fair value occurs, the investment and accrued interest receivable is written-down to the investment's fair value in the same period the determination is made. Accrued interest receivable for written-off securities are recorded against interest income in the Other revenue, net line.

Other investments consist of company-owned life insurance which was acquired on certain executives and key employees through a trust in conjunction with the deferred compensation plan. It is carried at cash surrender value, which approximates fair value.

(f) Finance Receivables

Finance receivables include retail finance receivables, wholesale finance receivables, and finance lease receivables. Retail finance receivables consist of retail installment contracts with consumers. Wholesale finance receivables consist of floor plan, real estate, and working capital loans made to dealers. Finance lease receivables consist of signage leases made to dealers for a term of ten years

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and the underlying assets have a zero-dollar residual value, leases for hydrogen trucks made to the lessee for seven years which the lessee will purchase at the end of the term, and leases of electric vehicle (EV) charging equipment made to the lessee for five years with an option to go month-to-month thereafter.

Finance receivables are classified as held-for-investment if the Company has the intent and ability to hold the receivables for the foreseeable future or until maturity or payoff. As of March 31, 2024, and December 31, 2023, all finance receivables were classified as held-for-investment, and there were no receivables classified as held-for-sale.

Retail finance receivables are generally due in installments from customers over a period of three to seven years and are collateralized by liens on the related vehicles. The Company retains purchase money security interests in all automobiles financed until full payment is received. Retail finance receivables also include a retail balloon product offered where customers may finance their vehicles with a series of installment payments followed by a single balloon payment. At the end of the contract, the customer may keep the vehicle by making the final balloon payment or return it to HCA and pay charges for excess mileage and use, if any. The recorded investment of retail balloon products may contain an allowance for residual exposure as well as residual guarantees received from HMA and KUS.

Finance receivables are reported at the principal amount outstanding, net of allowance for credit losses, unearned origination fees, and deferred origination costs. A portion of the retail finance receivables include origination fees in the form of rate subsidies (subvention) received from HMA or KUS at the inception of the receivable and are accreted into revenue over the receivable’s term using the effective-interest-rate method. Origination costs include flat commissions paid to the dealers for originating the loan and payments made for rate participation, and other initial direct costs.

Revenue on retail finance receivables and wholesale finance receivables includes contractual interest income, accretion of origination fees, and amortization of origination costs. Interest income is accrued as earned using the simple-interest method. The recognition of finance revenue on retail finance receivables is discontinued when the underlying collateral is repossessed or accounts are charged off, generally no later than 120 days. Revenue on finance lease receivables includes the interest calculated throughout the lease term using a precomputed method as well as the selling profit which is calculated as the difference between the contractual value and the carrying value of the underlying assets at lease commencement. Interest is accrued when earned and accrued interest receivable is included within Other assets in the Consolidated Balance Sheets.

(g) Investment in Operating Leases

The Company leases vehicles to customers under operating leases typically for a term of two to four years. The investment in operating leases is reported at cost, less accumulated depreciation and net of allowance for credit losses. Operating lease revenue is recognized on a straight-line basis over the lease term. Operating lease revenue includes accretion of origination fees and is net of amortization of origination costs, which are also recognized on a straight-line basis over the lease

(Continued)

term as earned. Rental subsidies received from HMA or KUS at the inception of the lease are accounted for as deferred origination fees in Accounts payable and other liabilities and are accreted into revenue over the lease term in proportion to the recognition of operating lease income. Initial direct costs of originating operating leases are deferred and allocated over the lease term in proportion to the recognition of operating lease income. Occasionally, HMA or KUS guarantees a portion of the vehicle's residual value as part of a marketing program to reduce the customer's monthly payment. The guaranty amount is a fixed percentage of the vehicle's value established at origination and is accounted for as a reduction to investment in operating leases. At lease termination, the realized portion of the guaranty is recognized as income and presented net with the gain or loss on disposition of the vehicle in Disposal of investment in operating leases.

A review for impairment of the Company's operating leases is performed whenever events or changes in circumstances indicate that the carrying values may not be recoverable. Generally, an impairment condition is determined to exist if estimated undiscounted cash flows from the use and eventual disposition of the asset are lower than the carrying value. For the purposes of testing for impairment, operating lease assets are grouped at the lowest level the Company can reasonably estimate cash flows. When impairment conditions are met, impairment losses are measured by the amount carrying values exceed their fair values. No impairment charges were recorded for the three months ended March 31, 2024 and 2023.

(h) Determination of Residual Values for Vehicles Subject to Operating Leases

The Company is exposed to residual risk for vehicles subject to operating leases to the extent the actual amount received upon the sale of vehicles at disposition is lower than the residual value, net of guaranty, estimated at lease inception. The Company initially estimates the residual values at lease inception using external industry guides, which take into account expected economic conditions for the used vehicle market. Periodically, residual values are reviewed to assess the appropriateness of the carrying value of the vehicles. To the extent the estimated fair value at lease termination is lower than the residual value established at lease inception, the residual value of the vehicle is adjusted downward so that the carrying value at lease-end will approximate the estimated end of term market value. Adjustments are made on a straight-line basis over the remaining terms of the leases and are included in Depreciation expense on operating leases on the Consolidated Statements of Income.

(i) Returned and Repossessed Collateral

Returned and repossessed collateral includes vehicles and real estate property acquired by voluntary return or through repossession/foreclosure for nonpayment of indebtedness. These held-for-sale assets are generally recorded at fair value less estimated selling expenses. The majority of vehicles are sold through automobile auctions within a short period after repossession. Real estate property is classified as available-for-sale property and disposal times vary depending upon market demand. Once the collateral has been sold, the net sales proceeds are applied as reduction to net credit losses. If there is a deficiency balance remaining, the cumulative value that was charged off is pursued for recovery.

(Continued)

(j) Allowance for Credit Losses

The allowance for credit losses is the Company's estimate of lifetime credit losses inherent in Finance receivables, net, and probable credit losses inherent in Investment in operating leases, net as of the Consolidated Balance Sheet date. Because credit losses can vary substantially over time, estimating credit losses requires a number of assumptions about matters that are uncertain.

The allowance for credit losses is estimated using a combination of models and management judgment and is based on factors such as historical trends in credit losses and recoveries (including key metrics such as delinquencies, repossessions, and bankruptcies), the composition of the present portfolio (including vehicle brand, term, and internal risk evaluation), trends in historical and projected used vehicle values, and economic conditions.

The allowance for credit losses on retail finance receivables is calculated under the current expected credit loss (CECL) standard. Retail finance receivables are categorized as a homogeneous portfolio for the purpose of disclosures in note 6. The retail finance receivables portfolio is primarily comprised of pools of homogenous loans that are evaluated collectively for purposes of calculating the allowance. The Company estimates the allowance for credit losses for retail finance receivables at the portfolio level based on loan characteristics. Retail loans are segmented by origination year and month, customer FICO score (greater than or equal to 680 being prime, below being non-prime), and the designation of the vehicle as either new or used to assess for performance of the portfolio. Credit quality metrics are analyzed by each segment to develop a lifetime allowance for credit losses on retail finance receivables. The allowance is calculated utilizing regression models that correlate loan vintage, credit quality, historical performance, aging of individual accounts, current delinquencies, and macroeconomic variables such as unemployment rate, used vehicle price indices, and the Consumer Confidence Index. The reasonable and supportable forecast period extends over the life of the underlying assets. Qualitative adjustments considering underwriting quality, collections performance, collateral value, and external factors are applied based on management judgment in cases where the model is not representative of the current environment. Assignment of retail finance receivables to segments is determined at the time of origination.

The allowance for credit losses on investment in operating leases is calculated under the ASU 842-30 and ASC 450 standards. A portion of the Company's operating leases is expected to terminate prior to their scheduled maturities when lessees default on their contractual obligations. Losses are generally realized upon the disposition of the repossessed operating lease vehicles. Operating leases are collectively evaluated to determine the estimated losses incurred. The Company estimates an allowance for credit losses on the net investment in operating leases initially utilizing historic net loss data from the portfolio and applying it to the outstanding investment in operating leases. In cases where historical loss data is not representative of the current environment, qualitative adjustments are used to supplement the allowance to the levels management estimates to be adequate.

Losses on retail finance receivables and investment in operating leases are charged to the allowance for credit losses at the earlier of when an account is deemed uncollectible or over 120 days contractually past due, taking into consideration the value of the collateral. Interest ceases to be

(Continued)

earned on accounts that have been charged to the allowance. Subsequent recoveries on finance receivables and investments in operating leases previously charged off are credited to the allowance. Related collateral, if recoverable, is repossessed and sold. For leased assets, proceeds resulting in a gain will be retained by HCA and in the case of a shortfall between proceeds received from the sale of repossessed collateral and the amounts due from customers, the shortfall is charged off and it will trigger collection efforts. For retail contracts, the collateral is generally recorded at fair market value less selling costs upon repossession. Any shortfalls are charged to the allowance. After sale, excess amounts are resolved as recoveries and any remaining shortfalls trigger collection efforts.

The allowance for credit losses on wholesale finance receivables is calculated under the CECL standard. The Company develops an estimate of lifetime credit losses on wholesale finance receivables. For wholesale finance receivables, the Company utilizes an internal risk rating system to evaluate dealer credit risk. Dealers are assigned an internal probability of default based primarily on assessment of their financial condition and historical performance, and other factors. Such credit quality indicators include dealer liquidity and profitability ratios. When assessing the credit quality of the wholesale finance receivables, account balances are categorized into three distinct credit quality indicators based on internal risk assessments: performing, credit watch, and default. Internal risk ratings are explained further in note 6. The internal risk assessments for all wholesale finance receivables are updated monthly.

Wholesale finance receivables where the dealer is currently in default are individually evaluated for impairment. The Company evaluates the expected credit losses on an individual basis if, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the loan agreement. Factors such as payment history, compliance with terms and conditions of the underlying loan agreement, and other subjective factors related to the financial stability of the borrower are considered when determining if a loan will be individually evaluated for impairment. The amount of the impairment on wholesale loans individually evaluated equals the difference between the outstanding loan amount and the estimated amount that could be recovered from the underlying collateral. The remaining wholesale finance receivables (not individually evaluated for impairment) are evaluated at the dealer and product level over the life of the underlying asset based upon the Company’s internal risk assessment, which contemplates historic loss experience, financial condition of the dealer and current economic indicators.

Losses on wholesale finance receivables individually evaluated for impairment are charged to the allowance for credit losses upon loss of specific assets or when the fair value of the collateral supporting the wholesale finance receivable is estimated to be below the carrying value of the receivables. Interest ceases to be earned on wholesale finance receivables generally when the dealer is in default on a loan for greater than 120 days.

Loans generating wholesale finance receivables include off-balance-sheet credit exposures related to the unfunded portion of real estate loans and revolving lines of credit. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via

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contractual obligations to extend credit unless that obligation is unconditionally cancellable by the entity. The estimate for credit losses on these unfunded commitments is developed under the same methodology for other loans in the wholesale portfolio. The allowance for credit losses on off-balance sheet credit exposures is reflected in the Provision for credit losses in the Consolidated Statement of Income and is recorded in Accounts payable and other liabilities on the Consolidated Balance Sheet.

The allowance for credit losses on finance lease receivable is calculated under the CECL standard. The allowance is measured using the same internal risk rating system as used for wholesale finance receivables. The internally developed probability of default is applied at the dealer level leveraging the same information to evaluate creditworthiness. Account balances are categorized into three distinct credit quality indicators based on internal risk assessments, see note 6. The internal risk assessments for all finance lease receivables are updated on a monthly basis.

Finance lease receivables where the dealer is currently in default, are individually evaluated for impairment on an individual dealer basis. Finance lease receivable account balances are considered specifically impaired when, based on current information and events, it is probable the borrower will be unable to make all of their contractual principal and interest payments or if the lease is modified for dealers under reorganization due to a bankruptcy proceeding. Factors such as payment history, compliance with terms and conditions of the underlying finance lease receivable agreement, and other subjective factors related to the financial stability of the dealer are considered when determining if a lease will be individually evaluated for impairment. The amount of the impairment on finance leases individually evaluated equals the difference between the outstanding finance lease receivable amount and the estimated amount that could be recovered from the underlying collateral. The remaining finance lease receivables (not individually evaluated for impairment) are evaluated at the dealer and product level over the life of the underlying asset based upon the Company’s internal risk assessment, which contemplates historic loss experience, financial condition of the dealer and current economic indicators.

Losses on finance lease receivables individually evaluated for impairment are charged to the allowance for credit losses upon loss of specific assets or when the fair value of the collateral supporting the finance lease receivable is estimated to be below the carrying value of the receivable. Interest ceases to be earned on finance lease receivables generally when the dealer is in default on a loan for greater than 120 days.

As accrued interest receivable is excluded from the amortized cost basis of finance receivables; it is excluded from measurement on the allowance for credit losses. The Company has elected the practical expedient to not measure an allowance for credit losses on accrued interest receivable as the interest receivable is considered to be written off in a timely manner. See below for the Company’s non-accrual policies. Refer to note 6 for the amount of accrued interest receivable excluded from the measurement of the allowance for credit losses.

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(i) Nonaccrual Policy

Retail finance receivable

Retail finance receivables are not placed on nonaccrual status when principal or interest is 120 days or more past due. Rather, these receivables are charged off against the allowance for credit losses when payments due are no longer expected to be received or the account is 120 days contractually delinquent, whichever occurs first. Interest accrued, but not collected at the date of charge off is reversed against Total financing revenue.

Wholesale finance receivable

Wholesale finance receivables are placed on nonaccrual status if full payment of principal or interest is in doubt, or when principal or interest is 120 days or more past due. Impaired collateral dependent loans are placed on nonaccrual status if collateral is insufficient to cover principal and interest. Interest accrued, but not collected at the date a receivable is placed on nonaccrual status, is reversed against interest income. Interest income on nonaccrual receivables is recognized only to the extent it is received in cash. Accounts are restored to accrual status only when interest and principal payments are brought current and future payments are reasonably assured.

Finance lease receivable

Finance lease receivables are placed on nonaccrual status if full payment of principal or interest is in doubt, or when principal or interest is 120 days or more past due. Impaired collateral dependent receivables are placed on nonaccrual status if collateral is insufficient to cover principal and interest. Interest accrued, but not collected at the date a receivable is placed on nonaccrual status, is reversed against interest income. Interest income on nonaccrual receivables is recognized only to the extent it is received in cash. Accounts are restored to accrual status only when interest and principal payments are brought current and future payments are reasonably assured.

(k) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation/amortization and included in Other assets in the Consolidated Balance Sheets. Leasehold improvements are depreciated over the lesser of the lease term or asset life. Depreciation and amortization of property and equipment are calculated using the straight-line method based on the following estimated useful lives:

Furniture, fixtures, equipment, and capitalized software	3 to 7 years
Leasehold improvements	2 to 11 years

The Company reviews property and equipment for recoverability whenever events or changes in circumstances indicate that impairment may have occurred. When such events or changes in

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circumstances occur, recoverability of the asset to be held and used is measured by a comparison of the carrying amount of the asset to estimated future net cash flows, undiscounted, and without interest, expected to be generated by the asset.

(l) Income Taxes

HCA uses the asset-and-liability method of accounting for income taxes, whereby the deferred tax assets and liabilities are determined based on differences between the financial reporting and the tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or a portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse and become deductible.

HCA is included in HMA's consolidated federal income tax return and combined or consolidated income tax returns in certain states. Federal income tax is provided in the consolidated financial statements on a separate-return method. In accordance with the tax sharing agreement between HCA and HMA, to the extent that HCA has net operating losses (NOLs), the current benefit is provided to HCA up to the amount that can be utilized by HMA. For states where a combined or consolidated income tax return is filed, state income taxes are allocated to HCA based upon the relative apportionment factors and income in those states. Current federal and state income taxes receivable or payable, which are included in Due from affiliates, are settled on an annual basis.

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 740-10, *Income Taxes - Overall*, the Company recognizes the effect of uncertain income tax positions only if those positions have a probability of more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest related to unrecognized tax benefits and penalties through the income tax provision.

The Company accounts for the electric vehicle (EV) tax credits under the deferral method permissible under ASC 740-10-25-45, which allows for recognition of the benefit over the life of the underlying revenue-generating asset.

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(m) Vehicle Service Contracts and Related Vehicle Protection Products

The Company offers vehicle service contracts and related vehicle protection products (the Products). The Products offered primarily consist of:

- Vehicle service contracts (VSC) that offer mechanical and roadside assistance over and beyond the manufacturer's standard warranty;
- Guaranteed asset protection (GAP) coverage that pays the difference between the vehicle's cash value (as determined by the primary insurer) and the balance of the contract holder's outstanding loan balance when a damaged vehicle is deemed to be a total loss;
- Prepaid/complimentary maintenance (PPM) that covers the cost of regularly scheduled maintenance; and
- Other ancillary finance and insurance products that complement the vehicle owners' overall experience with the vehicle.

For VSC, GAP and PPM products, the Company receives cash upon origination of the contract and is required to pay claims throughout the contract period. At origination, the Company records the gross amount of the contract to Accounts payable and other liabilities (note 16) as unearned revenue and the amount of deferred acquisition costs directly attributable to the contract to Other assets (note 14). A contract deficiency liability is recognized if the sum of the anticipated claims expenses, maintenance costs, and any acquisition costs not previously expensed, less anticipated investment income, exceed the unearned contract revenue. Such deficiency is first recognized as a reduction of deferred acquisition costs and is included in the Consolidated Statements of Income. To the extent the deficiency exceeds deferred acquisition costs, a contract deficiency liability is established.

These amounts are deferred and recognized to revenue based upon the contract's estimated claims experience curve over the life of the products. The Company uses an actuarial consulting firm to estimate the claims experience curve based upon an analysis on the historical and industry claims experience. Claims are recorded as incurred and are reflected in Vehicle service contracts revenue, net (note 15).

Other related vehicle protection products consist of other fee income products where the Company does not have claims risk. Fees are recognized over the life of the contract for certain products where the Company is paid to administrate the policies or at contract origination for other products where the fee is a sales commission.

(n) Derivatives

The Company enters into interest rate and foreign exchange derivative agreements to reduce the exposure to market risks from changing interest rates and foreign currency exchange rates. The interest rate instruments are used to economically hedge interest rate exposure on floating rate debt, and the currency exchange agreements are used to manage the currency exposure on foreign denominated debt. For derivatives that the Company has elected not to apply hedge accounting to, the fair value changes in the interest rate and currency exchange agreements are included in Other

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revenue on the Consolidated Statements of Income. For derivatives that the Company has elected to apply hedge accounting to, the fair value changes in the interest rate and currency exchange agreements are included in Accumulated other comprehensive income on the Consolidated Balance Sheets. Derivatives that are designated in hedging relationships are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period.

(o) Variable Interest Entities

A VIE is an entity that either (i) has insufficient equity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The Company is the primary beneficiary when it is determined that the Company has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses or the right to receive residual returns that could potentially be significant to the VIE.

(i) On-Balance-Sheet Securitization Trusts

The Company uses several special-purpose entities that are considered VIEs to issue asset-backed securities (ABS) to third party, bank sponsored asset-backed securitization vehicles and to investors in securitization transactions. The securities issued by these VIEs are backed by the cash flows from retail and wholesale finance receivables and investment in operating leases (the Assets) that have been transferred to the VIEs. Although the transferred assets have been legally sold to the VIEs, HCA holds variable interests in the VIEs that are expected to absorb expected losses, receive the expected residual returns, or both. The Company determined that HCA is the primary beneficiary of the securitization entities because (i) HCA's servicing responsibilities for the transferred receivables give them the power to direct the activities that most significantly impact the performance of the VIEs and (ii) HCA's variable interests in the VIEs give them the obligation to absorb losses and the right to receive residual returns that could potentially be significant.

The cash held by the Company on behalf of the VIE is classified as Restricted cash on the Consolidated Balance Sheets. The assets of the VIEs and the restricted cash held by HCA serve as the sole source of repayment for the asset-backed securities issued by these entities. Investors in the notes issued by the VIEs do not have recourse to HCA's general credit, with the exception of customary representation and warranty repurchase provisions and indemnities.

As the primary beneficiary of these entities, the Company is exposed to credit, interest rate, and prepayment risk from the receivables transferred to the VIEs. However, HCA's exposure to these risks did not change as a result of the transfer of the assets to the VIEs. HCA may also be exposed to interest rate risk arising from the secured notes issued by some of the VIEs.

The transfers of the receivables to the special-purpose entities in the Company's securitizations are considered to be sales for legal purposes. However, the securitized assets and the related debt remain on the Company's Consolidated Balance Sheets. The Company recognizes financing revenue on the pledged receivables and interest expense on the secured debt issued by the entities. The Company also maintains an allowance for credit losses on the pledged receivables

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to cover probable credit losses estimated using a methodology consistent with that used for the nonsecuritized loan portfolio. The interest rate instruments are consolidated within HCA's consolidated financial statements.

(ii) Off-Balance-Sheet Securitization Trusts

The Company periodically has transactions involving an off-balance-sheet securitization trust. The trust is created from an ABS transaction and the subsequent sale of the residual interest certificates in the assets of the trust. The Company continues to service the assets held by the VIE. As of March 31, 2024 and December 31, 2023, the Company does not have any off-balance-sheet securitizations.

(p) Debt Issuance Costs

The Company incurs costs that are directly related to issuing debt. These costs are deferred and amortized over the life of the debt using the effective-interest-rate method and recognized as interest expense. For debt issuances with no scheduled payment terms or variable payment terms where the effective-interest-rate method cannot be calculated, the costs are amortized as follows:

(i) Debt with No Scheduled Payment Terms

Direct costs related to debt issuances with no scheduled payment terms (revolving lines of credit) are deferred and amortized, straight-line over the expected term of the debt – generally from the date the line of credit is opened until the renewal date.

(ii) Debt with Variable Payment Terms

The Company issues notes related to asset-backed securitizations where the repayment term is dependent upon the cash flows of the securitized finance receivables. Direct costs related to these notes are amortized proportionately to the collection of cash flows from the securitized receivables as an approximation of the effective-interest rate method.

(q) Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued *ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments. The new guidance replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The FASB issued ASU No. 2019-10—*Financial Instruments—Credit Losses (Topic 326): Effective Dates* to defer the effective date from January 1, 2022 to January 1, 2023. The Company adopted this guidance using the modified retrospective approach as of January 1, 2023. The adoption of the guidance resulted in a decrease to Finance receivables, net of $(259,771), an increase to Accounts payable and other liabilities of $394, an increase to Accumulated other comprehensive income of $508, a decrease to Net deferred tax liabilities of $(49,665), and a decrease to Retained earnings of $(211,008) on the

(Continued)

Company's Consolidated Balance Sheet. The Company changed its financial statement disclosures resulting from adoption of the guidance.

In July 2021, the FASB issued *ASU No. 2021-05, Leases (Topic 842) - Lessors—Certain Leases with Variable Lease Payments.* The new guidance amends the lease classification requirements for lessors to align them with practice under Topic 840. The amendments under this update are effective for the Company for the fiscal years beginning after December 15, 2022. The Company adopted this guidance on January 1, 2023. The adoption of the guidance did not have an impact on the consolidated financial statements.

(r) Recently Issued Accounting Pronouncements

In October 2023, the FASB issued *ASU No. 2023-06, Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. The new guidance modifies disclosure and presentation requirements of a variety of Topics in the Codification. The amendments under this update are effective for the Company in fiscal periods starting two years after SEC removal of the related disclosure from Regulation S-X or Regulation S-K. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements and financial statement disclosures.

In December 2023, the FASB issued *ASU No. 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. The new guidance outlines revisions to disclosure requirements for income tax information. The amendments under this update are effective for the Company for the fiscal years beginning after December 15, 2025. The Company is currently evaluating the potential impact of this standard on its consolidated financial statements and financial statement disclosures.

(s) Reclassifications

Certain amounts in the prior years' financial statements and related note disclosures have been reclassified to conform to the current year presentation.

(Continued)

(Dollar amounts in thousands)

(3) Investments

The following tables present amortized cost, gross unrealized gains and losses, and estimated fair value of investments classified as available-for-sale at March 31,2024 and December 31, 2023:

		March 31, 2024			
		Amortized cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale investments:					
U.S. Treasury securities	$	21,363	—	(727)	20,636
Mortgage-backed securities:					
Federal agency		2,902	—	(564)	2,338
Nonfederal agency		19,701	7	(549)	19,159
Foreign government debt securities		700	—	(33)	667
Corporate debt securities		451,397	2,178	(14,850)	438,725
Total available-for-sale investments	$	496,063	2,185	(16,723)	481,525

		December 31, 2023			
		Amortized cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale investments:					
U.S. Treasury securities	$	21,312	—	(538)	20,774
Mortgage-backed securities:					
Federal agency		2,947	—	(507)	2,440
Nonfederal agency		24,658	10	(845)	23,823
Foreign government debt securities		700	—	(24)	676
Corporate debt securities		432,535	4,207	(14,500)	422,242
Total available-for-sale investments	$	482,152	4,217	(16,414)	469,955

(Continued)

(Dollar amounts in thousands)

Gross unrealized losses and fair value by length of time that the individual available-for-sale securities have been in a continuous unrealized loss position at March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024						
	Less than 12 months		12 months or longer		Total		
		Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale investments:							
U.S. Treasury securities	$	7,133	(248)	13,503	(479)	20,636	(727)
Mortgage-backed securities:							
Federal agency		—	—	2,338	(564)	2,338	(564)
Nonfederal agency		—	—	18,257	(549)	18,257	(549)
Foreign government debt securities		—	—	667	(33)	667	(33)
Corporate debt securities		90,859	(933)	228,779	(13,917)	319,638	(14,850)
Available-for-sale investments	$	97,992	(1,181)	263,544	(15,542)	361,536	(16,723)

	December 31, 2023						
	Less than 12 months		12 months or longer		Total		
		Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale investments:							
U.S. Treasury securities	$	7,255	(118)	13,519	(420)	20,774	(538)
Mortgage-backed securities:							
Federal agency		—	—	2,439	(507)	2,439	(507)
Nonfederal agency		121	(14)	22,801	(831)	22,922	(845)
Foreign government debt securities		—	—	676	(24)	676	(24)
Corporate debt securities		33,018	(560)	237,926	(13,940)	270,944	(14,500)
Available-for-sale investments	$	40,394	(692)	277,361	(15,722)	317,755	(16,414)

Based upon an evaluation of the available evidence, including recent changes in market rates, credit rating information, and information obtained from regulatory filings, management believes the decline in fair value for these available-for-sale securities is temporary, and therefore all unrealized losses were recognized in accumulated other comprehensive income. The company estimates the portion of decline in fair value due to expected credit losses, and records an allowance against the investment. The Company recognized $7 and $(177) of expected credit loss/(release) on the debt securities for the three months ended March 31, 2024 and 2023, respectively. The ending provision for expected credit loss on the portfolio was $514 and $507 as of March 31, 2024 and December 31, 2023, respectively. Should the decline in fair value of any available-for-sale securities become unrecoverable and if management no longer has the intent or ability to hold the investment until recovery of fair value, the cost basis of the investment will be written off and the resulting loss recognized in net income in the period identified. For the three months ended March 31, 2024 and 2023, no available-for-sale securities were deemed to be unrecoverable. Management evaluates the allowance for credit losses, at minimum, on a quarterly basis.

(Dollar amounts in thousands)

Accrued interest receivable on available-for-sale debt securities totaled $3,916 and $4,072 as of March 31, 2024 and December 31, 2023, respectively, and is excluded from the amortized cost basis and fair value of the securities and is reported in Other assets on the Consolidated Balance Sheets. Accrued interest is excluded from the measurement on the expected credit losses.

All changes in market value of equity securities are immediately recognized in Other revenue, net in the Consolidated Statements of Income.

Investments by contractual maturity as of March 31, 2024 are summarized as follows:

	Available-for-sale		Equity investments	Other
	Amortized cost	Fair value	Fair value	Fair value
Due in one year or less	$ 68,874	67,789	—	—
Due after one year through five years	295,025	286,426	—	—
Due after five years through ten years	110,214	107,072	—	—
Due after ten years	21,950	20,238	41,293	7,292
Total investments	$ 496,063	481,525	41,293	7,292

Mortgage-backed securities have contractual terms to maturity. However, expected maturities of residential mortgage-backed securities may differ from contractual maturities because borrowers may have the right to call or prepay the obligations with or without call or prepayment penalties.

Other investments consist of company-owned life insurance which was acquired on certain executives and key employees through a trust in conjunction with the deferred compensation plan.

(Continued)

(Dollar amounts in thousands)

(4) Finance Receivables

Finance receivables consist of the following at March 31, 2024 and December 31, 2023:

		March 31, 2024	December 31, 2023
Retail	$	40,671,385	39,387,051
Wholesale		4,364,428	3,889,350
Finance lease		25,820	20,415
		45,061,633	43,296,816
Add:			
Premium on purchase of retail contracts		107,168	103,063
Less:			
Allowance for credit losses		(711,406)	(698,750)
Yield maintenance subvention		(770,927)	(726,579)
	$	43,686,468	41,974,550

As of March 31, 2024 and December 31, 2023, approximately $11,543,211 and $12,754,410, respectively, of the retail finance receivables held by the Company's subsidiaries have been pledged for borrowings under asset-backed conduit transactions (note 7). Refer to note 10 for additional information regarding finance receivables sold for legal purposes in securitization transactions.

It is the Company's experience that a substantial portion of the finance receivable portfolio generally is repaid before contractual maturity dates.

Wholesale finance receivables are primarily inventory lines of credit, real estate, construction, and working capital loans for certain dealers. These loans are reviewed and renewed on a periodic basis.

Finance lease receivables consist of ten-year signage leases to dealers, seven-year hydrogen truck leases and five-year EV charging stations leases, classified as sales-type leases.

(Continued)

(Dollar amounts in thousands)

(5) Investment in Operating Leases

Investment in operating leases at March 31, 2024 and December 31, 2023 were as follows:

		March 31, 2024	December 31, 2023
Investment in operating leases	$	20,892,843	20,285,042
Initial direct costs		232	243
Less:			
Accumulated depreciation		(3,622,832)	(3,739,058)
Allowance for credit losses		(78,333)	(77,231)
Investment in operating leases	$	17,191,910	16,468,996

As of March 31, 2024 and December 31, 2023, approximately $2,136,356 and $2,547,808, respectively, of the lease receivables held by the Company’s subsidiaries have been pledged for borrowings under asset-backed conduit transactions (note 7). Refer to note 10 for additional information regarding securitized investments in operating leases under asset-backed securitization transactions.

(Continued)

(Dollar amounts in thousands)

(6) Allowance for Credit Losses and Credit Risk

The following tables provide an analysis of the allowance for credit losses related to retail finance receivables, wholesale finance receivables, finance lease receivables, and investment in operating leases for three months ended March 31, 2024 and 2023. The change in the allowance for credit losses as of March 31, 2024 was driven primarily by growth in the retail receivable portfolio offset by updating of macroeconomics showing improvement in the industry delinquency variable. The change in the allowance for credit losses as of March 31, 2023 was driven primarily by favorable changes to macroeconomic forecasts related to used car prices.

	Three months ended March 31, 2024					
	Retail receivables	Wholesale receivables	Finance lease receivables	Total finance receivables	Investment in operating leases	Total
Balance, beginning of year	$ 690,905	6,655	1,190	698,750	77,231	775,981
Provision for credit losses	103,459	1,418	(215)	104,662	9,469	114,131
Charge-offs	(209,617)	—	—	(209,617)	(17,157)	(226,774)
Recoveries	117,479	132	—	117,611	8,781	126,392
Other	—	—	—	—	9	9
Balance, end of period	$ 702,226	8,205	975	711,406	78,333	789,739

	Three months ended March 31, 2023					
	Retail receivables	Wholesale receivables	Finance lease receivables	Total finance receivables	Investment in operating leases	Total
Balance, beginning of year	$ 341,071	2,113	3	343,187	78,825	422,012
Adoption of ASU 2016-13 CECL	257,871	1,885	15	259,771	—	259,771
Provision for credit losses	55,245	(522)	58	54,781	3,141	57,922
Charge-offs	(166,804)	—	—	(166,804)	(13,957)	(180,761)
Recoveries	105,930	8	—	105,938	7,990	113,928
Other	—	—	—	—	(26)	(26)
Balance, end of period	$ 593,313	3,484	76	596,873	75,973	672,846

(Continued)

(Dollar amounts in thousands)

(a) *Credit Quality Indicators as of March 31, 2024 and December 31, 2023*

The Company is exposed to credit risk on its finance receivables. Credit risk is the risk of loss arising from the failure of customers or dealers to meet the terms of their contracts or otherwise fail to perform as agreed.

(b) *Retail Finance Receivables*

To estimate the allowance for credit losses over the lifetime of retail finance receivables, the model bifurcates loans based on customer FICO score. Customers with FICO scores of 680 and higher are in the prime segment and customers with FICO scores lower than 680 are in the non-prime segment. The decision to do so is driven by the consideration that the two segments are targeted for specific programs and have differences in interest rates and incentives.

The table below shows the recorded investments in retail finance receivables by credit quality indicator as of March 31, 2024 and December 31, 2023:

		March 31, 2024	December 31, 2023
Retail portfolio segment:			
Prime	$	33,067,790	31,777,105
Non-prime		7,603,595	7,609,946
Total	$	40,671,385	39,387,051

(c) *Wholesale Finance Receivables*

For the three classes within the wholesale finance receivables (floor plan, real estate, and working capital), all loans outstanding to an individual dealer or dealership group are aggregated and evaluated collectively by dealer or dealership group. This reflects the interconnected nature of financing provided to individual dealers and dealer group customers.

When assessing the credit quality of the wholesale finance receivables, account balances are categorized into three distinct credit quality indicators based on internal risk assessments. The internal risk assessments for all wholesale finance receivables are updated on a quarterly basis.

The three credit quality indicators are as follows:

- Performing – Accounts not classified as either credit watch or default.
- Credit watch – The account is subject to heightened monitoring based upon certain qualitative and quantitative factors. These factors include liquidity ratios, profitability, and other early warning metrics developed by management. Accounts in credit watch status are not classified as impaired and the borrower is generally paying as agreed.

(Continued)

(Dollar amounts in thousands)

- Default – Account is individually evaluated for impairment because the borrower is not meeting contractual obligations, certain contractual obligations have been temporarily waived, or management believes collateral is insufficient to cover principal and interest.

The table below shows the recorded investment for each credit quality indicator of wholesale finance receivable as of March 31, 2024 and December 31, 2023:

		March 31, 2024				December 31, 2023			
		Floor plan	Real estate	Working capital	Total	Floor plan	Real estate	Working capital	Total
Wholesale:									
Performing	$	3,197,821	590,825	132,072	3,920,718	2,897,657	693,940	138,591	3,730,188
Credit watch		280,586	119,799	43,325	443,710	116,179	3,256	39,727	159,162
Default		—	—	—	—	—	—	—	—
Total	$	3,478,407	710,624	175,397	4,364,428	3,013,836	697,196	178,318	3,889,350

As of March 31, 2024 and December 31, 2023, the Company had no wholesale finance receivables individually evaluated for impairment.

(d) Finance Lease Receivables

When assessing the credit quality of the finance lease receivables, account balances are categorized into three distinct credit quality indicators based on internal risk assessments. The internal risk assessments for all finance lease receivables are updated on a quarterly basis.

The three credit quality indicators are as follows:

- Performing – Accounts not classified as either credit watch or default.
- Credit watch – The account is subject to heightened monitoring based upon certain qualitative and quantitative factors. These factors include liquidity ratios, profitability, and other early warning metrics developed by management. Accounts in credit watch status are not classified as impaired and the borrower is generally paying as agreed.
- Default – Account is individually evaluated for impairment because the borrower is not meeting contractual obligations, certain contractual obligations have been temporarily waived, or management believes collateral is insufficient to cover principal and interest.

(Continued)

(Dollar amounts in thousands)

The table below shows the recorded investment for each credit quality indicator of finance lease receivables as of as of March 31, 2024 and December 31, 2023.

	March 31, 2024	December 31, 2023
Finance lease:		
Performing	$ 25,820	20,415
Credit Watch	—	—
Default	—	—
Total	$ 25,820	20,415

(e) *Aging Analysis of Past-Due Finance Receivables as of March 31, 2024 and December 31, 2023*

	30–59 days past due	60–89 days past due	Delinquent 90 days and above	Total past due	Current	Total financing receivables	Recorded investment 90+ days and accruing
March 31, 2024							
Retail	$ 666,855	178,134	71,310	916,299	39,755,086	40,671,385	71,310
Wholesale	—	—	—	—	4,364,428	4,364,428	—
Finance lease	—	—	—	—	25,820	25,820	—
Total	$ 666,855	178,134	71,310	916,299	44,145,334	45,061,633	71,310
December 31, 2023							
Retail	$ 723,916	223,567	81,688	1,029,171	38,357,880	39,387,051	81,688
Wholesale	—	—	—	—	3,889,350	3,889,350	—
Finance lease	—	—	—	—	20,415	20,415	—
Total	$ 723,916	223,567	81,688	1,029,171	42,267,645	43,296,816	81,688

Recorded investment 90+ days and accruing represents the investment in finance receivables greater than 90 days past due, which continue to accrue interest.

(f) *Investment in Finance Receivables on Nonaccrual Status*

As of March 31, 2024, and December 31, 2023, there were no finance receivables on nonaccrual status. See note 2(j) for an explanation of the Company’s non-accrual policy.

(Continued)

(g) Loan Modifications

The company generally does not grant concessions on finance receivables other than modifications of retail loans in reorganization proceedings pursuant to the U.S. Bankruptcy Code and modifications of wholesale loans and finance leases with dealers experiencing financial difficulty in order to maximize collections. For such finance receivables, when concessions are made the finance receivable is treated as a modification. While payment extensions are sometimes granted on retail loans in the normal course of the collection process, no concessions are made on the principal balance owed or the interest rate charged. Payment extensions typically result in a short term one month deferral of the consumer's normal monthly payment and do not constitute a loan modification. As of March 31, 2024, and December 31, 2023, HCA had no commitments to lend additional funds to borrowers with loan modifications. As of March 31, 2024, and December 31, 2023 the loan modifications in the retail finance receivable portfolio were immaterial, and there were no loan modifications in the wholesale and finance lease receivable portfolios.

(h) Accrued Interest Receivable

Excluded from the amortized cost basis of all classes of finance receivables is $141,895 and $136,224 of accrued interest receivable as of March 31, 2024 and December 31, 2023, respectively. Accrued interest receivable is presented within Other assets on the Consolidated Balance Sheet.

(i) Unfunded Credit Exposure

The Company records an allowance for credit losses related to off-balance sheet credit exposures attributable to the unfunded portion of wholesale finance receivable commitments. The allowance for credit losses for these unfunded commitments totaled $709 and $701 as of March 31, 2024 and December 31, 2023, respectively. Unfunded commitments comprised $8 and ($83) of the Provision for credit losses for the three months ended March 31, 2024 and 2023, respectively.

(Continued)

(Dollar amounts in thousands)

(7) Debt

Debt and the related weighted average contractual interest rates for the Company and its subsidiaries were as follows at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023	Weighted average rates March 31, 2024	Weighted average rates December 31, 2023
Commercial paper	$ 1,411,689	$ 2,532,693	5.47 %	5.59 %
Revolving lines of credit and term loans	1,962,000	2,263,000	5.55	5.68
Asset-backed conduits	8,003,682	8,393,127	5.82	5.89
Asset-backed securitization	13,018,971	11,887,611	4.61	4.28
Senior unsecured notes	26,516,732	23,873,174	4.18	3.78
Affiliate borrowings	3,695,230	3,366,830	5.55	5.73
Less:				
Unamortized debt issuance costs	105,776	94,260	N/A	N/A
Total debt, net	$ 54,502,528	$ 52,222,175	4.70 %	4.53 %

(a) *Commercial Paper*

On July 26, 2013, the Company established a Commercial Paper and the initial program size was $800,000. On May 28, 2014, the Company upsized the program by $1,500,000, increasing its limit to $2,300,000. On September 29, 2017, the Company upsized the program by $700,000, increasing its limit to $3,000,000. On January 14, 2021, the Company upsized the program by $1,000,000, increasing its limit to $4,000,000. HCA utilizes commercial paper to meet short-term working capital requirements. The Company's commercial paper is recorded net of any discount at issuance. Amortization of the discount is reported as interest expense in the Consolidated Statements of Income. As of March 31, 2024 and December 31, 2023, the Company had a weighted average remaining maturity of 24 and 19 days, respectively.

(b) *Revolving Lines of Credit and Term Loans*

HCA utilizes committed revolving lines of credit and term loans to meet working capital requirements. The Company maintains relationships with a variety of global banking partners to ensure liquidity. The rates for these instruments are generally fixed or based upon a floating benchmark rate (typically Secured Overnight Financing Rate (SOFR) plus a fixed spread). As of March 31, 2024 and December 31, 2023, the Company had drawn $1,362,000 and $1,613,000 on its $6,100,000 revolving lines of credit, respectively. Term loans generally have terms of one to five years. As of March 31, 2024 and December 31, 2023, the Company had an outstanding balance of $600,000 and $650,000 in term loans, respectively. The revolving lines of credit and term loans mature at various times through May 2027.

(Continued)

(c) Asset-Backed Conduits

HCA's financing transactions with bank-sponsored asset-backed commercial paper conduits consist of bankruptcy remote, special-purpose entities (warehouse facilities) to which the Company has transferred retail finance receivables and operating lease assets, which are pledged as collateral for debt issued by the special-purpose entities (notes 4 and 5). Interest rates on these facilities are generally based upon a floating benchmark rate (such as the SOFR or Commercial Paper index rate) plus a fixed spread. HCA generally engages in interest rate derivative instrument transactions to manage the risk related to floating interest rates. As of March 31, 2024 and December 31, 2023, the Company had the ability to draw an additional $5,230,496 and $4,880,720, respectively.

(d) Asset-backed Securitization

HCA regularly sells pools of finance receivables and lease assets through asset-backed securitization transactions. Pursuant to these transactions, the assets are sold to a bankruptcy remote, special-purpose entity, which has been established for the limited purpose of buying and reselling the Company's finance receivables and lease assets. The special-purpose entity then transfers the same assets to a trust, which issues notes to investors, which are collateralized by the finance receivable and lease assets (note 10). The notes are generally fixed-rate and are structured to amortize on a monthly basis according to the cash collections on the underlying assets.

(e) Senior Unsecured Notes

The Company issues senior unsecured notes to meet longer term liquidity needs. The Company's senior unsecured notes are denominated in U.S. dollars and recorded net of any discount or premium at issuance. Interest expense on senior unsecured notes is recognized on an accrual basis and reported as interest expense in the Consolidated Statements of Income. On March 13, 2015, the Company established a private U.S. medium term note (MTN) program under Rule 144A under the U.S. Securities Act of 1933, as amended. Under the MTN program, the Company can issue up to $4,000,000 aggregate principal amount of notes with original maturities of one year or more. On June 2, 2016, the Company upsized the program by $8,000,000, increasing its limit to $12,000,000. On June 11, 2019, the Company upsized the program by $28,000,000, increasing its limit to $40,000,000. On September 8, 2023, the Company updated the program from an issuance-based program to outstanding-based program. The limit of notes outstanding under the new program is $60,000,000.

(f) Affiliate Borrowings

The Company administrates the North America Cash Management fund (NACM) for HMC's affiliates in the United States (note 8). Affiliate companies may deposit cash into the fund or borrow from it. Excess cash held by the fund is used to fund short-term borrowing needs of the affiliate companies that participate. Deposits to the fund from affiliate companies are classified as affiliate borrowings and included in the Debt, net of the Consolidated Balance Sheets. Loans from the fund to affiliate companies are classified as Due from affiliates, net. As of March 31, 2024 and December 31, 2023, deposits from affiliate companies included in debt were $1,495,230 and $1,166,830, respectively. The

(Dollar amounts in thousands)

Company also enters into separate intercompany borrowing agreements with affiliated companies. These loan agreements can range from two months to two years and generally are renewed at maturity. The interest rates of these loans are generally fixed or floating, which consists of a benchmark rate (such as the SOFR or Commercial Paper index rate) plus a fixed spread. As of March 31, 2024 and December 31, 2023, the principal balance outstanding for the agreements separate from NACM were $2,200,000 for both periods.

(g) *Maturity of Debt*

The following tables show the contractual maturity of the Company's debt as of March 31, 2024 and December 31, 2023. Actual repayment on asset-backed debt will vary based upon repayment activity on the related pledged assets.

	March 31, 2024				
	Within 1 year	1–2 years	2–3 years	3+ years	Total
Commercial paper	$ 1,411,689	—	—	—	1,411,689
Revolving lines of credit and term loans	1,562,000	50,000	350,000	—	1,962,000
Asset-backed conduits	1,210,323	2,757,260	1,958,918	2,077,181	8,003,682
Asset-backed securitization	547,736	2,941,113	4,672,193	4,857,929	13,018,971
Senior unsecured notes	3,099,490	5,844,848	7,491,127	10,081,267	26,516,732
Affiliate borrowings	3,695,230	—	—	—	3,695,230
Less unamortized debt issuance cost	39,565	23,393	17,157	25,661	105,776
Total	$ 11,486,903	11,569,828	14,455,081	16,990,716	54,502,528

	December 31, 2023				
	Within 1 year	1–2 years	2–3 years	3+ years	Total
Commercial paper	$ 2,532,693	—	—	—	2,532,693
Revolving lines of credit and term loans	1,863,000	—	400,000	—	2,263,000
Asset-backed conduits	1,626,921	2,640,230	1,996,578	2,129,398	8,393,127
Asset-backed securitization	346,797	3,022,956	4,376,139	4,141,719	11,887,611
Senior unsecured notes	4,149,459	4,297,656	6,542,790	8,883,269	23,873,174
Affiliate borrowings	3,366,830	—	—	—	3,366,830
Less unamortized debt issuance cost	37,106	20,164	14,455	22,535	94,260
Total	$ 13,848,594	9,940,678	13,301,052	15,131,851	52,222,175

(Continued)

(Dollar amounts in thousands)

(8) Transactions with Affiliates

The following table summarizes major component of due from affiliates, net as of March 31, 2024 and December 31, 2023:

		March 31, 2024	December 31, 2023
Intercompany receivable attributable to tax settlement	$	700,201	553,128
Short-term and long-term receivables from incentive programs		603,782	852,282
Other		(55,075)	(54,513)
Total	$	1,248,908	1,350,897

In addition, the Company has executed finance leases with related parties captured under finance lease, net with receivables of $1,245 and $1,289 as of March 31, 2024 and December 31, 2023, respectively. The revenue recognized amounted to $22 for the three months ended March 31, 2024. There was no income recognized for the three months ended March 31, 2023.

(a) Incentive Programs

As an accommodation to HMA and KUS, the Company, from time to time, provides incentive programs to customers. Generally, under these programs, the Company finances or leases vehicles on favorable terms and receives subsidy amounts from HMA and KUS. Subsidy amounts are generally received for lower than market interest rates, lower than market lease rentals, greater than market estimated lease residual values, and greater than normal expected credit losses.

The amounts billed to HMA for various yield incentive programs were $156,551 and $153,806 for the three months ended March 31, 2024 and 2023, respectively. The amounts billed to KUS for various yield incentive programs were $20,792 and $30,149 for the three months ended March 31, 2024 and 2023, respectively. These amounts are recognized in financing revenue over the terms of the related contracts.

The amounts billed to HMA for residual value and other end of term incentive programs were $1,653 and $1,031 for the three months ended March 31, 2024 and 2023, respectively. The amounts billed to KUS for residual value and other end of term incentive programs were $887 and $27 for the three months ended March 31, 2024 and 2023, respectively. The effect of the residual value incentive program is a reduction of depreciation over the life of the lease. Other end of term incentive programs consist of disposition fees paid on behalf of loyal customers and are recorded in financing revenue.

The outstanding receivable balance for HMA yield incentive programs were $175,658 and $339,533 as of March 31, 2024 and December 31, 2023, respectively, and are a component of Due from affiliates, net. The outstanding receivable balance for HMA residual value and other end of term

(Continued)

(Dollar amounts in thousands)

incentive programs were $212,729 and $194,322 as of March 31, 2024 and December 31, 2023, respectively, and are a component of Due from affiliates, net.

The outstanding receivable balance for KUS yield incentive programs were $77,716 and $186,585 as of March 31, 2024 and December 31, 2023, respectively, and are a component of Due from affiliates, net. The outstanding receivable balance for KUS residual value and other end of term incentive programs were $137,679 and $131,842 as of March 31, 2024 and December 31, 2023, respectively, and are a component of Due from affiliates, net.

The residual value and other end of term incentive receivable balance due from HMA and KUS for each period presented consists primarily of an estimated future billing amount for units covered under the incentive program but not billable until end of lease term. The corresponding amounts are included as a reduction of the Investment in operating leases, net.

(b) Affiliate Borrowings

On July 1, 2003, the Company entered into the NACM agreement in which the Company manages liquidity for HMC affiliates in the United States. Such cash is available for borrowings by the affiliates. On July 6, 2023, the Company upsized the agreement by $2,000,000, increasing its limit to $4,000,000. The Company could borrow up to $4,000,000 based on the funds availability under this facility. Affiliate deposits are included as liabilities in the Debt, net of the Consolidated Balance Sheets, and affiliate borrowings are included as assets in the Due from affiliates, net section. Affiliates participating in the program pay or receive a variable rate of interest, which is generally at Commercial Paper Index or Applicable Federal Rate (AFR) plus a fixed margin. The amounts included in the program as of March 31, 2024 and December 31, 2023 were as follows:

		March 31, 2024	December 31, 2023
Affiliate deposits (included in Debt, net)	$	1,495,230	1,166,830
Net amount due to affiliate companies	$	1,495,230	1,166,830

(Continued)

(Dollar amounts in thousands)

In addition, the Company enters into separate, longer term, intercompany loan agreements with affiliates. Affiliate borrowings, outside of NACM agreements, include loan agreements ranging from two months to two years and are generally renewed at maturity. The interest rates of these loans are generally fixed and floating which consist of a benchmark rate (such as the SOFR or Commercial Paper index rate) plus a fixed spread. The amounts included in these borrowing arrangements were as follows as of March 31, 2024 and December 31, 2023, which were included in the Debt, net of the Consolidated Balance Sheets:

		March 31, 2024	December 31, 2023
Affiliate borrowings from NACM participants	$	2,200,000	2,200,000
Total	$	2,200,000	2,200,000

For the three months ended March 31, 2024 and 2023, the Company received interest income from affiliates of $0 and $102, respectively. For the three months ended March 31, 2024 and 2023, the Company paid interest expense to the affiliates of $64,489 and $75,717, respectively, for all affiliate borrowings. The cash inflows and outflows of debt from these facilities are classified as a financing activity in the Consolidated Statements of Cash Flows and the cash inflows and outflows from deposits to these facilitates are classified as an investing activity. Interest revenue and expense are classified as operating activities in the Consolidated Statements of Cash Flows.

(c) Other Related Party Expenses, net

The following table summarizes other related party expenses for the three months ended March 31, 2024 and 2023:

		Three months ended March 31,	
		2024	2023
Administrative services, net	$	46	587
Affiliate marketing support		—	25,000
HCS royalty		7,717	7,530
HMC credit support agreement		8,913	6,979
Total other related party expenses	$	16,676	40,096

Administrative Services – HCA maintains a portion of its operations in office space furnished by HMA and utilizes various administrative services common to both HCA and HMA. HCA reimburses HMA for occupancy costs and administrative services arranged for and paid by HMA on behalf of HCA. The administrative services expenses were included in Operating expenses. HMA also maintains a portion

(Continued)

of its operations in office space furnished by HCA, and HMA reimburses HCA for occupancy costs paid by HCA on behalf of HMA. The rental income for these services were included in Other revenue, net.

Affiliate Marketing Support – HCA provides marketing support to HMA and KUS to jointly increase the brand image and grow the customer base. Typically, this support is related to costs incurred by HMA and KUS to increase vehicle sales, which directly benefits HCA and KUS through higher volumes of loans and leases. The affiliate marketing support expenses were included in Operating expenses.

HCS Royalty – HCA pays a royalty to Hyundai Capital Services (HCS), a Korean finance affiliate of HMC for the provision of business expertise and related services. The royalty expenses were included in Operating expenses, and any unpaid amounts are included in the balance sheets as a liability under Accounts payable and other liabilities. As of March 31, 2024 and December 31, 2023, the total unpaid amounts including taxes payable to the Internal Revenue Service on behalf of HCS were $34,410 and $26,693, respectively.

HMC Credit Support Agreement – HCA and HMC entered into a credit support agreement under which HMC has agreed to ensure HCA maintains positive net worth and sufficient liquidity to meet its payment obligations under any debt issuance covered by the agreement. The Credit Support Agreement is not a guarantee by HMC of any obligations of HCA. The credit support fee expenses were included in Interest expense.

(Continued)

(9) Provision for Income Taxes

Income tax expense totaled $30,123 and $32,356 for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate was 21.37% and 23.24% for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate differed from the federal statutory rate of 21% primarily as a result of state income tax for the three months ended March 31, 2024 and 2023.

As of March 31, 2024 and December 31, 2023, deferred tax liabilities, net were estimated to be $2,634,843 and $2,560,500, respectively.

In assessing the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse and become deductible.

The Company considers the reversal of deferred tax liabilities, projected taxable income, and tax planning strategies in making this assessment. Based upon these factors, management believes that it is more likely than not that the Company will realize substantially all of the benefits of the deductible differences.

As of March 31, 2024 and December 31, 2023, the related valuation allowances were estimated to be $0 for both periods.

The Company is routinely examined by various taxing authorities. For years before 2018, the Company is no longer subject to U.S. federal income tax examinations and state income tax examinations, respectively. There are ongoing audits in various jurisdictions the results of which the Company does not expect to be material to the Company’s financial statements.

(Continued)

(Dollar amounts in thousands)

(10) Variable Interest Entities

The Company uses one or more special-purpose entities that are considered VIE to issue asset-backed securities to third-party bank-sponsored asset-backed securitization vehicles and to investors in securitization transactions. The Company is considered to be the primary beneficiary of these trusts due to (i) the power to direct the activities of the trusts that most significantly impact the trusts' economic performance through its role as a servicer and (ii) the obligation to absorb losses or the right to receive residual returns that could potentially be significant to the trusts through the subordinated certificates and residual interest retained. The debt securities issued by the trusts to third-party investors along with the assets of the trusts are included in the Company's consolidated financial statements.

The following tables show the assets and liabilities related to the VIE securitization transactions that were included in its consolidated financial statements as of March 31, 2024 and December 31, 2023:

		March 31, 2024						
		VIE assets				VIE liabilities		
		Restricted cash	Gross securitized assets	Net securitized assets	Other assets	Debt	Debt, net of unamortized issuance cost	Other liabilities
Finance receivables	$							
Investment in		520,456	9,559,362	9,491,900	34,587	8,230,089	8,208,447	15,303
operating leases		469,204	6,464,075	6,435,903	54	4,788,882	4,775,885	10,495
Total	$	989,660	16,023,437	15,927,803	34,641	13,018,971	12,984,332	25,798

		December 31, 2023						
		VIE assets				VIE liabilities		
		Restricted cash	Gross securitized assets	Net securitized assets	Other assets	Debt	Debt, net of unamortized issuance cost	Other liabilities
Finance receivables	$	428,404	8,932,713	8,867,246	30,251	7,556,738	7,536,662	13,348
Investment in operating leases		345,737	5,910,261	5,883,762	32	4,330,873	4,319,101	8,694
Total	$	774,141	14,842,974	14,751,008	30,283	11,887,611	11,855,763	22,042

(11) Commitments and Contingent Liabilities

(a) Lease Commitments

The Company is party to lease agreements ranging from 4 to 12 years for the headquarters facility in Irvine, California, as well as regional offices in Georgia, Texas, and California. In October 2023, the Company executed a sublease agreement with HMA for office space at the Plano, Texas facility. In January 2024, the Company executed a lease amendment for headquarters facility in Irvine, California adding an additional annex space.

The Company's leases contain one or more options to extend. The Company includes options that are reasonably certain to be exercised in evaluating the lease term after considering all relevant economic and financial factors. The right-of-use assets in operating lease arrangements are presented in Other assets (note 14) on the Company's Consolidated Balance Sheets.

The Company does not separate the non-lease components from the lease components to which they relate. The Company calculated the initial lease liability as the present value of fixed payments not yet paid using the incremental borrowing rate. Operating lease liabilities are reported in Accounts payable and other liabilities (note 16) on the Company's Consolidated Balance Sheets. Variable payments are included in the lease liability if they are based on a market rate or an index (e.g., CPI). Variable payments that do not meet this criterion are expensed as incurred. Lease payments associated with short-term lease contracts are expensed as incurred.

As of March 31, 2024 and December 31, 2023, the weighted average lease term for the operating lease liabilities was 4.95 and 5.07 years, respectively and the weighted average discount rate was 3.18% and 3.15%, respectively. The straight-line operating lease costs incurred as a reduction to right-of-use assets amounted to $2,837 and $2,811 for the three month ended March 31, 2024 and 2023, respectively. The variable lease costs incurred amounted to $767 and $616 for the three month ended March 31, 2024 and 2023, respectively. The right-of-use assets obtained in exchange for operating lease liabilities amounted to $844 and $494 for the three months ended March 31, 2024 and 2023, respectively.

The Company's income from sublease activity of its Newport Beach, California facility for the three month ended March 31, 2024 and 2023 amounted to $243 and $249, respectively. The Company's income from sublease activity of its Plano, Texas facility amounted to $113 for the three months ended March 31, 2024.

Rental expense is recognized on a straight-line basis over the lease term. For the three months ended March 31, 2024 and 2023, total rental expense, including payments to affiliates for the headquarters as well as regional offices, temporary office spaces, and lease restructure costs above, was $3,365 and $3,259, respectively.

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(b) Line of Credit Commitments

At March 31. 2024 and December 31, 2023, the Company had commitments to make available an additional $2,518,488 and $2,842,271, respectively, of wholesale inventory financing to dealers.

(c) Other Contingencies

(i) The Company is the subject of various claims and actions that arise in the ordinary course of its business. Management believes the ultimate outcome of such claims and actions should not have a materially adverse effect on the Company.

(ii) Effective January 1, 2019, the Company is self-funding the medical insurance coverage for its employees. The Company obtained a stop-loss insurance policy to limit the claim losses to $150 per employee per year. In addition to actual claims paid, included in Operating expenses on the Consolidated Statements of Income is a reserve expense/(release) of $149 and ($112) for the three months ended March 31, 2024 and 2023, respectively for claims incurred but not paid (IBNP). This IBNP is calculated based upon claim projections utilizing the Company's historical and industry data. The Company believes that the liability of $2,527 and $2,378 as of March 31, 2024 and December 31, 2023, respectively, reported in accrued salaries and fringe benefits as part of Accounts payable and other liabilities (note 16) represent its best actuarial estimate of IBNP based upon the available data. While there is uncertainty in estimating this liability, the Company does not believe any additional claims incurred would have a material impact on the Company.

(12) Fair Value of Financial Instruments

(a) Fair Value Measurement – Definition and Hierarchy

The accounting guidance for fair value measurements defines fair value as 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 taking into consideration assumptions that a market participant would use when pricing an asset or a liability. This accounting guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable ones. Fair value should be based on assumptions that market participants would use, including a consideration of nonperformance risk. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted (unadjusted) prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in active markets for similar assets and liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

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Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The use of observable and unobservable inputs is reflected in the fair value hierarchy assessment disclosed in the tables within this section. The availability of observable inputs can vary based upon the financial instrument and a variety of factors, such as instrument type, market liquidity, and other specific characteristics particular to the financial instrument. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment by management. The degree of management's judgment can result in financial instruments being classified as or transferred to the Level 3 category.

The following methods and assumptions were used by management in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents – Cash is comprised of deposits with banks and financial institutions. Cash equivalents primarily consist of short-term money market instruments and certain highly liquid investment securities with maturities of three months or less from the date of purchase. Generally, quoted prices are used to determine the fair value of cash equivalents.

Restricted Cash – Restricted cash consists of deposits held in trust for bondholders for asset-backed securitization transactions and deposits for reserves on hedged derivatives held for interest rates swaps on asset-backed conduits. Generally, quoted prices are used to determine the fair value of cash equivalents.

Available-for-Sale Investments – Available-for-sale investments consist of debt securities, which are recorded at fair value. U.S. Treasury securities are actively traded and are classified as Level 1. U.S. federal agency debt securities, corporate debt, and other debt securities are recorded at fair value with quoted prices that are traded less frequently than exchange-traded instruments and classified as Level 2.

Equity Investments – Equity investments, consist of equity instruments which are recorded at fair value in the form of single stocks and shares purchased in mutual funds which are actively traded and are classified as Level 1.

Other Investments – Other investments consist of company-owned life insurance acquired on certain executives and key employees through a trust in conjunction with the deferred compensation plan. The company-owned life insurance is carried at cash surrender value, which approximates fair value, and is classified as Level 2.

Finance Receivables – Finance receivables consist of consumer retail contracts, wholesale loans and lines of credit, and finance leases to dealers. The fair value is estimated by discounting the future cash flows of the finance receivables using current rates to approximate market rates of similar instruments. The carrying values of wholesale finance receivables whose interest rates adjust on a short-term basis with applicable market indices (generally the prime rate) are assumed to approximate

(Continued)

fair value either due to their short maturities or due to the interest rate adjustment feature. Finance receivables are not carried at fair value on a recurring basis on the Consolidated Balance Sheet. In certain instances, for finance receivables for which there is evidence of impairment, the Company may use an observable market price or the fair value of collateral if the loan is collateral dependent. The fair values of impaired finance receivables based on the collateral value or market prices where available are reported at fair value on a nonrecurring basis and classified as Level 3. Additional adjustments may be applied to reflect current market conditions in estimating fair value.

Due to/from Affiliates – Due to/from affiliates consist of trade receivables and short-term notes due from affiliated companies, net of amounts owed. The carrying amounts include floating rate instruments that reprice frequently and approximate fair value at the reporting date. Due to/from affiliates are classified as Level 2.

Derivative Financial Instruments – As part of the risk management strategy, the Company enters into derivative transactions to mitigate interest rate exposure. These derivative instruments are considered over the counter. The Company records fair value estimates using industry standard valuation models that require observable market inputs, including market prices, yield curves, credit curves, interest rate, foreign exchange rate, and the contractual terms of the derivative instrument and are classified as Level 2.

Debt – Debt consists of commercial paper, revolving lines of credit and term loans, asset-backed conduit facilities, asset-backed securitization, senior unsecured notes, and affiliate company borrowings. The carrying amount of commercial paper issued is assumed to approximate fair value due to its short duration and generally negligible credit risk. Commercial paper is classified in Level 2 of the fair value hierarchy. The carrying amount for asset-backed conduit facilities includes floating and fixed rate instruments. The floating rate instruments reprice frequently and approximate fair value at the reporting date. The fixed rate instruments fair value are estimated based on discounted amounts of future cash flows using internal assumptions. Asset-backed conduit facilities are classified in Level 3 of the fair value hierarchy. Asset-backed securitization and senior unsecured notes are primarily valued using current market rates and credit spreads for debt with similar maturities. The Company's valuation models utilize observable inputs such as standard industry curves; therefore, the Company classifies these asset-backed securitization and senior unsecured notes in Level 2 of the fair value hierarchy. Where observable inputs are not available, the Company uses quoted market prices to estimate fair value of asset-backed securitization and senior unsecured notes. Fair value of revolving lines of credit and term loans, and affiliate company borrowings are estimated based on discounted amounts of future cash flows using internal assumptions. As these valuations utilize unobservable inputs, the Company's revolving lines of credit and term loans, and affiliated company borrowings are classified in Level 3 of the fair value hierarchy.

(Continued)

(Dollar amounts in thousands)

The following tables present a summary of carrying values and estimated fair values of certain financial instruments, classified by level, as of March 31, 2024 and December 31, 2023:

	March 31, 2024				
	Carrying value	Total fair value	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:					
Cash and cash equivalents	$ 529,927	529,927	529,927	—	—
Restricted cash	1,078,645	1,078,645	1,078,645	—	—
Available-for-sale investments	481,525	481,525	20,636	460,889	—
Equity investments	41,293	41,293	41,293	—	—
Other investments	7,292	7,292	—	7,292	—
Finance receivables, net	43,686,468	41,081,846	—	—	41,081,846
Due from affiliates, net	1,248,908	1,248,908	—	1,248,908	—
Derivative assets	3,546	3,546	—	3,546	—
Liabilities:					
Debt, net	$ 54,502,528	54,218,618	—	41,869,964	12,348,654
Derivative liabilities	1,515	1,515	—	1,515	—

	December 31, 2023				
	Carrying value	Total fair value	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:					
Cash and cash equivalents	$ 557,295	557,295	557,295	—	—
Restricted cash	852,229	852,229	852,229	—	—
Available-for-sale investments	469,955	469,955	20,774	449,181	—
Equity investments	38,467	38,467	38,467	—	—
Other investments	6,890	6,890	—	6,890	—
Finance receivables, net	41,974,550	40,103,725	—	—	40,103,725
Due from affiliates, net	1,350,897	1,350,897	—	1,350,897	—
Derivative assets	179	179	—	179	—
Liabilities:					
Debt, net	$ 52,222,175	51,727,869	—	38,883,562	12,844,307
Derivative liabilities	8,662	8,662	—	8,662	—

(Continued)

(Dollar amounts in thousands)

(b) Fair Value Measurements on a Recurring Basis

The Company uses fair value to measure financial instruments on a recurring basis. These instruments are recorded at fair value at each reporting period. The following tables summarize the fair value of financial instruments measured and recorded on a recurring basis at March 31, 2024 and December 31, 2023:

	Items measured at fair value on a recurring basis			
	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of March 31, 2024
Assets:				
Available-for-sale investments	$ 20,636	460,889	—	481,525
Equity investments	41,293	—	—	41,293
Derivative assets	—	3,546	—	3,546
Total assets at fair value	$ 61,929	464,435	—	526,364
Liabilities:				
Derivative liabilities	$ —	1,515	—	1,515
Total liabilities at fair value	$ —	1,515	—	1,515

	Items measured at fair value on a recurring basis			
	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2023
Assets:				
Available-for-sale investments	$ 20,774	449,181	—	469,955
Equity investments	38,467	—	—	38,467
Derivative assets	—	179	—	179
Total assets at fair value	$ 59,241	449,360	—	508,601
Liabilities:				
Derivative liabilities	$ —	8,662	—	8,662
Total liabilities at fair value	$ —	8,662	—	8,662

(Continued)

(c) Fair Value Measurements on a Nonrecurring Basis

Certain financial instruments are not measured at fair value on a recurring basis, but are subject to fair value adjustments only in certain circumstances, for example, when there is evidence of impairment. The Company measures wholesale loans at fair value when the loan is judged to be impaired. To estimate fair value, the Company may use an observable market price or the fair value of collateral when the loan is collateral dependent. Additional adjustments may be applied to reflect current market conditions in estimating fair value.

As of March 31, 2024 and December 31, 2023, there were no financial instruments that were measured at fair value on a nonrecurring basis.

(13) Derivatives

(a) Derivative Financial Instruments

The Company may be exposed to interest rate fluctuations in the normal course of business. The Company enters into interest rate derivatives to mitigate interest rate risks that result from the different characteristics of its assets and liabilities to ensure its exposure remains within established risk tolerances.

The Company estimates the fair value of derivative instruments using industry standard valuation models. These models project future cash flows and discount the future amounts to present value using market-based expectations for interest rates and contractual terms of the derivative instruments.

The Company can execute both derivatives that are not designated as hedging instruments and derivatives that are designated as hedging instruments. The fair value changes of derivatives not designated as hedging instruments are reported in Other revenue on the Consolidated Statements of Income. The derivatives designated as hedging instruments are cash flow hedges. The fair value changes of derivatives designated as hedging instruments are recorded in Accumulated other comprehensive income on the Consolidated Balance Sheets. These derivatives are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period. Any ineffectiveness identified is reclassified from Accumulated other comprehensive income as a reduction to Other revenue. For the three months ended March 31, 2024 and 2023, there was no ineffectiveness identified in the Company’s hedging instruments.

(Continued)

(Dollar amounts in thousands)

(b) Statements of Comprehensive Income

The following table summarizes the estimated pretax gain (loss) for each type of hedge designation for the three months ended March 31, 2024 and 2023:

		Gain (loss) Three months ended March 31,	
		2024	**2023**
Derivatives designated as hedging instruments:			
Interest rate swaps	$	10,514	(2,262)
Total gain/(loss) on hedging instruments	$	10,514	(2,262)

(Continued)

(Dollar amounts in thousands)

(c) Balance Sheets Effect of Derivative Financial Instruments

Derivative financial instruments are recorded at fair value. The Company elected to present the derivative financial instruments on a gross basis rather than on a net basis by counterparty for purposes of balance sheet presentation and disclosure. The Company entered into master agreements with counterparties that may allow for netting of exposures. Although contractual right of offset may exist for certain derivative transactions, as of March 31, 2024 and December 31, 2023, there are no derivative contracts that have positions which could net by counterparty, and there are no collateral or pledged asset amounts that are subject to the aforementioned contractual right of offset.

The following table summarizes the estimated fair value of derivative financial instruments:

	March 31, 2024		
	Notional	Fair value assets	Fair value liabilities
Derivatives designated as hedging instruments			
Interest rate swap	$ 1,750,000	3,546	1,515
Total derivative hedging instruments	$ 1,750,000	3,546	1,515

	December 31, 2023		
	Notional	Fair value assets	Fair value liabilities
Derivatives designated as hedging instruments			
Interest rate swap	$ 1,100,000	179	8,662
Total derivative hedging instruments	$ 1,100,000	179	8,662

There were no derivatives not designated as hedging instruments as of March 31, 2024 and December 31, 2023.

(Continued)

(Dollar amounts in thousands)

(14) Other Assets

Other assets were as follows at March 31, 2024 and December 31, 2023:

		March 31, 2024	December 31, 2023
Property and equipment, net of accumulated depreciation of $48,714 and $47,309 at March 31, 2024 and December 31, 2023, respectively [1, 3]	$	15,834	16,986
Software, net of accumulated amortization of $111,699 and $106,505 at March 31, 2024 and December 31, 2023, respectively [2, 3]		52,930	57,169
Right-of-use assets		37,580	39,573
Accrued interest receivable on finance receivables		141,895	136,224
Prepaid debt fees		3,241	3,142
Deferred origination costs on net investment in operating leases		390,165	321,998
Deferred acquisition costs on vehicle service contracts		846,138	824,696
Prepaid insurance on vehicle service contracts		86,936	85,714
Other		76,316	78,437
Total other assets	$	1,651,035	1,563,939

1. Depreciation expenses were $1,405 and $1,579 for the three months ended March 31, 2024 and 2023, respectively.

2. Amortization expenses were $5,194 and $4,608 for the three months ended March 31, 2024 and 2023, respectively.

3. For the three months ended March 31, 2024 and 2023, the Company did not recognize any impairment losses.

(Continued)

(Dollar amounts in thousands)

(15) Vehicle Service Contracts and Vehicle Protection Products

The following table reflects operations from the Company's vehicle protection product business for the three months ended March 31, 2024 and 2023, with the net amount presented in other revenue:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Service contracts written, net	$ 99,311	115,631
Change in unearned revenue of service contracts written, net	(30,004)	(59,232)
Total revenue from service contracts	69,307	56,399
Acquisition costs on contracts written	54,290	70,142
Change in acquisition costs on contracts written	(21,442)	(42,157)
Total acquisition costs	32,848	27,985
Claims incurred	26,298	20,379
Margin on service contracts	10,161	8,035
Other fee revenue, net	1,176	513
Total vehicle service contracts revenue, net	$ 11,337	8,548

(Continued)

(Dollar amounts in thousands)

(16) Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of the following at March 31, 2024 and December 31, 2023:

		March 31, 2024	December 31, 2023
Net deferred rate subsidies and other fees on net investment in operating leases	$	558,047	494,749
Accounts payable		462,640	430,853
Accrued interest and fees payable on debt		362,422	249,793
Accrued salaries and fringe benefits		32,964	49,642
Miscellaneous state and local taxes payable		22,260	16,085
Unearned vehicle service contract revenue		1,348,724	1,317,498
Lease liability		49,242	52,173
Reserve for unfunded finance receivable commitments		709	701
Other		51,481	50,688
Total accounts payable and other liabilities	$	2,888,489	2,662,182

(17) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through May 7, 2024, the date at which the consolidated financial statements were available to be issued.

HMA informed the Company of its decision to insource both the Hyundai Complimentary Maintenance (HCM) and Genesis Complimentary Maintenance (GCM) programs, effective from model year 2025. A termination letter is intended to be executed between HMA and HPP in April 2024, providing compensation of $46,500 to HPP for the termination of administrative and management services related to the HCM and GCM programs.

APPENDIX A

INFORMATION REGARDING HYUNDAI MOTOR COMPANY

The following financial and other information concerning Hyundai Motor Company, or HMC, has been provided by HMC and is included in view of the existence of the support agreement between HMC and us, dated as of August 22, 2012. While we believe that the information in this Appendix A is correct, it is based solely upon information made available by HMC. See "Certain Relationships and Related Transactions—Support Agreement" in the Offering Memorandum. The support agreement is not, and nothing done by HMC pursuant to the support agreement shall be deemed to constitute, a guarantee by HMC of any of the Notes.

The following summary discussion of HMC's financial condition and results as of and for the three months ended March 31, 2024 and 2023 is based on selected consolidated financial data derived from unaudited interim condensed consolidated financial statements prepared by HMC. HMC prepares its financial statements in accordance with Korean International Financial Reporting Standards, which may differ in certain respects from International Financial Reporting Standards adopted in other countries, and from United States generally accepted accounting principles. This discussion does not purport to be a comprehensive discussion and analysis of HMC's financial condition and results of operations and, accordingly, does not address known trends, demands, commitments, events, uncertainties, liquidity, capital resources and other information that may be important to you. This discussion is qualified in its entirety by, and should read in conjunction with, HMC's unaudited interim condensed consolidated financial statements and related notes thereto included elsewhere in this Offering Memorandum Supplement. All references below to "Won" or "W" are references to the currency of Korea. HMC publishes its financial statements in Won.

Incorporated in Korea in 1967, HMC has experienced rapid growth in its 57-year history. HMC is a Fortune Global 100 company and one of the fastest growing automotive brands in terms of both volume and brand value, according to Interbrand. HMC, together with KC, and their combined subsidiaries, make up the Hyundai Motor Group, which is the third largest global automaker by sales volume. HMC offers a diverse product line of 61 models of passenger cars, sports utility vehicles, and commercial vehicles, which are sold in over 200 countries in 2023, with sales principally in Asia, North America, Europe and Latin America. HMC's consolidated sales were ₩40,659 billion and ₩37,770 billion for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the ratio of HMC's short-term borrowings, the current portion of long-term debt and debentures, debentures, and long-term debt, to total shareholders' equity was 125.7%.

HMC is the largest manufacturer of passenger and commercial vehicles in Korea, producing a full line of small- and medium-sized and luxury automobiles as well as a broad range of trucks, vans, buses and special purpose vehicles for sale in Korea and overseas. Owing in part to the significant restructuring measures that HMC undertook in response to the Asian economic crisis in the late 1990s, HMC achieved a premier position in the domestic market while improving its competitive strength against foreign competitors. Domestically, HMC believes that in the first three months of 2024, it has accounted for 43.2% of vehicles sold in Korea. In 2023, 2022 and 2021, HMC's domestic market share in terms of units sold was 44.6%, 40.7% and 42.1%, respectively, based on internal data sources. HMC believes that it enjoys a premium brand name with a reputation for quality, reliability, safety and after-sales service. HMC is committed to investing in research and development ("R&D") and new product launches in order to further strengthen its leading position in Korea and to improve the quality and attractiveness of its products to its customers.

HMC sells cars in North America primarily through HMA, in Europe through local distributors and HMC's European sales subsidiaries, and in Latin America through local distributors. In the United States, one of HMC's largest markets, HMC achieved a market share of 5.3% in the three months ended March 31, 2024, based on 200 thousand units sold. HMC believes that its growth and success in the U.S. market is due to its efforts to improve product quality and enhance brand recognition.

Summary Financial Results

The following information for the three months ended March 31, 2024 and 2023 and as of March 31, 2024 and 2023 sets forth HMC's operating and financial condition data. HMC's results of operations for the three months ended March 31, 2024 and 2023 are not a comprehensive statement of HMC's financial results for such periods, and are not necessarily indicative of results that may be expected for any future period.

	Three Months Ended March 31,	
	2024	2023
	(In billions of Korean Won, except ratios)	
Income Statement Data:		
Sales	₩ 40,659	₩ 37,770
Gross profit	8,428	7,771
Operating profit	3,557	3,642
Profit for the period	3,376	3,419
Operating profit margin (1)	8.7%	9.6%
Net profit margin (2)	8.3%	9.1%

	March 31,	
	2024	2023
	(In billions of Korean Won, except ratios)	
Balance Sheet Data:		
Total current assets	₩106,084	₩101,518
Total assets	295,934	264,364
Total current liabilities	72,391	76,581
Total liabilities	191,027	170,444
Total shareholder's equity	104,906	93,920
Short and long-term debt (3)	131,882	115,300
Current ratio (4)	146.5%	132.6%
Debt to equity ratio (5)	125.7%	122.8%

(1) Calculated based on operating profit divided by sales.
(2) Calculated based on profit for the period divided by sales.
(3) Calculated based on the sum of short-term borrowings, the current portion of long-term debt and debentures, debentures, and long-term debt.
(4) Calculated based on total current assets divided by total current liabilities.
(5) Calculated based on short and long-term debt divided by total shareholder's equity.

Comparison of Three Months ended March 31, 2024 and 2023

In the three months ended March 31, 2024:

- HMC sold 959 thousand units worldwide, a decrease of 27 thousand units, or 2.8%, compared to the three months ended March 31, 2023; and
- HMC recorded consolidated operating profit of ₩3,557 billion, a decrease of ₩85 billion, or 2.3%, compared to the three months ended March 31, 2023.

In Korea, HMC sold 160 thousand units, a 16.3% decrease compared to the three months ended March 31, 2023. Based on internal data sources, HMC had a 43.2% market share, a 4.3% decrease over the same period in the prior year. In the U.S., HMC sold 200 thousand units, a 0.7% increase compared to the three months ended March 31, 2023. In Europe, HMC sold 164 thousand units, representing a 8.6% increase compared to the same period last year. In China, HMC's sales decreased by 14.3%, selling 52 thousand units. In other regions, including India, Africa and South Asia, HMC's aggregate sales decreased by 0.5%, tallying 384 thousand units.

HMC's consolidated sales totaled ₩40,659 billion for the three months ended March 31, 2024, a 7.6% increase from the three months ended March 31, 2023. HMC recorded consolidated operating profit of ₩3,557 billion for the three months ended March 31, 2024, down 2.3% from the three months ended March 31, 2023.

HMC recorded consolidated profit for the period of ₩3,376 billion for the three months ended March 31, 2024, down 1.3% from the three months ended March 31, 2023.

In the automobile segment, net sales amounted to ₩31,718 billion for the three months ended March 31, 2024, a 3.5% increase from the three months ended March 31, 2023. Operating profit of the automobile segment including internal transaction adjustments amounted to ₩2,900 billion for the three months ended March 31, 2024, a 6.5% decrease from the three months ended March 31, 2023.

In the finance segment, net sales amounted to ₩6,656 billion for the three months ended March 31, 2024, an 30.8% increase from the three months ended March 31, 2023. Operating income of the finance segment, including internal transactions adjustments, amounted to ₩425 billion for the three months ended March 31, 2024, a 15.4% increase from the three months ended March 31, 2023.

As of March 31, 2024, HMC had ₩26,544 billion in cash and cash equivalents and short-term financial instruments.

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HYUNDAI MOTOR COMPANY

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2024 AND 2023 (Unaudited)
WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT

HYUNDAI MOTOR COMPANY

Contents

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Report on review of interim consolidated financial statements

(English translation of a report originally issued in Korean)

The Stockholders and Board of Directors
Hyundai Motor Company

We have reviewed the accompanying interim condensed consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the interim condensed consolidated statement of financial position as of March 31, 2024, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for each of the three-month periods ended March 31, 2024, and a summary of material accounting policy information and other explanatory information.

Management's responsibility for the interim consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matter

We have audited the consolidated statement of financial position of the Group as of December 31, 2023, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 6, 2024 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

Ernst & Young Han Young

May 16, 2024

This review report is effective as of May 16, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim consolidated financial statements and may result in modification to this review report.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

"The accompanying interim consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the Company."

Chang, Jae Hoon
Chief Executive Officer
HYUNDAI MOTOR COMPANY

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2024 (Unaudited) AND DECEMBER 31, 2023

ASSETS	NOTES	March 31, 2024	December 31, 2023
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	19	₩ 19,668,549	₩ 19,166,619
Short-term financial instruments	19	6,875,666	7,339,968
Other financial assets	5,19	3,446,925	2,802,611
Trade notes and accounts receivable	3,19	5,361,243	4,682,182
Other receivables	4,19	4,382,907	3,431,169
Inventories	6	18,078,459	17,400,346
Current tax assets		164,659	195,696
Financial services receivables	14,19	44,880,648	43,120,684
Non-current assets classified as held for sale	8	5,122	434,503
Other assets	7,19	3,219,608	3,150,939
Total current assets		106,083,786	101,724,717
Non-current assets:			
Long-term financial instruments	19	219,163	154,966
Other financial assets	5,19	5,017,018	4,423,388
Long-term trade notes and accounts receivable	3,19	205,743	210,979
Other receivables	4,19	1,065,010	855,015
Property, plant and equipment	9,37	39,637,587	38,920,900
Investment property	10,37	145,144	146,148
Intangible assets	11,37	6,298,485	6,218,585
Investments in joint ventures and associates	13	29,494,296	28,476,142
Net defined benefit assets	32	433,546	488,181
Deferred tax assets	31	3,964,733	3,604,977
Financial services receivables	14,19	68,200,264	64,566,977
Investments in operating leases	12	31,877,481	29,664,618
Right-of-use assets	12	1,118,975	1,037,643
Other assets	7,19	2,172,569	1,970,119
Total non-current assets		189,850,014	180,738,638
Total assets		₩ 295,933,800	₩ 282,463,355

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2024 (Unaudited) AND DECEMBER 31, 2023

(Cont'd)

LIABILITIES AND EQUITY	NOTES	March 31, 2024		December 31, 2023	
		(In millions of Korean Won)			
Current liabilities:					
Trade notes and accounts payable	19	₩	11,226,711	₩	10,952,046
Other payables	19,36		6,840,330		8,642,808
Short-term borrowings	15,19		7,476,566		9,035,548
Current portion of long-term debt and debentures	15,19		23,007,516		25,109,158
Income tax payable			1,837,317		1,324,720
Provisions	16		7,463,034		7,316,877
Other financial liabilities	17,19		193,836		56,712
Lease liabilities	12,19		237,636		224,350
Non-current liabilities classified as held for sale	8		-		122,851
Other liabilities	18,19,25		14,108,118		10,577,033
Total current liabilities			72,391,064		73,362,103
Non-current liabilities:					
Long-term other payables	19,36		586,792		616,011
Debentures	15,19		83,892,517		73,033,493
Long-term debt	15,19		17,505,439		17,569,760
Net defined benefit liabilities	32		82,399		77,268
Provisions	16		4,511,684		4,333,841
Other financial liabilities	17,19		48,150		176,399
Deferred tax liabilities	31		5,414,403		5,438,976
Lease liabilities	12,19		827,256		834,052
Other liabilities	18,19,25		5,767,758		5,212,012
Total non-current liabilities			118,636,398		107,291,812
Total liabilities			191,027,462		180,653,915
Equity:					
Capital stock	20		1,488,993		1,488,993
Capital surplus	20		4,375,129		4,378,489
Other capital items	21		(884,826)		(1,197,084)
Accumulated other comprehensive loss	22		752,639		(838,892)
Retained earnings	23		89,376,096		88,665,805
Equity attributable to the owners of the Company			95,108,031		92,497,311
Non-controlling interests			9,798,307		9,312,129
Total equity			104,906,338		101,809,440
Total liabilities and equity		₩	295,933,800	₩	282,463,355

The accompanying notes are an integral part of the interim consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

	NOTES	Three-month period ended March 31, 2024	Three-month period ended March 31, 2023
		(In millions of Korean Won, except per share amounts)	
Sales	25,37	₩ 40,658,539	₩ 37,770,005
Cost of sales	29	32,230,756	29,998,877
Gross profit		8,427,783	7,771,128
Selling and administrative expenses	26,29	4,870,421	4,128,801
Operating profit		3,557,362	3,642,327
Gain on investments in joint ventures and associates, net	13	878,939	755,597
Finance income	27	405,475	438,205
Finance expenses	27	197,036	273,454
Other income	28	531,703	650,025
Other expenses	28,29	449,230	565,919
Profit before income tax		4,727,213	4,646,781
Income tax expense	31	1,032,102	1,171,939
Profit from continuing operations		₩ 3,695,111	₩ 3,474,842
Discontinued operations			
Loss from discontinued operations	8	₩ (319,110)	₩ (55,439)
Profit for the period		₩ 3,376,001	₩ 3,419,403
Profit attributable to:			
Owners of the Company		3,230,950	3,311,539
Non-controlling interests		145,051	107,864
Earnings per share attributable to the owners of the Company:	30		
Basic earnings per share:			
Common stock		₩ 12,287	₩ 12,664
From continuing operations		13,501	12,809
From discontinued operations		(1,214)	(145)
1st preferred stock		₩ 12,299	₩ 12,651
From continuing operations		13,513	12,796
From discontinued operations		(1,214)	(145)
Diluted earnings per share:			
Common stock		₩ 12,287	₩ 12,664
1st preferred stock		₩ 12,299	₩ 12,651

The accompanying notes are an integral part of the interim consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Profit for the period	₩	3,376,001	₩	3,419,403
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Gain (loss) on financial assets measured at FVOCI, net		(3,270)		16,020
Remeasurements of defined benefit plans		11,417		(13,637)
Changes in retained earnings of equity-accounted investees, net		(10,172)		(43,057)
Changes in share of OCI of equity-accounted investees, net		(33,145)		10,743
		(35,170)		(29,931)
Items that may be reclassified subsequently to profit or loss:				
Gain (loss) on financial assets measured at FVOCI, net		(2,476)		5,272
Loss on valuation of cash flow hedge derivatives, net		(136,632)		(209,623)
Changes in share of OCI of equity-accounted investees, net		426,723		362,605
Gain on foreign operations translation, net		1,436,193		988,481
		1,723,808		1,146,735
Total other comprehensive income		1,688,638		1,116,804
Total comprehensive income	₩	5,064,639	₩	4,536,207
Comprehensive income attributable to:				
Shareholders of the Company		4,838,538		4,370,074
Non-controlling interests		226,101		166,133
Total comprehensive income	₩	5,064,639	₩	4,536,207

The accompanying notes are an integral part of the interim consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
				(In millions of Korean Won)				
Balance at January 1, 2023	₩ 1,488,993	₩ 4,241,303	₩ (1,713,928)	₩ (1,620,682)	₩ 79,953,601	₩ 82,349,287	₩ 8,547,258	₩ 90,896,545
Comprehensive income:								
Profit for the period	-	-	-	-	3,311,539	3,311,539	107,864	3,419,403
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	67,951	(46,982)	20,969	323	21,292
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(165,836)	-	(165,836)	(43,787)	(209,623)
Changes in valuation of equity-accounted investees, net	-	-	-	353,277	(43,057)	310,220	20,071	330,291
Remeasurements of defined benefit plans	-	-	-	-	(9,968)	(9,968)	(3,669)	(13,637)
Gain on foreign operations translation, net	-	-	-	903,150	-	903,150	85,331	988,481
Total comprehensive income	-	-	-	1,158,542	3,211,532	4,370,074	166,133	4,536,207
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(1,572,542)	(1,572,542)	(38,490)	(1,611,032)
Disposals of Treasury stocks	-	22,587	78,369	-	-	100,956	-	100,956
Retirement of treasury stocks	-	-	315,412	-	(315,412)	-	-	-
Others	-	78	-	-	10	88	(3,232)	(3,144)
Total transactions with owners, recorded directly in equity	-	22,665	393,781	-	(1,887,944)	(1,471,498)	(41,722)	(1,513,220)
Balance at March 31, 2023	₩ 1,488,993	₩ 4,263,968	₩ (1,320,147)	₩ (462,140)	₩ 81,277,189	₩ 85,247,863	₩ 8,671,669	₩ 93,919,532

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

(Cont'd)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
				(In millions of Korean Won)				
Balance at January 1, 2024	₩ 1,488,993	₩ 4,378,489	₩ (1,197,084)	₩ (838,892)	₩ 88,665,805	₩ 92,497,311	₩ 9,312,129	₩ 101,809,440
Comprehensive income:								
Profit for the period	-	-	-	-	3,230,950	3,230,950	145,051	3,376,001
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(20,465)	15,203	(5,262)	(484)	(5,746)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(145,195)	-	(145,195)	8,563	(136,632)
Changes in valuation of equity-accounted investees, net	-	-	-	383,459	(10,172)	373,287	10,119	383,406
Remeasurements of defined benefit plans	-	-	-	-	11,026	11,026	391	11,417
Gain on foreign operations translation, net	-	-	-	1,373,732	-	1,373,732	62,461	1,436,193
Total comprehensive income	-	-	-	1,591,531	3,247,007	4,838,538	226,101	5,064,639
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(2,212,882)	(2,212,882)	(90,822)	(2,303,704)
Increase in paid-in capital of subsidiaries by issuing stock	-	(1,551)	-	-	-	(1,551)	216,088	214,537
Disposals of investment of subsidiaries	-	-	-	-	-	-	(2,603)	(2,603)
Retirement of treasury stocks		(1,728)	312,258	-	(312,258)	(1,728)	-	(1,728)
Issue of hybrid bonds	-	-	-	-	-	-	139,640	139,640
Others	-	(81)	-	-	(11,576)	(11,657)	(2,226)	(13,883)
Total transactions with owners, recorded directly in equity	-	(3,360)	312,258	-	(2,536,716)	(2,227,818)	260,077	(1,967,741)
Balance at March 31, 2024	₩ 1,488,993	₩ 4,375,129	₩ (884,826)	₩ 752,639	₩ 89,376,096	₩ 95,108,031	₩ 9,798,307	₩ 104,906,338

The accompanying notes are an integral part of the interim consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

	NOTES	Three-month period ended March 31, 2024	2023
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	33		
Profit for the period		₩ 3,376,001	₩ 3,419,403
Adjustments		5,718,561	4,444,162
Changes in operating assets and liabilities		(8,530,844)	(6,641,872)
		563,718	1,221,693
Interest received		411,402	388,013
Interest paid		(1,256,467)	(888,397)
Dividend received		875	1,412
Income tax paid		(662,128)	(665,048)
Net cash provided by (used in) operating activities		(942,600)	57,673
Cash flows from investing activities:			
Changes in short-term financial instruments, net		640,559	541,977
Changes in other financial assets (current), net		(220,670)	1,080,454
Decreases in other financial assets (non-current)		57,050	8,651
Collection of other receivables		20,836	18,220
Disposals of long-term financial instruments		127	39,473
Proceeds from disposals of property, plant and equipment		43,782	27,669
Proceeds from disposals of intangible assets		402	61
Proceeds from disposals of investment in joint ventures and associates		2,658	9
Increases in other financial assets (non-current)		(338,871)	(23,037)
Increases in other receivables		(234,881)	(25,923)
Purchases of long-term financial instruments		(7,422)	(46,343)
Acquisitions of property, plant and equipment		(1,857,294)	(1,478,412)
Acquisitions of intangible assets		(379,153)	(301,170)
Acquisitions of investments in joint ventures and associates		(620,996)	(14,871)
Others		443	109,863
Net cash used in investing activities		(2,893,430)	(63,379)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023 (Unaudited)

(Cont'd)	NOTES	Three-month period ended March 31, 2024	2023
		(In millions of Korean Won)	
Cash flows from financing activities:			
Proceeds from short-term borrowings		₩ 667,996	₩ 349,961
Proceeds from long-term debt and debentures		16,435,753	9,356,249
Proceeds from capital contribution from non-controlling interest		217,234	-
Repayment of short-term borrowings		(2,524,493)	(730,838)
Repayment of long-term debt and debentures		(10,872,324)	(7,941,787)
Repayment of lease liabilities		(37,157)	(65,997)
Dividends paid		(33)	(48)
Issue of hybrid bonds		139,640	
Others		24,289	43,908
Net cash provided by financing activities		4,050,905	1,011,448
Effect of exchange rate changes on cash and cash equivalents		287,055	498,794
Net increase in cash and cash equivalents		501,930	1,504,536
Cash and cash equivalents, beginning of the period		19,166,619	20,864,879
Cash and cash equivalents, end of the period		₩ 19,668,549	₩ 22,369,415

The accompanying notes are an integral part of the interim consolidated financial statements.

1. GENERAL:

Hyundai Motor Company (the "Company" or "Parent Company") was incorporated in December 1967, under the laws of the Republic of Korea. The Company and its subsidiaries (the "Group") manufacture and distribute motor vehicles and parts, operate vehicle financing and credit card processing, and manufacture trains.

The shares of the Company have been listed on the Korea Exchange since June, 1974, and the Global Depositary Receipts issued by the Company have been listed on the London Stock Exchange and Luxembourg Stock Exchange.

As of March 31, 2024, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.86%) and Mr. Chung, Mong Koo (11,395,859 shares, 5.44%).

(1) The Group's consolidated subsidiaries as of March 31, 2024 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
HYUNDAI CAPITAL SERVICES, INC.	Financing	Korea	59.72%	
HYUNDAI CARD CO., LTD. (*1)	〃	〃	36.96%	
HYUNDAI ROTEM COMPANY (*2)	Manufacturing	〃	33.77%	
HYUNDAI KEFICO CORPORATION	〃	〃	100.00%	
HYUNDAI PARTECS	〃	〃	56.00%	
Hyundai NGV	Engineering	〃	68.29%	
MAINtrans company	Services	〃	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Rotem SRS Co., Ltd.	〃	〃	100.00%	〃
S-Trans Co., Ltd.	〃	〃	100.00%	〃
Gimpo Goldline SRS Co., Ltd.	〃	〃	100.00%	〃
JEONBUK HYUNDAI MOTORS FC CO., LTD	Football club	〃	100.00%	
AirPlug Inc.	R&D and Sales	〃	99.41%	
42dot Inc.	〃	〃	58.69%	
42 Air, Inc	〃	USA	100.00%	42dot Inc. 100.00%
Movia Inc.	Transporting	Korea	100.00%	〃
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	〃	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	〃	100.00%	HMA 100.00%
Hyundai Motor Group Metaplant America, LLC (HMGMA)	〃	〃	60.00%	HMA 60.00%
Hyundai Translead (HT)	〃	〃	100.00%	
Hyundai America Technical Center, Inc. (HATCI)	R&D	〃	100.00%	
Genesis Motor America LLC	Sales	〃	100.00%	HMA 100.00%
Hyundai Rotem USA Corporation	Manufacturing	〃	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Hyundai Motor Investment, Inc.	Investment	〃	100.00%	
HYUNDAI AUTO CANADA CORP. (HACC)	Sales	Canada	100.00%	HMA 100.00%
HYUNDAI AUTO CANADA CAPTIVE INSURANCE INC. (HACCI)	Insurance	〃	100.00%	〃
Hyundai Capital Canada Inc. (HCCA)	Financing	〃	70.00%	HYUNDAI CAPITAL SERVICES, INC. 20.00%
Hyundai Capital Lease Inc. (HCLI)	〃	〃	100.00%	HCCA 100.00%
HK Lease Funding LP	〃	〃	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	〃	〃	100.00%	HCLI 100.00%
HCCA Funding Two Inc.	〃	〃	100.00%	HCCA 100.00%
HK Retail Funding LP	〃	〃	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
HYUNDAI MOTOR INDIA LIMITED (HMI)	Manufacturing	India	100.00%	
HYUNDAI MOTOR INDIA ENGINEERING PRIVATE LIMITED (HMIE)	R&D	〃	100.00%	HMI 100.00%
HYUNDAI INDIA INSURANCE BROKING PRIVATE LIMITED (HIIB)	Insurance	〃	100.00%	〃
HYUNDAI CAPITAL INDIA PRIVATE LIMITED (HCI)	Financing	〃	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Mobility Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Mobility Japan R&D Center Co., Ltd. (HMJ R&D)	R&D	〃	100.00%	
Hyundai Motor Business Service Company (HMBSC)	Services	Saudi Arabia	100.00%	
HYUNDAI MOTOR MIDDLE EAST AND AFRICA L.L.C	〃	United Arab Emirates	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	〃	〃	100.00%	BJMSS 100.00%
Genesis Motor Sales (Shanghai) Co., LTD.	〃	〃	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	〃	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	〃	100.00%	HYUNDAI ROTEM COMPANY 100.00%
KEFICO Automotive Systems(Beijing) Co., Ltd.	Manufacturing	〃	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
Hyundai Truck & Bus (China) Co., Ltd. (HTBC)	〃	〃	100.00%	
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV)(*1)	〃	Vietnam	50.00%	
HYUNDAI THANH CONG COMMERCIAL VEHICLE JOINT STOCK COMPANY (HTCV)(*1)	Sales	〃	50.00%	
HYUNDAI THANH CONG VIET NAM AUTO JOINT VENTURE JOINT STOCK COMPANY (HTV)(*1)	〃	〃	50.00%	
HYUNDAI KEFICO VIETNAM COMPANY LIMITED	Manufacturing	〃	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
HYUNDAI MOTOR COMPANY AUSTRALIA PTY LIMITED (HMCA)	Sales	Australia	100.00%	
HYUNDAI MOTOR PHILIPPINES, INC. (HMPH)	〃	Philippines	100.00%	
HYUNDAI MOBILITY (THAILAND) CO., LTD. (HMT)	〃	Thailand	100.00%	
PT HYUNDAI MOTOR MANUFACTURING INDONESIA (HMMI)	Manufacturing	Indonesia	100.00%	
PT HYUNDAI MOTORS INDONESIA (HMID)	Sales	〃	100.00%	HMMI 0.01%
PT Hyundai Solusi Mobilitas (HSM)	〃	〃	99.99%	HMID 99.99%
PT. HYUNDAI CAPITAL INDONESIA (HCID)	Financing	〃	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Capital Australia Pty Limited	〃	Australia	100.00%	〃
HR Mechanical Services Limited	Services	New Zealand	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Hyundai Motor Manufacturing Czech s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o. (HMCZ)	Sales	〃	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Deutschland GmbH (HMD)	Sales	Germany	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	″	100.00%	
Hyundai Motorsport GmbH (HMSG)	Marketing	″	100.00%	HME 100.00%
Hyundai Capital Europe GmbH.	Financing	″	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
HMCIS B.V.	Holding company	Netherlands	100.00%	
Hyundai Motor Netherlands B.V. (HMNL)	Sales	″	100.00%	
Hyundai Motor Sweden AB (HMS)	″	Sweden	100.00%	
Hyundai Motor CIS Limited Liability Company (HMCIS)	Sales	Russia	100.00%	HMCIS B.V. 100.00%
Hyundai Mobility Lab Limited Liability Company. (HML)	R&D	″	99.00%	HMCIS 99.00%
HYUNDAI CAPITAL SERVICES LIMITED LIABILITY COMPANY	Financing	″	100.00%	Hyundai Capital Europe 100.00%
Limited liability company Hyundai Truck & Bus Rus (HTBR)	Sales	″	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret Anonim Sirketi (HAOSVT)	Manufacturing	Turkiye	97.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	″	″	50.50%	HYUNDAI ROTEM COMPANY 50.50%
Hyundai Rotem Company – Hyundai EUROTEM Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	″	100.00%	HYUNDAI ROTEM COMPANY 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company - Hyundai EUROTEM Mahmutbey Projesi ORTAK GIRISIMI	″	″	100.00%	HYUNDAI ROTEM COMPANY 85.00%, Hyundai EURotem A.S. 15.00%
Rotem SRS Ukraine LLC.	Services	Ukraine	100.00%	Rotem SRS Co., Ltd. 100.00%
Rotem SRS Egypt LLC.	″	Egypt	98.00%	Rotem SRS Co., Ltd. 98.00%
HYUNDAI MOTOR UK LIMITED (HMUK)	Sales	UK	100.00%	
HYUNDAI MOTOR COMPANY ITALY S.R.L. (HMCI)	″	Italy	100.00%	
HYUNDAI MOTOR ESPANA, S.L.U. (HMES)	″	Spain	100.00%	
HYUNDAI MOTOR FRANCE (HMF)	″	France	100.00%	
Hyundai Motor Poland sp. z o.o. (HMP)	″	Poland	100.00%	
HYUNDAI ROTEM EUROPE sp. z o.o.	Services	″	100.00%	HYUNDAI ROTEM COMPANY 100.00%
GENESIS MOTOR EUROPE GmbH (GME)	Sales	Germany	100.00%	
GENESIS MOTOR UK LIMITED (GMUK)	″	UK	100.00%	GME 100.00%
GENESIS MOTOR SWITZERLAND AG (GMCH)	″	Switzerland	100.00%	″
GENESIS MOTOR DEUTSCHLAND GmbH (GMD)	″	Germany	100.00%	″
Hyundai Hydrogen Mobility AG (HHM)	″	Switzerland	75.00%	
Hyundai Hydrogen Mobility Germany GmbH (HHMG)	″	Germany	100.00%	HHM 100.00%
HYUNDAI MOTOR DE MEXICO S DE RL DE CV (HMM)	″	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	″	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L. DE C.V.	″	″	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda.	Financing	″	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Kazakhstan Limited Liability Partnership	Financing	Kazakhstan	100.00%	HYUNDAI CAPITAL SERVICES LIMITED LIABILITY COMPANY 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	Brazil	100.00%	HYUNDAI ROTEM COMPANY 100.00%
HMS SERVICOS DE MOBILIDADE LTDA.	Holding company	〃	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	〃	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	〃	72.00%	
ZER01NE Accelerator Investment Fund No.1	〃	Korea	99.00%	
Autopia Sixty-Sixth ~ Seventy-Eighth Asset Securitization Specialty Company (*1)	Financing	〃	0.50%	HYUNDAI CAPITAL SERVICES, INC. 0.50%
Super Series Ninth ~ Sixteenth Securitization Specialty Co., Ltd. (*1)	〃	〃	0.50%	HYUNDAI CARD CO., LTD. 0.50%
Bluewalnut Co., Ltd.	〃	〃	100.00%	HYUNDAI CARD CO., LTD. 100.00%
Hyundai Connected Mobility GmbH	Mobility Service	Germany	100.00%	
MOCEAN Co.,Ltd	〃	Korea	73.28%	
UB1st Co., Ltd	Manufacturing	〃	67.99%	42dot Inc. 67.99%
Hyundai Cha Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	〃	〃	100.00%	〃
Hyundai HK Funding, LLC	〃	〃	100.00%	〃
Hyundai HK Funding Two, LLC	〃	〃	100.00%	〃
Hyundai HK Funding Three, LLC	〃	〃	100.00%	〃
Hyundai HK Funding Four, LLC	〃	〃	100.00%	〃
Hyundai ABS Funding, LLC	〃	〃	100.00%	〃
HK Real Properties, LLC	〃	〃	100.00%	〃
Hyundai Auto Lease Offering, LLC	〃	〃	100.00%	〃
Hyundai HK Lease, LLC	〃	〃	100.00%	〃
Extended Term Amortizing Program, LLC	〃	〃	100.00%	〃
Hyundai Asset Backed Lease, LLC	〃	〃	100.00%	〃
HCA Exchange, LLC	〃	〃	100.00%	〃
Hyundai Protection Plan, Inc.	Insurance	〃	100.00%	〃
Hyundai Protection Plan Florida, Inc.	〃	〃	100.00%	〃
Hyundai Capital Insurance Services, LLC	〃	〃	100.00%	〃
Hyundai Capital Insurance Company	〃	〃	100.00%	〃
Power Protect Extended Services, Inc.	〃	〃	100.00%	〃
Power Protect Extended Services Florida, Inc.	〃	〃	100.00%	〃

(*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.

(*2) Even though the shareholding ratio of ownership is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.

(2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the three-month period ended March 31, 2024 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit for the period
		(In millions of Korean Won)		
HYUNDAI CAPITAL SERVICES, INC. (*)	₩ 39,518,034	₩ 33,313,902	₩ 1,485,839	₩ 137,832
HYUNDAI CARD CO., LTD. (*)	25,786,862	21,877,932	945,206	63,792
HYUNDAI ROTEM COMPANY (*)	5,101,323	3,409,192	747,779	55,633
HYUNDAI KEFICO CORPORATION (*)	2,226,334	1,203,513	636,270	6,500
HCA(*)	89,432,700	80,947,685	4,111,173	144,143
HMA	15,658,689	8,493,157	10,815,352	465,343
HCCA(*)	9,609,146	8,792,896	303,844	18,791
HMMA	5,204,258	3,781,376	3,441,944	77,218
HMMC	5,081,139	1,781,206	2,733,017	164,988
HMI(*)	4,217,050	2,481,862	2,767,547	267,310
HAOSVT	2,277,436	1,118,942	1,362,300	88,528
HME(*)	2,137,537	1,900,672	4,253,911	146,278
HACC(*)	2,016,332	1,195,774	1,373,675	106,305
HMB	1,951,006	1,099,726	734,632	12,517
HMMI	1,916,359	1,248,064	487,542	12,463

(*) Based on the subsidiary's consolidated financial statements

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the three-month period ended March 31, 2023 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit for the period
		(In millions of Korean Won)		
HYUNDAI CAPITAL SERVICES, INC. (*)	₩ 39,989,443	₩ 34,295,530	₩ 1,293,533	₩ 64,952
HYUNDAI CARD CO., LTD. (*)	23,618,651	19,806,484	781,527	70,764
HYUNDAI ROTEM COMPANY (*)	4,610,630	3,099,606	684,447	18,093
HYUNDAI KEFICO CORPORATION (*)	2,172,854	1,185,107	604,262	10,906
HCA (*)	70,043,519	62,262,516	2,980,592	171,702
HMA	15,994,905	10,069,476	9,445,201	712,135
HCCA(*)	6,699,344	6,145,075	209,466	6,721
HMMA	5,443,822	4,221,365	3,167,481	77,176
HMI (*)	5,457,793	2,263,634	2,443,254	220,794
HMMC	5,363,511	2,266,096	2,662,624	115,460
HME (*)	3,273,035	3,185,052	4,522,212	7,594
HACC (*)	2,114,214	1,225,842	1,013,710	54,231
HAOSVT	2,012,858	1,075,770	1,159,998	43,009
HMB	1,952,703	1,301,711	739,363	4,777
HMCA	1,167,185	941,256	565,086	21,953

(*) Based on the subsidiary's consolidated financial statements

(3) The financial statements of all subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting periods as the Company's.

(4) Summarized cash flows of non-wholly owned subsidiaries in which the Group has a material non-controlling interest for the three-month period ended March 31, 2024 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.		HYUNDAI CARD CO., LTD.		HYUNDAI ROTEM COMPANY	
	(In millions of Korean Won)					
Provided by (used in) by operating activities	₩	194,423	₩	(559,185)	₩	(175,072)
Provided by (used in) investing activities		(126,177)		(21,680)		223,692
Provided by (used in) financing activities		(250,368)		1,889,550		(99,358)
Effect of exchange rate changes on cash and cash equivalents		-		12		1,628
Net increase(decrease) in cash and cash equivalents	₩	(182,122)	₩	1,308,697	₩	(49,110)

Summarized cash flows of non-wholly owned subsidiaries in which the Group has a material non-controlling interest for the three-month period ended March 31, 2023 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.		HYUNDAI CARD CO., LTD.		HYUNDAI ROTEM COMPANY	
	(In millions of Korean Won)					
Provided by (used in) operating activities	₩	(899,779)	₩	961,662	₩	(176,032)
Provided by (used in) investing activities		(28,302)		(9,176)		371,777
Provided by (used in) financing activities		1,113,451		(1,046,661)		(210,659)
Effect of exchange rate changes on cash and cash equivalents		-		-		1,987
Net increase(decrease) in cash and cash equivalents	₩	185,370	₩	(94,175)	₩	(12,927)

(5) Details of material non-controlling interests in non-wholly owned subsidiaries as of and for the three-month period ended March 31, 2024 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.		HYUNDAI CARD CO., LTD.		HYUNDAI ROTEM COMPANY	
	(In millions of Korean Won)					
Ownership percentage of non-controlling interests		40.28%		63.04%		66.23%
Accumulated non-controlling interests	₩	2,486,986	₩	2,486,550	₩	971,047
Profit attributable to non-controlling interests		49,791		40,217		35,502
Dividends paid to non-controlling interests		-		83,561		-

Details of material non-controlling interests in non-wholly owned subsidiaries as of and for year ended December 31, 2023 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.		HYUNDAI CARD CO., LTD.		HYUNDAI ROTEM COMPANY	
	(In millions of Korean Won)					
Ownership percentage of non-controlling interests		40.28%		63.04%		66.23%
Accumulated non-controlling interests	₩	2,425,670	₩	2,490,730	₩	942,579
Profit attributable to non-controlling interests		187,078		142,315		98,254
Dividends paid to non-controlling interests		-		38,442		-

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the three-month period ended March 31, 2024 are as follows.

Changes	Name of subsidiaries	Description
Included	Autopia Seventy-Eighth Asset Securitization Specialty Company	Establishment
″	Hyundai Capital Kazakhstan Limited Liability Partnership	″
″	Gimpo Goldline SRS Co., Ltd.	″
Excluded	Autopia Sixty-Fifth Asset Securitization Specialty Company	Liquidation
″	Zavurov First Co., Ltd.	″
″	Hyundai Motor Manufacturing Rus LLC (HMMR)	Disposition

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The Group prepares statutory interim consolidated financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, enacted by the *Act on External Audit of Stock Companies.* The accompanying interim consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2023, which have been prepared in accordance with KIFRS.

There are new or amended accounting standards effective from January 1, 2024, but those standards did not have a material impact on the Group's interim consolidated financial statements. Except for these standards, the significant accounting policies used for the preparation of the interim consolidated financial statements are consistent with those applied to the annual consolidated financial statements as of and for the year ended December 31, 2023.

(2) Significant accounting estimates and key sources of estimation uncertainties

In the application of the Group’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations.

Significant judgments made by management on the Group's application of accounting policies and the major sources of estimation uncertainty for the preparation of financial statements to be the same as the annual consolidated financial statements as of and for the year ended December 31, 2023.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 5,381,249	₩ 236,936	₩ 4,701,721	₩ 241,556
Loss allowance	(20,006)	(5,006)	(19,539)	(5,005)
Present value discount accounts	-	(26,187)	-	(25,572)
	₩ 5,361,243	₩ 205,743	₩ 4,682,182	₩ 210,979

(2) Aging analysis of trade notes and accounts receivable

As of March 31, 2024, aging analysis of total trade notes and accounts receivable that are past due but not impaired is as follows.

Description		Not due		Overdue Within 90days		Overdue Within 180days More than 91days		Overdue More than 181 days		Total amounts		Amount of impaired receivables
						(In millions of Korean Won)						
Total trade note and accounts receivable	₩	4,931,892	₩	320,174	₩	73,677	₩	292,442	₩	5,618,185	₩	25,012

As of December 31, 2023, aging analysis of total trade notes and accounts receivable that are past due but not impaired is as follows.

Description		Not due		Overdue Within 90days		Overdue Within 180days More than 91days		Overdue More than 181 days		Total amounts		Amount of impaired receivables
						(In millions of Korean Won)						
Total trade note and accounts receivable	₩	4,227,084	₩	396,061	₩	56,367	₩	263,765	₩	4,943,277	₩	24,544

(3) The changes in loss allowance for the three-month periods ended March 31, 2024 and 2023 are as follows

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Beginning of the period	₩	24,544	₩	24,886
Reversal of impairment loss		(43)		(718)
Write-off		-		(8)
Effect of foreign exchange differences and others		511		362
End of the period	₩	25,012	₩	24,522

4. **OTHER RECEIVABLES**:

(1) Other receivables as of March 31, 2024 and December 31, 2023 are as follows.

	March 31, 2024				December 31, 2023			
Description	Current		Non-current		Current		Non-current	
	(In millions of Korean Won)							
Accounts receivable – others (*)	₩	3,289,159	₩	447,052	₩	2,223,588	₩	462,064
Due from customers for contract work		1,081,731		-		1,191,078		-
Lease and rental deposits		14,436		330,646		17,104		332,215
Deposits		8,925		287,312		9,020		60,736
Others		7,464		-		9,237		-
Loss allowance		(18,808)		-		(18,858)		-
	₩	4,382,907	₩	1,065,010	₩	3,431,169	₩	855,015

(*) As of March 31, 2024 and December 31, 2023, the Group recognized the reimbursement related to the warranty provisions as a separate asset in the amount of ₩1,061,332 million and ₩1,008,099 million, respectively.

(2) The changes in other allowance for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Beginning of the period	₩	18,858	₩	134,385
Impairment loss		402		741
Write-off		(410)		(285)
Effect of foreign exchange differences and others		(42)		(43)
End of the period	₩	18,808	₩	134,798

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of March 31, 2024 are as follows.

Description	March 31, 2024 Current		Non-current	
	(In millions of Korean Won)			
Financial assets measured at FVPL	₩	3,070,877	₩	574,084
Financial assets measured at FVOCI		92,314		2,896,348
Financial assets measured at amortized cost		114,537		1,030,070
Derivative assets that are effective hedging instruments		169,197		516,516
	₩	3,446,925	₩	5,017,018

Other financial assets as of December 31, 2023 are as follows.

Description	December 31, 2023 Current		Non-current	
	(In millions of Korean Won)			
Financial assets measured at FVPL	₩	2,374,032	₩	493,423
Financial assets measured at FVOCI		89,252		2,900,170
Financial assets measured at amortized cost		20,604		588,502
Derivative assets that are effective hedging instruments		318,723		441,293
	₩	2,802,611	₩	4,423,388

(2) Financial assets measured at FVOCI as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024 Acquisition cost		March 31, 2024 Book value		December 31, 2023 Book value	
	(In millions of Korean Won)					
Debt instruments	₩	673,563	₩	653,867	₩	611,668
Equity instruments (*)		2,629,003		2,334,795		2,377,754
	₩	3,302,566	₩	2,988,662	₩	2,989,422

(*) The Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial recognition.

(3) Equity instruments classified into financial assets measured at FVOCI as of March 31, 2024 and December 31, 2023 are as follows.

Name of the company	Ownership percentage	March 31, 2024 Acquisition cost	March 31, 2024 Book value	December 31, 2023 Book value
	(%)	(In millions of Korean Won)		
KT Corporation (*1)	4.76	₩ 458,793	₩ 461,872	₩ 421,442
Hyundai Glovis Co., Ltd.	4.88	210,688	318,766	350,625
Hyundai Steel Company (*2)	6.87	727,028	291,720	334,836
ANI Technologies Private Limited (OLA)	3.38	278,955	282,285	282,285
Hyundai Oilbank Co., Ltd.	4.35	53,734	224,367	224,367
Grab Holdings Limited	1.10	442,922	181,367	186,356
HD Hyundai	2.20	9,018	124,730	109,811
Hyundai M Partners Co., Ltd.	9.29	9,888	14,448	14,720
NICE Information Service Co., Ltd.	2.25	3,312	13,741	12,935
Hyundai Green Food Co., Ltd. (*3)	2.36	5,203	9,539	9,187
NICE Holdings Co., Ltd.	1.30	3,491	5,983	6,480
Hyundai G.F. Holdings Co., Ltd. (*3)	0.97	9,801	6,422	5,487
Hyundai Asan Corporation	0.88	22,500	2,117	2,117
Others		393,670	397,438	417,106
		₩ 2,629,003	₩ 2,334,795	₩ 2,377,754

(*1) The Group acquired 12,011,143 shares in KT Corporation by the exchange of treasury stocks for the purpose of strengthening its business partnership with KT Corporation, and the shares acquired by the Group are restricted from disposal for a certain period of time.

(*2) The Group entered into a total return swap agreement to transfer 1,367,114 shares out of total 10,540,709 shares with a third party. The Group has disposed of all of its shares during the year ended December 31, 2023.

(*3) During the year ended December 31, 2023, Hyundai Green Food Co., Ltd. was spun off into Hyundai G.F. Holdings Co., Ltd., the surviving entity, and Hyundai Green Food Co., Ltd., the new entity.

6. INVENTORIES:

Inventories as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024	December 31, 2023
	(In millions of Korean Won)	
Finished goods	₩ 10,865,496	₩ 10,509,361
Merchandise	139,427	121,347
Semifinished goods	585,583	632,114
Work in progress	734,521	497,054
Raw materials	3,380,785	3,535,109
Supplies	370,874	360,031
Materials in transit	657,959	566,475
Others (*1)	1,343,814	1,178,855
Total (*2)	₩ 18,078,459	₩ 17,400,346

(*1) As of March 31, 2024 and December 31, 2023, others include inventories provided by operating lease with repurchase agreement in the amount of ₩209,529 million and ₩157,442 million, respectively.

(*2) As of March 31, 2024 and December 31, 2023, the Group recognized a valuation allowance in the amount of ₩251,196 million and ₩238,834 million, respectively.

7. OTHER ASSETS:

Other assets as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024				December 31, 2023			
	Current		Non-current		Current		Non-current	
	(In millions of Korean Won)							
Accrued income	₩	694,445	₩	355	₩	668,301	₩	379
Advanced payments		1,286,335		137,377		1,175,996		137,377
Prepaid expenses		699,829		1,996,689		713,067		1,795,515
Prepaid value-added tax and others		538,999		38,148		593,575		36,848
	₩	3,219,608	₩	2,172,569	₩	3,150,939	₩	1,970,119

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS:

(1) Non-current assets classified as held for sale and non-current liabilities classified as held for sale as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Building and others	₩	5,122	₩	-
Subsidiaries (*)		-		434,503
Total	₩	5,122	₩	434,503
Non-current liabilities classified as held for sale(*)	₩	-	₩	122,851

(*) As the Group decided to sell all of its shares of Hyundai Motor Manufacturing Rus LLC during the year ended December 31, 2023, it classified assets and liabilities related to Hyundai Motor Manufacturing Rus LLC as of December 31, 2023 as disposal group held for sale, recognizing other comprehensive loss cumulatively in the amount of ₩321,879 million. The Group also recognized impairment loss in the amount of ₩483,992 million arising from measuring disposal group held for sale at fair value less costs to sell. The entire disposal group held for sale was eliminated as sale of Hyundai Motor Manufacturing Rus LLC was completed during the period ended March 31, 2024.

(2) The sale of Hyundai Motor Manufacturing Rus LLC (HMMR) was approved by the Board of Directors on December 19, 2023, and the sale was completed during the period ended March 31, 2024. As a result, Hyundai Motor Manufacturing Rus LLC (HMMR) was excluded from the consolidated financial statements during the period ended March 31, 2024, and related profits and losses were classified as discontinued operations.

Operating results of Hyundai Motor Manufacturing Rus LLC (HMMR) for the periods ended March 31, 2024 and 2023 are as follows.

	Three-month period ended March 31, 2024	2023
	(In millions of Korean Won, except per share amounts)	
Sales	₩ 210	₩ 8,688
Cost of sales	689	57,803
Gross profit	(479)	(49,115)
Selling and administrative expenses	1,288	513
Operating profit	(1,767)	(49,628)
Gain on investments in joint ventures and associates, net	787	775
Finance income	(2,559)	2,951
Finance expenses	130	34,742
Other income	16,813	32,656
Other expenses (*)	326,185	9,556
Reversal of impairment loss on revaluation	(21,954)	(1,680)
Profit before income tax	(291,087)	(55,864)
Income tax expense (benefit)	28,023	(425)
Discontinued operations		
Loss from discontinued operations	₩ (319,110)	₩ (55,439)

(*) Other expenses include accumulated loss of ₩319,662 million on foreign operations translation which was previously recognized as other comprehensive income and reclassified subsequently to profit or loss.

Assets and liabilities classified as held for sale due to discontinued operations as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024	December 31, 2023
	(In millions of Korean Won)	
Assets:		
Current assets:		
Cash and cash equivalents	₩ -	₩ 70,804
Other receivables	-	4,445
Inventories	-	268,071
Other assets	-	11,773
Others	-	2,730
Total current assets	-	357,823
Non-current assets:		
Other assets	-	8,927
Property, plant and equipment	-	54,761
Deferred tax assets	-	12,295
Others	-	697
Total non-current assets	-	76,680
Liabilities:		
Current liabilities:		
Trade notes and accounts payable	-	3,061
Current portion of long-term debts	-	88,462
Provisions	-	8,682
Other liabilities	-	13,631
Total current liabilities:	-	113,836
Non-current liabilities:		
Provisions	-	9,015
Total non-current liabilities:	-	9,015

Net cash flows generated from Hyundai Motor Manufacturing Rus LLC (HMMR) for the periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Cash flows used in operating activities	₩	(7,108)	₩	(132,902)
Cash flows provided by investing activities		5,556		8,836
Cash flows used in financing activities		(88,831)		-

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment ("PP&E") for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Beginning of the period	₩	38,920,900	₩	36,153,190
Acquisitions		1,478,493		632,399
Disposals		(61,294)		(67,914)
Depreciation		(817,401)		(801,412)
Others (*)		116,889		263,133
End of the period	₩	39,637,587	₩	36,179,396

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts.

10. INVESTMENT PROPERTY:

(1) The changes in investment property for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Beginning of the period	₩	146,148	₩	144,450
Depreciation		(1,351)		(1,351)
Effect of foreign exchange differences		347		524
End of the period	₩	145,144	₩	143,623

(2) Income and expenses related to investment property for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Rental income	₩	11,058	₩	10,396
Operating and maintenance expenses		3,044		3,215

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Beginning of the period	₩	6,218,585	₩	6,102,377
Internal developments and external acquisitions		364,335		295,337
Disposals		(412)		(69)
Amortization		(384,399)		(447,685)
Impairment loss		(530)		(914)
Others (*)		100,906		76,120
End of the period	₩	6,298,485	₩	6,025,166

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts.

(2) Research and development expenditures for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Development costs (intangible assets)	₩	304,930	₩	219,041
Research and development (*1)		594,959		557,432
Total (*2)	₩	899,889	₩	776,473

(*1) Presented in manufacturing costs, administrative expenses.
(*2) Amortization of development costs is not included.

12. LEASES (AS A LESSEE) AND INVESTMENTS IN OPERATING LEASES (AS A LESSOR):

(1) The changes in right-of-use assets for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		Three-month period ended March 31, 2023	
	(In millions of Korean Won)			
Beginning of the period	₩	1,037,643	₩	1,117,293
Acquisitions		67,427		126,448
Disposals		(24,543)		(2,792)
Depreciation		(78,009)		(75,178)
Others (*)		116,457		(20,066)
End of the period	₩	1,118,975	₩	1,145,705

(*) Others include the effect of foreign exchange differences and others.

(2) Lease liabilities as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Undiscounted lease liabilities	₩	1,265,414	₩	1,260,621
Discounted lease liabilities		1,064,892		1,058,402
Current		237,636		224,350
Non-current		827,256		834,052

(3) Investments in operating leases as of March 31, 2024 and December 31, 2023 are as follows.

Description		March 31, 2024		December 31, 2023
	(In millions of Korean Won)			
Acquisition cost	₩	39,684,445	₩	37,319,651
Accumulated depreciation		(7,669,208)		(7,520,255)
Accumulated impairment loss		(137,756)		(134,778)
	₩	31,877,481	₩	29,664,618

(4) Future minimum lease payment receivable related to investments in operating leases as of March 31, 2024 and December 31, 2023 is as follows.

Description		March 31, 2024		December 31, 2023
	(In millions of Korean Won)			
Not later than one year	₩	5,788,315	₩	5,356,971
Later than one year and not later than five years		7,272,110		6,674,656
Later than five years		194		233
	₩	13,060,619	₩	12,031,860

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of March 31, 2024 and December 31, 2023 are as follows.

Name of the company	Nature of business	Location	March 31, 2024 Ownership percentage	March 31, 2024 Book value	December 31, 2023 Book value
			(%)	(In millions of Korean Won)	
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	₩ 656,681	₩ 637,681
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	31.40	95,027	91,058
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	-	9,413
HMG Global LLC	New business Investment & Management	USA	49.50	1,575,046	1,275,203
Motional AD LLC (*1)	R&D	USA	26.00	682,483	700,691
Boston Dynamics AI Institute, LLC	R&D	USA	47.50	245,077	246,535
supernal, LLC (*1)	R&D	USA	44.44	443,327	163,943
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00	686,021	671,589
Hyundai Capital France (HCF) (*1)	Financing	France	50.00	127,124	123,879
HYUNDAI MOTOR GROUP INNOVATION CENTER IN SINGAPORE PTE. LTD. (HMGICS)	Manufacturing	Singapore	40.00	116,279	117,494
Kia Corporation	Manufacturing	Korea	34.16	16,371,930	15,976,149
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,154,228	3,125,635
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,212,423	1,181,611
Hyundai WIA Corporation	Manufacturing	Korea	25.35	793,459	783,750
Hyundai Commercial Inc.	Financing	Korea	37.50	505,911	492,127
Hyundai Autoever Corp.	IT service	Korea	31.59	484,126	486,425
Hyundai Motor Securities Co., Ltd.	Securities Brokerage	Korea	25.43	345,390	344,646
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	278,099	321,030
Tiger Alternative Investment trust No.318 (*1)	Real Estate Investment	Korea	50.00	250,565	250,796
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	81,305	84,997
Others				1,389,795	1,391,490
				₩ 29,494,296	₩ 28,476,142

(*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

(*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(*3) The entity is categorized as a joint venture although the Group’s total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(2) The changes in investments in joint ventures and associates for the three-month period ended March 31, 2024 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*)	End of the period
			(In millions of Korean Won)			
BHAF	₩ 637,681	₩ -	₩ 1,675	₩ -	₩ 17,325	₩ 656,681
WAE	91,058	-	(1,075)	-	5,044	95,027
BHMC	9,413	-	(9,863)	-	450	-
HMG Global LLC	1,275,203	297,677	(25,142)	-	27,308	1,575,046
Motional AD LLC	700,691	-	(49,095)	-	30,887	682,483
Boston Dynamics AI Institute, LLC	246,535	-	(12,252)	-	10,794	245,077
supernal, LLC	163,943	317,006	(46,888)	-	9,266	443,327
HCBE	671,589	-	6,427	-	8,005	686,021
HCF	123,879	-	962	-	2,283	127,124
HMGICS	117,494	-	(3,633)	-	2,418	116,279
Kia Corporation	15,976,149	-	969,473	(768,982)	195,290	16,371,930
Hyundai Engineering & Construction Co., Ltd.	3,125,635	-	32,066	(13,996)	10,523	3,154,228
Hyundai Transys Inc.	1,181,611	(271)	14,006	-	17,077	1,212,423
Hyundai WIA Corporation	783,750	-	7,581	(5,860)	7,988	793,459
Hyundai Commercial Inc.	492,127	-	9,843	-	3,941	505,911
Hyundai Autoever Corp.	486,425	-	8,871	(12,390)	1,220	484,126
Hyundai Motor Securities Co., Ltd.	344,646	-	2,591	(3,226)	1,379	345,390
Euchar Car Carriers Inc.	321,030	-	9,369	(67,461)	15,161	278,099
Tiger Alternative Investment trust No.318	250,796	30	(261)	-	-	250,565
Haevichi Hotels & Resorts Co., Ltd.	84,997	-	(3,692)	-	-	81,305
Others	1,391,490	2,865	(31,908)	(262)	27,610	1,389,795
	₩ 28,476,142	₩ 617,307	₩ 879,055	₩ (872,177)	₩ 393,969	₩ 29,494,296

(*) Others consist of changes in accumulated other comprehensive income (loss) and others.

The changes in investments in joint ventures and associates for the three-month period ended March 31, 2023 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*)	End of the period
			(In millions of Korean Won)			
BHAF	₩ 759,766	₩ -	₩ 9,874	₩ -	₩ 32,358	₩ 801,998
BHMC	525,250	-	(60,113)	-	22,830	487,967
WAE	215,786	-	(1,103)	-	8,653	223,336
Motional AD LLC	907,061	-	(51,425)	-	28,385	884,021
HMG Global LLC	608,223	-	(19,451)	-	17,154	605,926
Boston Dynamics AI Institute, LLC	266,357	-	(2,498)	-	7,612	271,471
supernal, LLC	178,564	-	(23,726)	-	4,619	159,457
HCBE	508,110	-	(36,317)	-	21,698	493,491
HMGICS	104,556	-	(2,010)	-	4,145	106,691
Kia Corporation	13,251,475	-	763,360	(480,614)	138,699	13,672,920
Hyundai Engineering & Construction Co., Ltd.	3,033,945	-	23,332	(13,996)	24,122	3,067,403
Hyundai Transys Inc.	1,157,462	-	22,152	-	12,249	1,191,863
Hyundai WIA Corporation	759,270	-	2,441	(4,826)	13,184	770,069
Hyundai Autoever Corp.	449,994	-	10,901	(9,877)	1,906	452,924
Hyundai Commercial Inc.	374,970	-	41,633	-	8,466	425,069
Hyundai Motor Securities Co., Ltd.	332,624	-	4,881	(4,436)	612	333,681
Eukor Car Carriers Inc.	269,261	-	15,955	(38,646)	9,132	255,702
Haevichi Hotels & Resorts Co., Ltd.	96,303	-	(1,288)	-	12	95,027
Others	1,400,460	7,089	21,766	(3,495)	27,359	1,453,179
	₩ 25,199,437	₩ 7,089	₩ 718,364	₩ (555,890)	₩ 383,195	₩ 25,752,195

(*) Others consist of changes in accumulated other comprehensive income (loss) and others.

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the three-month period ended March 31, 2024 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHAF (*)	₩ 2,587,247	₩ -	₩ 1,348,226	₩ -
WAE	312,953	375,572	79,221	5,206
BHMC	2,032,728	2,770,067	4,303,856	292,520
HMG Global LLC	243,944	3,980,921	243,670	330,496
Motional AD LLC	110,812	3,074,991	212,963	321,710
Boston Dynamics AI Institute, LLC	503,764	75,570	29,063	34,593
supernal, LLC	739,113	409,429	46,819	104,156
HCBE (*)	13,720,889	-	12,325,940	-
HCF (*)	3,791,621	-	3,538,536	-
HMGICS	101,041	683,397	423,620	77,256
Kia Corporation	39,131,571	44,497,266	28,427,265	7,916,214
Hyundai Engineering & Construction Co., Ltd.	19,091,196	5,238,843	10,616,822	3,092,059
Hyundai Transys Inc.	4,786,410	3,804,713	3,808,289	1,752,105
Hyundai WIA Corporation	3,936,172	3,026,290	2,478,803	666,068
Hyundai Commercial Inc. (*)	11,965,428	-	10,234,572	-
Hyundai Autoever Corp.	1,631,430	1,036,338	728,709	355,184
Hyundai Motor Securities Co., Ltd. (*)	12,529,119	-	11,251,338	-
Eukor Car Carriers Inc.	1,477,772	3,304,871	1,278,063	1,186,889
Tiger Alternative Investment trust No.318	10,669	371,827	289,020	29,100
Haevichi Hotels & Resorts Co., Ltd.	47,116	438,763	242,251	112,808

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
	(In millions of Korean Won)			
BHAF (*)	₩ 48,165	₩ 3,159	₩ -	₩ 3,159
WAE	97,013	2,820	-	2,820
BHMC	836,988	(145,988)	-	(145,988)
HMG Global LLC	30,868	(100,910)	(50,579)	(151,489)
Motional AD LLC	266	(195,124)	167	(194,957)
Boston Dynamics AI Institute, LLC	-	(25,794)	-	(25,794)
supernal, LLC	-	(101,569)	-	(101,569)
HCBE (*)	293,338	13,715	15,931	29,646
HCF (*)	63,967	1,925	4,566	6,491
HMGICS	39,895	(9,083)	-	(9,083)
Kia Corporation	26,212,851	2,809,052	612,398	3,421,450
Hyundai Engineering & Construction Co., Ltd.	8,545,258	208,363	51,624	259,987
Hyundai Transys Inc.	2,978,665	35,111	46,125	81,236
Hyundai WIA Corporation	2,141,584	36,684	36,802	73,486
Hyundai Commercial Inc. (*)	245,578	39,736	740	40,476
Hyundai Autoever Corp.	731,292	26,095	4,683	30,778
Hyundai Motor Securities Co., Ltd. (*)	473,912	10,188	5,421	15,609
Eukor Car Carriers Inc.	715,938	111,997	85,983	197,980
Tiger Alternative Investment trust No.318	5,134	(498)	-	(498)
Haevichi Hotels & Resorts Co., Ltd.	34,796	(7,871)	(1)	(7,872)

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

Summarized financial information of the Group's major joint ventures and associates as of and for the three-month period ended March 31, 2023 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
		(In millions of Korean Won)		
BHAF (*)	₩ 3,699,727	₩ -	₩ 2,186,524	₩ -
BHMC	2,571,907	3,410,770	4,572,654	386,003
WAE	461,986	463,093	244,050	5,236
Motional AD LLC	600,660	3,117,198	102,830	90,026
HMG Global LLC	399,125	1,754,684	82,866	323,852
Boston Dynamics AI Institute, LLC	566,912	53,900	13,881	36,313
supernal, LLC	220,874	300,144	51,119	111,075
HCBE (*)	11,579,029	-	10,566,589	-
HCF (*)	2,459,102	-	2,302,854	-
HMGICS	77,487	420,449	12,473	225,869
Kia Corporation	37,357,366	40,255,290	28,363,400	9,217,678
Hyundai Engineering & Construction Co., Ltd.	16,261,073	5,432,657	9,220,818	2,379,669
Hyundai Transys Inc.	4,710,206	3,281,200	3,444,761	1,580,301
Hyundai WIA Corporation	4,139,111	3,253,920	2,242,981	1,376,754
Hyundai Autoever Corp.	1,544,768	896,718	715,485	230,615
Hyundai Commercial Inc. (*)	11,047,782	-	9,511,409	-
Hyundai Motor Securities Co., Ltd. (*)	11,674,521	-	10,442,778	-
Eukor Car Carriers Inc.	1,353,906	3,332,092	1,140,005	1,414,990
Haevichi Hotels & Resorts Co., Ltd.	38,645	413,934	252,448	35,980

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
		(In millions of Korean Won)		
BHAF (*)	₩ 67,086	₩ 18,630	₩ -	₩ 18,630
BHMC	1,152,233	(67,959)	-	(67,959)
WAE	74,262	(3,105)	-	(3,105)
Motional AD LLC	255	(205,191)	5,795	(199,396)
HMG Global LLC	17,394	(77,913)	-	(77,913)
Boston Dynamics AI Institute, LLC	-	(5,871)	-	(5,871)
supernal, LLC	-	(53,388)	-	(53,388)
HCBE (*)	291,563	6,935	48,763	55,698
HCF (*)	12,946	(874)	(795)	(1,669)
HMGICS	3,798	(5,026)	-	(5,026)
Kia Corporation	23,690,660	2,119,847	471,956	2,591,803
Hyundai Engineering & Construction Co., Ltd.	6,031,081	150,552	112,854	263,406
Hyundai Transys Inc.	2,858,201	59,119	33,021	92,140
Hyundai WIA Corporation	2,095,022	13,286	45,011	58,297
Hyundai Autoever Corp.	665,983	31,775	6,518	38,293
Hyundai Commercial Inc. (*)	181,216	45,437	4,601	50,038
Hyundai Motor Securities Co., Ltd. (*)	448,586	19,189	8,297	27,486
Eukor Car Carriers Inc.	709,285	156,650	69,891	226,541
Haevichi Hotels & Resorts Co., Ltd.	37,292	(4,075)	4	(4,071)

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

(4) Summarized additional financial information of the Group's major joint ventures as of and for the three-month period ended March 31, 2024 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
	(In millions of Korean Won)						
BHAF(*)	₩ 731,136	₩ 1,099,929	₩ -	₩ 2,026	₩ 47,600	₩ 10,704	₩ 1,089
BHMC	1,103,714	608,432	63,508	88,247	6,513	11,509	520
Motional AD LLC	9,374	45,248	7,010	27,563	194	610	1,992
HCF (*)	151,248	3,538,536	-	-	47,609	30,207	652
Tiger Alternative Investment trust No.318	9,659	289,020	29,100	730	3	3,288	-

(*) As these entities operate finance business and do not distinguish current and non-current portion in their separate financial statements, total assets (liabilities) are all included in current financial assets (liabilities).

Summarized additional financial information of the Group's major joint ventures as of and for the three-month period ended March 31, 2023 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
	(In millions of Korean Won)						
BHAF(*)	₩ 823,253	₩ 1,927,717	₩ -	₩ 2,261	₩ 66,378	₩ 19,287	₩ 6,282
BHMC	841,603	647,392	133,857	108,952	7,366	10,038	699
Motional AD LLC	47,503	16,744	60,443	25,098	1,380	-	1,589
supernal, LLC	212,007	-	-	2,108	193	922	-
HCF (*)	23,401	2,302,854	-	-	11,959	5,889	577

(*) As these entities operate finance business and do not distinguish current and non-current portion in their separate financial statements, total assets (liabilities) are all included in current financial assets (liabilities).

(5) Reconciliation of the Group’s share of net assets of the Group’s major joint ventures and associates to their carrying amounts as of March 31, 2024 is as follows.

Name of the company	Group’s share of net assets	Goodwill	Unrealized profit (loss) and others	Carrying amounts
	(In millions of Korean Won)			
BHAF	₩ 656,681	₩ -	₩ -	₩ 656,681
WAE (*)	192,464	7,809	(105,246)	95,027
BHMC	(4,070)	-	4,070	-
HMG Global LLC	1,575,046	-	-	1,575,046
Motional AD LLC	689,295	-	(6,812)	682,483
Boston Dynamics AI Institute, LLC	244,947	-	130	245,077
supernal, LLC	443,334	-	(7)	443,327
HCBE	675,050	9,041	1,930	686,021
HCF	126,539	585	-	127,124
HMGICS	113,425	-	2,854	116,279
Kia Corporation	16,243,285	197,089	(68,444)	16,371,930
Hyundai Engineering & Construction Co., Ltd. (*)	2,422,447	731,362	419	3,154,228
Hyundai Transys Inc.	1,198,129	-	14,294	1,212,423
Hyundai WIA Corporation	887,264	-	(93,805)	793,459
Hyundai Commercial Inc.	505,911	-	-	505,911
Hyundai Autoever Corp. (*)	425,204	58,822	100	484,126
Hyundai Motor Securities Co., Ltd.	305,338	40,052	-	345,390
Eukor Car Carriers Inc.	278,123	-	(24)	278,099
Tiger Alternative Investment trust No.318 (*)	194,516	56,049	-	250,565
Haevichi Hotels & Resorts Co., Ltd. (*)	77,729	3,576	-	81,305

(*) The difference between the carrying amount and the fair value of the investee’s identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2023 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealized profit (loss) and others	Carrying amounts
	(In millions of Korean Won)			
BHAF	₩ 637,681	₩ -	₩ -	₩ 637,681
WAE (*)	188,495	7,809	(105,246)	91,058
BHMC	34,671	-	(25,258)	9,413
HMG Global LLC	1,275,203	-	-	1,275,203
Motional AD LLC	709,112	-	(8,421)	700,691
Boston Dynamics AI Institute, LLC	246,405	-	130	246,535
supernal, LLC	163,949	-	(6)	163,943
HCBE	660,815	9,041	1,733	671,589
HCF	123,294	585	-	123,879
HMGICS	114,640	-	2,854	117,494
Kia Corporation	15,853,616	197,089	(74,556)	15,976,149
Hyundai Engineering & Construction Co., Ltd. (*)	2,393,998	731,362	275	3,125,635
Hyundai Transys Inc.	1,167,997	-	13,614	1,181,611
Hyundai WIA Corporation	878,333	-	(94,583)	783,750
Hyundai Commercial Inc.	492,127	-	-	492,127
Hyundai Autoever Corp. (*)	427,504	58,822	99	486,425
Hyundai Motor Securities Co., Ltd.	305,343	40,052	(749)	344,646
Eukor Car Carriers Inc.	321,049	-	(19)	321,030
Tiger Alternative Investment trust No.318 (*)	194,777	56,019	-	250,796
Haevichi Hotels & Resorts Co., Ltd. (*)	81,421	3,576	-	84,997

(*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

(6) The market price of listed equity securities as of March 31, 2024 is as follows.

Name of the company	Price per share	Total number of shares	Market value
	(In millions of Korean Won, except price per share)		
Kia Corporation	₩ 110,200	137,318,251	₩ 15,132,471
Hyundai Autoever Corp.	144,000	8,664,334	1,247,664
Hyundai Engineering & Construction Co., Ltd.	33,000	23,327,400	769,804
Hyundai WIA Corporation	56,700	6,893,596	390,867
Hyundai Motor Securities Co., Ltd.	8,930	8,065,595	72,026

(7) Gain (loss) on investments in joint ventures and associates for the years ended March 31, 2024 and 2023 is as follows.

Description	Three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Gain on share of earnings of equity-accounted investees, net	₩ 879,055	₩ 718,364
Gain (loss) on disposals of investments in associates	(23)	44,617
Impairment loss on investments in associates	(93)	(7,384)
	₩ 878,939	₩ 755,597

14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Loans	₩	92,104,863	₩	86,800,272
Card receivables		21,412,514		21,196,283
Financial lease receivables		2,083,941		2,052,053
Others		7,229		7,043
		115,608,547		110,055,651
Loss allowance		(1,851,531)		(1,769,240)
Loan origination fee		(666,523)		(587,895)
Present value discount accounts		(9,581)		(10,855)
	₩	113,080,912	₩	107,687,661

(2) The changes in loss allowance of financial services receivables for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Beginning of the period	₩	1,769,240	₩	1,726,916
Impairment loss		348,119		213,225
Write-off		(272,025)		(244,522)
Disposals and others		(17,953)		(8,876)
Effect of foreign exchange differences		24,150		14,405
End of the period	₩	1,851,531	₩	1,701,148

(3) Gross investments in financial leases and their present value of minimum lease receipts as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024				December 31, 2023			
	Gross investments in financial leases		Present value of minimum lease payment receivable		Gross investments in financial leases		Present value of minimum lease payment receivable	
	(In millions of Korean Won)							
Not later than one year	₩	801,255	₩	664,809	₩	809,793	₩	676,940
Later than one year and not later than five years		1,582,549		1,396,728		1,535,881		1,354,786
Later than five years		25,330		21,642		22,215		19,309
	₩	2,409,134	₩	2,083,179	₩	2,367,889	₩	2,051,035

(4)Unearned interest income of financial leases as of March 31, 2024 and December 31, 2023 is as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Gross investments in financial lease	₩	2,409,134	₩	2,367,889
Net lease investments:				
Present value of minimum lease payment receivable		2,083,179		2,051,035
Present value of unguaranteed residual value		762		1,018
		2,083,941		2,052,053
Unearned interest income	₩	325,193	₩	315,836

15. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of March 31, 2024 and December 31, 2023 are as follows.

Description	Lender	Annual interest rate	March 31, 2024	December 31, 2023
		(%)	(In millions of Korean Won)	
Overdrafts	Citi Bank and others	5.73~6.27	₩ 59,784	₩ 177,130
General borrowings	Korea Development Bank and others	TIBOR+0.8~11.87	4,454,093	4,664,576
Banker's Usance	KEB Hana Bank and others	0.44~6.19	341,427	308,187
Commercial paper	Shinhan Bank and others	4.11~6.17	2,521,262	3,785,655
Credit facilities	Korea Development Bank	3.94	100,000	100,000
			₩ 7,476,566	₩ 9,035,548

(2) Long-term debt as of March 31, 2024 and December 31, 2023 are as follows.

Description	Lender	Annual interest rate	March 31, 2024	December 31, 2023
		(%)	(In millions of Korean Won)	
General borrowings	KEB Hana Bank and others	0.10~6.56	₩ 7,414,942	₩ 8,081,132
Credit facilities	Shinhan Bank and others	4.60~9.13	36,200	40,200
Commercial paper	Kiwoom Securities and others	1.41~4.74	1,780,000	1,790,000
Asset-backed securities	HSBC and others	4.43~6.12	14,876,451	14,865,832
			24,107,593	24,777,164
Less: present value discounts			(150,596)	(164,297)
Less: current maturities			(6,451,558)	(7,043,107)
			₩ 17,505,439	₩ 17,569,760

(3) Debentures as of March 31, 2024 and December 31, 2023 are as follows.

Description	Latest maturity date	Annual interest rate	March 31, 2024	December 31, 2023
		(%)	(In millions of Korean Won)	
Non-guaranteed public debentures	March 29, 2032	1.00~6.63	₩ 35,255,697	₩ 33,702,908
Non-guaranteed private debentures	January 8, 2031	0.88~6.84	39,549,285	34,403,777
Asset-backed securities	July 15, 2031	0.38~6.10	25,888,262	23,189,001
			100,693,244	91,295,686
Less: discount on debentures			(244,769)	(196,142)
Less: current maturities			(16,555,958)	(18,066,051)
			₩ 83,892,517	₩ 73,033,493

16. **PROVISIONS**:

The changes in provisions for the three-month period ended March 31, 2024 are as follows.

Description		Warranty		Other long-term employee benefits		Others
			(In millions of Korean Won)			
Beginning of the period	₩	9,121,153	₩	637,190	₩	1,892,375
Charged		989,186		18,967		424,482
Utilized		(863,150)		(37,900)		(381,719)
Effect of foreign exchange differences and others		64,006		43		110,085
End of the period	₩	9,311,195	₩	618,300	₩	2,045,223

The changes in provisions for the three-month period ended March 31, 2023 are as follows.

Description		Warranty		Other long-term employee benefits		Others
			(In millions of Korean Won)			
Beginning of the period	₩	10,399,527	₩	598,637	₩	1,432,417
Charged		487,863		18,308		328,141
Utilized		(946,645)		(26,980)		(234,779)
Effect of foreign exchange differences and others		116,917		(1,276)		38,034
End of the period	₩	10,057,662	₩	588,689	₩	1,563,813

17. **OTHER FINALCIAL LIABILITIES**:

(1) Other financial liabilities as of March 31, 2024 are as follows.

Description	March 31, 2024			
		Current		Non-current
		(In millions of Korean Won)		
Financial liabilities measured at FVPL	₩	34,633	₩	567
Derivative liabilities that are effective hedging instruments		158,629		44,080
Financial Liabilities measured at amortized cost		574		3,503
	₩	193,836	₩	48,150

(2) Other financial liabilities as of December 31, 2023 are as follows.

Description	December 31, 2023			
		Current		Non-current
		(In millions of Korean Won)		
Financial liabilities measured at FVPL	₩	35,241	₩	808
Derivative liabilities that are effective hedging instruments		20,909		172,047
Financial Liabilities measured at amortized cost		562		3,544
	₩	56,712	₩	176,399

18. OTHER LIABILITIES:

Other liabilities as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024 Current	March 31, 2024 Non-current	December 31, 2023 Current	December 31, 2023 Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,198,322	₩ 116,166	₩ 1,154,776	₩ 105,755
Withholdings	1,574,784	281,830	1,232,665	271,117
Accrued expenses	5,192,552	-	4,481,203	-
Unearned income	1,296,149	4,443,811	1,248,837	4,026,192
Due to customers for contract work	1,577,608	-	1,636,127	-
Others	3,268,703	925,951	823,425	808,948
	₩ 14,108,118	₩ 5,767,758	₩ 10,577,033	₩ 5,212,012

19. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of March 31, 2024 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
			(In millions of Korean Won)			
Cash and cash equivalents	₩ -	₩ 19,668,549	₩ -	₩ -	₩ 19,668,549	₩ 19,668,549
Short-term and long-term financial instruments	-	7,094,829	-	-	7,094,829	7,094,829
Trade notes and accounts receivable	-	5,566,986	-	-	5,566,986	5,566,986
Other receivables	-	2,921,131	-	-	2,921,131	2,921,131
Other financial assets	3,644,961	1,144,607	2,988,662	685,713	8,463,943	8,463,943
Other assets	1,540	694,356	-	-	695,896	695,896
Financial services receivables	-	113,080,912	-	-	113,080,912	109,908,390
	₩ 3,646,501	₩ 150,171,370	₩ 2,988,662	₩ 685,713	₩ 157,492,246	₩ 154,319,724

Financial assets by categories as of December 31, 2023 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
			(In millions of Korean Won)			
Cash and cash equivalents	₩ -	₩ 19,166,619	₩ -	₩ -	₩ 19,166,619	₩ 19,166,619
Short-term and long-term financial instruments	-	7,494,934	-	-	7,494,934	7,494,934
Trade notes and accounts receivable	-	4,893,161	-	-	4,893,161	4,893,161
Other receivables	-	1,605,675	-	-	1,605,675	1,605,675
Other financial assets	2,867,455	609,106	2,989,422	760,016	7,225,999	7,225,999
Other assets	1,086	668,668	-	-	669,754	669,754
Financial services receivables	-	107,687,661	-	-	107,687,661	105,443,151
	₩ 2,868,541	₩ 142,125,824	₩ 2,989,422	₩ 760,016	₩ 148,743,803	₩ 146,499,293

(2) Financial liabilities by categories as of March 31, 2024 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
			(In millions of Korean Won)		
Trade notes and accounts payable	₩ -	₩ 11,226,711	₩ -	₩ 11,226,711	₩ 11,226,711
Other payables	-	6,082,399	-	6,082,399	6,082,399
Borrowings and debentures	58,562	131,823,476	-	131,882,038	132,167,578
Other financial liabilities	35,200	4,077	202,709	241,986	241,986
Lease liabilities	-	1,064,892	-	1,064,892	1,064,892
Other liabilities	-	6,721,540	-	6,721,540	6,721,540
	₩ 93,762	₩ 156,923,095	₩ 202,709	₩ 157,219,566	₩ 157,505,106

Financial liabilities by categories as of December 31, 2023 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
			(In millions of Korean Won)		
Trade notes and accounts payable	₩ -	₩ 10,952,046	₩ -	₩ 10,952,046	₩ 10,952,046
Other payables	-	7,560,541	-	7,560,541	7,560,541
Borrowings and debentures	29,705	124,718,254	-	124,747,959	124,403,404
Other financial liabilities	36,049	4,106	192,956	233,111	233,111
Lease liabilities	-	1,058,402	-	1,058,402	1,058,402
Other liabilities	-	4,267,077	-	4,267,077	4,267,077
	₩ 65,754	₩ 148,560,426	₩ 192,956	₩ 148,819,136	₩ 148,474,581

(3) Fair value estimation

The Group categorizes the assets and liabilities measured at fair value into the following three-level fair value hierarchy in accordance with the inputs used for fair value measurement.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of March 31, 2024 are as follows.

Description	March 31, 2024			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 55,613	₩ 3,022,494	₩ 568,394	₩ 3,646,501
Derivative assets that are effective hedging instruments	-	685,713	-	685,713
Financial assets measured at FVOCI	1,557,958	613,687	817,017	2,988,662
	₩ 1,613,571	₩ 4,321,894	₩ 1,385,411	₩ 7,320,876
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 34,532	₩ 59,230	₩ 93,762
Derivative liabilities that are effective hedging instruments	-	201,419	1,290	202,709
	₩ -	₩ 235,951	₩ 60,520	₩ 296,471

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2023 are as follows.

Description	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 54,853	₩ 2,401,437	₩ 412,251	₩ 2,868,541
Derivative assets that are effective hedging instruments	-	760,016	-	760,016
Financial assets measured at FVOCI	1,599,823	580,478	809,121	2,989,422
	₩ 1,654,676	₩ 3,741,931	₩ 1,221,372	₩ 6,617,979
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 5,318	₩ 60,436	₩ 65,754
Derivative liabilities that are effective hedging instruments	-	191,803	1,153	192,956
	₩ -	₩ 197,121	₩ 61,589	₩ 258,710

The changes in financial instruments classified as Level 3 for the three-month period ended March 31, 2024 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
			(In millions of Korean Won)			
Financial assets measured at FVPL	₩ 412,251	₩ 157,381	₩ (3,458)	₩ 2,220	₩ -	₩ 568,394
Financial assets measured at FVOCI	809,121	1,200	(71)	(254)	7,021	817,017
Financial liabilities measured at FVPL	60,436	-	-	1,436	(2,642)	59,230
Derivative liabilities that are effective hedging instruments	1,153	-	-	137	-	1,290

The changes in financial instruments classified as Level 3 for the three-month period ended March 31, 2023 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
			(In millions of Korean Won)			
Financial assets measured at FVPL	₩ 268,620	₩ 3,749	₩ (586)	₩ 1,608	₩ -	₩ 273,391
Financial assets measured at FVOCI	893,964	177	(5,007)	(2,965)	-	886,169
Financial liabilities measured at FVPL	200,227	131	-	-	-	200,358
Derivative liabilities that are effective hedging instruments	1,935	-	-	(582)	-	1,353

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the three-month period ended March 31, 2024 are as follows.

Description	Three-month period ended March 31, 2024		
	Interest income	Dividend income	Interest expenses
		(In millions of Korean Won)	
Non-financial services:			
Financial assets measured at amortized cost	₩ 239,023	₩ -	₩ -
Financial assets measured at FVPL	7,839	-	-
Financial assets measured at FVOCI	-	61,400	-
Financial liabilities measured at amortized cost	-	-	88,915
	₩ 246,862	₩ 61,400	₩ 88,915
Financial services:			
Financial assets measured at amortized cost	₩ 1,450,994	₩ -	₩ -
Financial assets measured at FVPL	21,975	785	-
Financial assets measured at FVOCI	46	-	-
Financial liabilities measured at amortized cost	-	-	1,337,661
	₩ 1,473,015	₩ 785	₩ 1,337,661

Interest income, dividend income and interest expenses by categories of financial instruments for the three-month period ended March 31, 2023 are as follows.

Description	Three-month period ended March 31, 2023					
	Interest income		Dividend income		Interest expenses	
	(In millions of Korean Won)					
Non-financial services:						
Financial assets measured at amortized cost	₩	191,187	₩	-	₩	-
Financial assets measured at FVPL		31,815		-		-
Financial assets measured at FVOCI		-		72,777		-
Financial liabilities measured at amortized cost		-		-		144,205
	₩	223,002	₩	72,777	₩	144,205
Financial services:						
Financial assets measured at amortized cost	₩	1,040,873	₩	-	₩	-
Financial assets measured at FVPL		1,298		707		-
Financial assets measured at FVOCI		256		-		-
Financial liabilities measured at amortized cost		-		-		788,036
	₩	1,042,427	₩	707	₩	788,036

(5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the three-month periods ended March 31, 2024 and 2023 are ₩325,946 million and ₩260,844 million, respectively. In addition, the fee expenses (cost of sales from financial services) related to financial assets or liabilities other than financial assets or liabilities measured at FVPL for the three-month periods ended March 31, 2024 and 2023 are ₩127,282 million and ₩111,879 million, respectively.

(6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the three-month period ended March 31, 2024

(7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

Fair value of currency forwards, options and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards, options and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates.

As the inputs used to measure fair value of currency forwards, options and swap are supported by observable market data, such as forward exchange rates, the Group classifies the estimates of fair value measurements of the currency forwards, options and swap as Level 2 of the fair value hierarchy.

- Interest rate swap

The discount rate and forward interest rate used to measure the fair value of interest rate swap are determined based on an applicable yield curve derived from interest quoted in the current market at the end of the reporting period. The fair value of interest rate swap was measured as a discount on the estimated future cash flows of interest rate swap based on forward interest rates derived from the above method at an appropriate discount rate.

As the inputs used to measure fair value of interest rate swap are supported by observable market data, such as yield curves, the Group classifies the estimates of fair value measurements of the interest rate swap as Level 2 of the fair value hierarchy.

- Debt instruments including corporate bonds

Fair value of debt instruments including corporate bonds is measured applying discounted cash flow method. The rate used to discount cash flows is determined based on swap rate and credit spreads of debt instruments, which have the similar credit rating and period quoted in the current market with those of debt instruments including corporate bonds that should be measured. The Group classifies fair value measurements of debt instruments including corporate bonds as Level 2 of the fair-value hierarchy since the rate, which has significant effects on fair value of debt instruments including corporate bonds, is based on observable market data.

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection and market approach, and as for discounted cash flow projections, certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax operating income ratio and discount rate based on business plan and circumstance of industry are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model, using the data of similar listed companies. The Group determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

- Redeemable convertible preference share

Fair value of redeemable convertible preference share is measured based on the fair value, exercise price, maturity, and the stock price volatility up to the maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is applied by converting the rate of return on corporate bonds with equivalent credit rating corresponding to the remaining maturity into a continuously compounding discount rate, and the stock price volatility up to maturity uses historical volatility of proxy companies in similar industries in response to the remaining maturity. The fair value of the underlying asset is assumed to be maintained until the end of the current period after estimating the underlying asset value on the contracted date by inverting the underlying asset value inherent in the terms of the transaction on the premise that the acquisition of related shares is an orderly transaction and traded at fair value. The Group classifies the fair value measurement of redeemable convertible preference share as Level 3 in the fair value hierarchy based on the conclusion that the effect of the above assumptions and estimates on the fair value of redeemable convertible preference share is significant.

(8) The quantitative information about significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy and the description of relationships of significant unobservable inputs to the fair value are as follows.

Description	Fair value at March 31, 2024		Valuation techniques	Unobservable inputs	Description of relationship
	(In millions of Korean Won)				
Unlisted equity securities and others	₩	1,385,411	Discounted cash flow and others	Sales growth rate Pre-tax operating profit margin ratio Discount rate	If the sales growth rate, the pre-tax operating profit margin ratio and stock price volatility increase or the discount rate declines, the fair value increases

Description	Fair value at March 31, 2024		Valuation techniques	Unobservable inputs	Description of relationship
	(In millions of Korean Won)				
Redeemable convertible preference share	₩	60,520	Binomial option pricing model and others	Risk discount rate Risk free discount rate Stock price volatility	If the discount rate declines and stock price volatility increases, the fair value increases

The Group does not expect changes in significant unobservable inputs that are made to reflect possibly reasonable alternative assumptions would have significant impact on the fair value.

20. CAPITAL STOCK AND CAPITAL SURPLUS:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of March 31, 2024 and December 31, 2023 are as follows.

(1) Common stock

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won, except par value)			
Issued		209,416,191 shares		211,531,506 shares
Par value	₩	5,000	₩	5,000
Capital stock		1,157,982		1,157,982

The Company completed stock retirement of 10,000,000 common shares, 1,320,000 common shares, 6,608,292 common shares, 2,136,681 and 2,115,315 common shares as of March 5, 2001, May 4, 2004, July 27, 2018, February 3, 2023 and March 27, 2024, respectively. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount.

(2) Preferred stock

Description	Par value		Issued	Korean Won		Dividend rate
				(In millions of Korean Won)		
1st preferred stock	₩	5,000	23,871,988 shares	₩	125,550	Dividend rate of common stock + 1%
2nd preferred stock		″	35,759,391 shares		193,069	The lowest stimulated dividend rate: 2%
3rd preferred stock		″	2,380,404 shares		12,392	The lowest stimulated dividend rate: 1%
			62,011,783 shares	₩	331,011	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares and as of July 27, 2018, the Company retired 753,297 first preferred shares, 1,128,414 second preferred shares and 49,564 third preferred shares and as of February 3, 2023, the Company retired 243,566 first preferred shares, 364,854 second preferred shares and 24,287 third preferred shares and as of March 27, 2024, the Company retired 241,131 first preferred shares, 361,206 second preferred shares and 24,044 third preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

(3) Capital surplus as of March 31, 2024 and December 31, 2023 is as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Paid-in capital in excess of par value	₩	3,321,334	₩	3,321,334
Others		1,053,795		1,057,155
	₩	4,375,129	₩	4,378,489

21. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. The number of treasury stocks as of March 31, 2024 and December 31, 2023 is as follows.

Description	March 31, 2024	December 31, 2023
	(Number of shares)	
Common stock	5,585,310	7,700,625
1st preferred stock	1,945,862	2,186,993
2nd preferred stock	992,364	1,353,570
3rd preferred stock	24,530	48,574

22. ACCUMULATED OTHER COMPREHENSIVE INCOME OR LOSS:

(1) Accumulated other comprehensive income as of March 31, 2024 is as follows.

Description	March 31, 2024	
	(In millions of Korean Won)	
Gain on valuation of financial assets measured at FVOCI	₩	339,952
Loss on valuation of financial assets measured at FVOCI		(590,424)
Gain on valuation of cash flow hedge derivatives		34,271
Loss on valuation of cash flow hedge derivatives		(144,977)
Gain on share of the other comprehensive income of equity-accounted investees		371,971
Loss on share of the other comprehensive income of equity-accounted investees		(159,946)
Gain on foreign operations translation, net		901,792
	₩	752,639

(2) Accumulated other comprehensive loss as of December 31, 2023 is as follows.

Description	December 31, 2023	
	(In millions of Korean Won)	
Gain on valuation of financial assets measured at FVOCI	₩	366,933
Loss on valuation of financial assets measured at FVOCI		(596,940)
Gain on valuation of cash flow hedge derivatives		96,683
Loss on valuation of cash flow hedge derivatives		(62,194)
Gain on share of the other comprehensive income of equity-accounted investees		239,708
Loss on share of the other comprehensive income of equity-accounted investees		(411,142)
Loss on foreign operations translation, net		(471,940)
	₩	(838,892)

23. RETAINED EARNINGS:

Retained earnings as of March 31, 2024 and December 31, 2023 are as follows

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Legal reserve (*)	₩	744,836	₩	744,836
Discretionary reserve		53,466,696		49,710,496
Unappropriated		35,164,564		38,210,473
	₩	89,376,096	₩	88,665,805

(*) The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, a minimum of 10% of annual cash dividends declared, until such reserve equals 50% of its capital stock issued. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

Appraisal gains, amounting to ₩1,852,871 million, derived from asset revaluation pursuant to the Asset Revaluation Law of Korea are included in retained earnings. It may be only transferred to capital stock or used to reduce accumulated deficit, if any.

24. HYBRID BOND:

(1) HYUNDAI CARD CO., LTD., a subsidiary of the Group, issued hybrid bonds and the Group classified these as equity (non-controlling interests). As of March 31, 2024, hybrid bonds are as follows.

Description	Issue date	Maturity date	Annual interest rate	March 31, 2024	
			(%)	(In millions of Korean Won)	
The 876th Hybrid Tier 1 (Private)	July 12, 2023	July 12, 2053	6.00	₩	160,000
The 898th Hybrid Tier 1 (Private)	January 31, 2024	January 31, 2054	5.56	₩	120,000
The 899th Hybrid Tier 1 (Private)	February 1, 2024	February 1, 2054	5.56	₩	20,000
Issue cost					(770)
				₩	299,230

(2) As of March 31, 2024, the conditions of hybrid bonds that HYUNDAI CARD CO., LTD., a subsidiary of the Group, issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date ~ 5 years: An annual fixed interest rate of 6%, 5.56% Increase of 2% thereafter which is limited to one time only in accordance with Step-up clause
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is permitted after five years from issue date

25. SALES:

(1) Sales for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Sales of goods	₩	33,824,721	₩	32,121,454
Rendering of services		1,134,566		975,645
Royalties		59,751		63,953
Financial services revenue		4,693,454		3,727,252

Revenue related to construction contracts	706,750	670,337
Others	239,297	211,364
	₩ 40,658,539	₩ 37,770,005

(2) As of March 31, 2024, the aggregate transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation that is expected to be recognized as revenue in future periods is as follows.

Description	Within a year	After a year
	(In millions of Korean Won)	
Deferred revenue and others	₩ 2,320,763	₩ 4,373,362

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Selling expenses:		
Export expenses	₩ 17,440	₩ 18,483
Overseas market expenses	77,049	98,144
Advertisements and sales promotion	818,415	768,770
Sales commissions	250,376	248,921
Expenses for warranties	982,692	522,249
Transportation expenses	30,049	30,828
	2,176,021	1,687,395
Administrative expenses:		
Payroll	975,901	858,174
Post-employment benefits	42,763	35,346
Welfare expenses	173,030	146,909
Service charges	487,954	424,687
Research	478,913	456,085
Others	535,839	520,205
	2,694,400	2,441,406
	₩ 4,870,421	₩ 4,128,801

27. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Interest income	₩ 246,862	₩ 223,002
Gain on foreign exchange transactions	28,554	20,464
Gain on foreign currency translation	54,209	110,102
Dividend income	61,400	72,777
Gain on derivatives	11,998	11,536
Others	2,452	324
	₩ 405,475	₩ 438,205

(2) Finance expenses for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Interest expenses	₩ 116,268	₩ 160,797
Loss on foreign exchange transactions	9,178	26,308

Description	Three-month period ended March 31, 2024		2023	
Loss on foreign currency translation		70,860		73,336
Loss on derivatives and others		730		13,013
	₩	197,036	₩	273,454

28. OTHER INCOME AND EXPENSES:

(1) Other income for the three-month periods ended March 31, 2024 and 2023 is as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Gain on foreign exchange transactions	₩	128,007	₩	204,994
Gain on foreign currency translation		251,911		315,681
Gain on disposals of PP&E		7,401		5,871
Commission income		3,291		3,312
Rental income		28,802		24,071
Others		112,291		96,096
	₩	531,703	₩	650,025

(2) Other expenses for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Loss on foreign exchange transactions	₩	97,781	₩	195,204
Loss on foreign currency translation		209,556		192,623
Loss on disposals of PP&E		24,912		46,114
Donations		26,654		21,149
Others		90,327		110,829
	₩	449,230	₩	565,919

29. EXPENSES BY NATURE:

Expenses by nature for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Changes in inventories	₩	(547,071)	₩	(1,897,754)
Raw materials and merchandise used		22,332,269		22,882,067
Employee benefits		3,025,600		2,803,600
Depreciation		818,752		802,763
Amortization		384,399		447,685
Others		11,536,458		9,655,236
Total (*)	₩	37,550,407	₩	34,693,597

(*) Sum of cost of sales, selling and administrative expenses and other expenses in the consolidated statements of income.

30. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the year. The Group does not compute diluted earnings per common stock for the three-month periods ended March 31, 2024 and 2023, since there are no dilutive items during the periods.

Basic earnings per common stock and preferred stock for the three-month periods ended March 31, 2024 and 2023 are computed as follows.

(1) Basic earnings per common stock and preferred stock attributable to the owners of the Company.

	Three-month period ended March 31,					
	2024			2023		
Description	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 2,504,293	203,830,881	₩ 12,287	₩ 2,564,055	202,463,266	₩ 12,664
1st Preferred stock (*2)	269,661	21,926,126	12,299	277,395	21,926,126	12,651
2nd Preferred stock	428,022	34,767,027	12,312	440,284	34,767,027	12,664
3rd Preferred stock	28,974	2,355,874	12,299	29,805	2,355,874	12,651

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.
(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 'Earnings per Share'.

(2) Basic earnings per common stock and preferred stock from continuing operations attributable to the owners of the Company.

	Three-month period ended March 31,					
	2024			2023		
Description	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 2,751,842	203,830,881	₩ 13,501	₩ 2,593,395	202,463,266	₩ 12,809
1st Preferred stock (*2)	296,290	21,926,126	13,513	280,566	21,926,126	12,796
2nd Preferred stock	470,245	34,767,027	13,526	445,313	34,767,027	12,808
3rd Preferred stock	31,835	2,355,874	13,513	30,146	2,355,874	12,796

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.
(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 'Earnings per Share'.

(3) Basic earnings per common stock and preferred stock from discontinued operations attributable to the owners of the Company.

	Three-month period ended March 31,					
	2024			2023		
Description	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ (247,548)	203,830,881	₩ (1,214)	₩ (29,341)	202,463,266	₩ (145)
1st Preferred stock (*2)	(26,629)	21,926,126	(1,214)	(3,171)	21,926,126	(145)
2nd Preferred stock	(42,224)	34,767,027	(1,214)	(5,028)	34,767,027	(145)
3rd Preferred stock	(2,861)	2,355,874	(1,214)	(341)	2,355,874	(145)

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.
(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 *Earnings per Share*.

31. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by profit before income tax) for the three-month periods ended March 31, 2024 and 2023 are 21.8% and 25.2%, respectively. The Group expects that Pillar Two legislations would not affect its income tax for the three-month period ended March 31, 2024, but various factors might cause a change in this expectation by the end of the subsequent interim reporting period and the annual reporting period.

32. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Paid-in cash	₩ 4,559	₩ 3,314
Recognized liability	1,664	1,556
	₩ 6,223	₩ 4,870

(2) The significant actuarial assumptions used by the Group as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024	December 31, 2023
Discount rate (*)	5.83%	5.77%
Rate of expected future salary increase	4.89%	4.88%

(*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate at March 31, 2024, to discount the defined benefit obligation to the present value, and the same discount rate was applied as the expected return rate when calculating interest income on plan assets.

Employee turnover and mortality assumptions used for actuarial valuation are based on the economic conditions and statistical data of each country where entities within the Group are located.

(3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	6,285,265	₩	6,538,236
Fair value of plan assets		(6,636,412)		(6,949,149)
	₩	(351,147)	₩	(410,913)
Net defined benefit liabilities		82,399		77,268
Net defined benefit assets		(433,546)		(488,181)

(4) Changes in net defined benefit assets and liabilities for the three-month period ended March 31, 2024 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,538,236	₩	(6,949,149)	₩	(410,913)
Current service cost		149,635		-		149,635
Interest expenses (income)		68,737		(77,093)		(8,356)
		6,756,608		(7,026,242)		(269,634)
Remeasurements:						
Return on plan assets		-		637		637
Actuarial gains and losses arising from changes in demographic assumptions		(6,769)		-		(6,769)
Actuarial gains and losses arising from changes in financial assumptions		(7,611)		-		(7,611)
		(14,380)		637		(13,743)
Contributions		-		(4,264)		(4,264)
Benefits paid		(469,090)		408,210		(60,880)
Transfers in (out)		1,639		(1,616)		23
Effect of foreign exchange differences and others		10,488		(13,137)		(2,649)
End of the period	₩	6,285,265	₩	(6,636,412)	₩	(351,147)

Changes in net defined benefit assets and liabilities for the three-month period ended March 31, 2023 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,033,698	₩	(6,809,339)	₩	(775,641)
Current service cost		130,931		-		130,931
Interest expenses (income)		68,543		(83,052)		(14,509)
		6,233,172		(6,892,391)		(659,219)
Remeasurements:						
Return on plan assets		-		(12,089)		(12,089)
Actuarial gains and losses arising from changes in financial assumptions		29,101		-		29,101
		29,101		(12,089)		17,012
Contributions		-		(3,761)		(3,761)
Benefits paid		(457,525)		385,905		(71,620)
Transfers in (out)		789		(673)		116
Effect of foreign exchange differences and others		48,512		(85,414)		(36,902)
End of the period	₩	5,854,049	₩	(6,608,423)	₩	(754,374)

(5) The fair value of the plan assets as of March 31, 2024 and December 31, 2023 is as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Insurance instruments	₩	6,634,964	₩	6,946,600
Others		1,448		2,549
	₩	6,636,412	₩	6,949,149

33. <u>CASH GENERATED FROM OPERATIONS:</u>

Cash generated from operations for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Profit for the period	₩	3,376,001	₩	3,419,403
Adjustments:				
Retirement benefit costs		142,944		117,978
Depreciation		818,752		802,763
Amortization of intangible assets		384,399		447,685
Provision for warranties		899,248		450,351
Income tax expense		1,032,102		1,171,939
Gain on foreign currency translation, net		(25,704)		(159,824)
Loss on disposals of PP&E, net		17,511		40,243
Interest income, net		(130,595)		(62,205)
Gain on share of earnings of equity-accounted investees, net		(879,055)		(718,364)
Cost of sales from financial services, net		2,818,718		2,029,678
Others		640,241		323,918
		5,718,561		4,444,162
Changes in operating assets and liabilities:				
Increase in trade notes and accounts receivable		(374,498)		(40,692)
Decrease (increase) in other receivables		(82,120)		385,320
Increase in other financial assets		(449,301)		(1,584,368)
Increase in inventories		(202,835)		(1,911,119)
Increase in other assets		(211,444)		(156,055)
Increase (decrease) in trade notes and accounts payable		(34,248)		661,132
Decrease in other payables		(1,413,411)		(1,357,871)
Increase in other liabilities		1,413,011		717,791
Increase (decrease) in other financial liabilities		348		(568)
Decrease (increase) in net defined benefit assets (liabilities)		(210)		(3,646)
Payment of severance benefits		(60,880)		(71,620)
Decrease in provisions		(1,240,293)		(1,200,630)
Changes in financial services receivables		(3,168,730)		(671,922)
Investment in operating leases		(2,531,649)		(956,883)
Others		(174,584)		(450,741)
		(8,530,844)		(6,641,872)
Cash generated from operations	₩	563,718	₩	1,221,693

34. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of March 31, 2024 and December 31, 2023 are as follows.

Description		March 31, 2024		December 31, 2023
		(In millions of Korean Won)		
Total liabilities	₩	191,027,462	₩	180,653,915
Total equity		104,906,338		101,809,440
Debt-to-equity ratio		182.1%		177.4%

(2) Financial risk management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to an acceptable level of risks to the Group. Overall, the Group's financial risk management policy is consistent with the prior period policy.

1) Market risk

The Group is mainly exposed to financial risks arising from changes in foreign exchange rates and interest rates. Accordingly, the Group uses financial derivative contracts to hedge and to manage its interest rate risk and foreign currency risk.

a) Foreign exchange risk management

The Group is exposed to various foreign exchange risks by making transactions in foreign currencies. The Group is mainly exposed to foreign exchange risk in USD, EUR, JPY and others.

The Group manages foreign exchange risk by matching the inflow and the outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement date based on its exchange rate forecast. The Group uses foreign exchange derivatives, such as currency forward, currency swap, and currency option; as hedging instruments. However, speculative foreign exchange trade on derivative financial instruments is prohibited.

Sensitivity analysis for a 5% change in exchange rate of the functional currency against each foreign currency on profit before income tax as of March 31, 2024 is as follows.

	Foreign Exchange Rate Sensitivity			
Foreign Currency		Increase by 5%		Decrease by 5%
		(In millions of Korean Won)		
USD	₩	151,194	₩	(151,194)
EUR		34,862		(34,862)
JPY		(941)		941

b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to hedge the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in market conditions and the adjustments in nature of its interest rates.

Sensitivity analysis for a 1% change in interest rates on profit before income tax as of March 31, 2024 is as follows.

Accounts	Interest Rate Sensitivity: Increase by 1%	Interest Rate Sensitivity: Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 27,111	₩ (27,111)
Short-term and long-term financial instruments	17,141	(17,141)
Borrowings and debentures	(129,348)	129,348

The Company's subsidiaries, HYUNDAI CARD CO., LTD. and HYUNDAI CAPITAL SERVICES, INC., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of March 31, 2024 and December 31, 2023, the amounts of interest rate risk measured at VaR are ₩202,830 million and ₩146,303 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of March 31, 2024, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩55,613 million and ₩2,334,795 million, respectively.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 36, the book value of financial assets in the consolidated financial statements represents the maximum amounts of exposure to credit risk.

3) Liquidity risk

The Group manages liquidity risk based on maturity profile of its funding. The Group analyses and reviews actual cash outflow and its budget to match the maturity of its financial liabilities to that of its financial assets.

The Group retains an appropriate level of deposit to cope with uncertainty caused by the inherent nature of the industry which is sensitive to economic fluctuation and to invest in R&D constantly. In addition, the Group has agreements with financial institutions related to trade financing and overdraft to mitigate any significant unexpected market deterioration. Also, the Group continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of March 31, 2024 is as follows.

Description	Remaining contract period: Not later than one year	Later than one year and not later than five years	Later than five years	Total
	(In millions of Korean Won)			
Non-interest-bearing liabilities	₩ 24,001,569	₩ 635,506	₩ -	₩ 24,637,075
Interest-bearing liabilities	35,832,864	102,942,559	6,982,303	145,757,726
Lease liabilities	277,626	645,720	342,069	1,265,415
Financial guarantee	317,365	69,304	77,187	463,856

The maturity analysis is based on the non-discounted cash flows and the earliest maturity date at which payments, i.e. both principal and interest, should be made.

(3) Derivative instruments

The Group enters into derivative instrument contracts such as currency forwards, currency options, currency swaps and interest swaps to hedge its exposure to changes in foreign exchange rate.

As of March 31, 2024 and December 31, 2023, the Group recognized a net loss of ₩110,707 million and a net profit of ₩34,489 million, respectively, in accumulated other comprehensive income or loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 96 months as of March 31, 2024.

For the three-month periods ended March 31, 2024 and 2023, the Group recognized a net profit of ₩274,698 million and ₩250,398 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments and others.

35. RELATED-PARTY AND OTHER TRANSACTIONS:

The transactions and balances of receivables and payables within the Group are wholly eliminated in the preparation of the consolidated financial statements of the Group.

(1) For the three-month period ended March 31, 2024, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation and Fair Trade Act of the Republic of Korea ("the Act") are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
		(In millions of Korean Won)			
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 151,584	₩ 3,069	₩ 2,719,267	₩ 4,214
	Mobis Alabama, LLC	52,218	-	667,365	4
	Mobis Automotive Czech s.r.o.	-	474	629,464	21,120
	Mobis India, Ltd.	5,439	838	392,203	12,482
	Mobis Parts America, LLC	46,864	1,089	407,801	202
	Mobis Module CIS, LLC	17	22	698	6
	Mobis Parts Europe N.V.	7,562	447	185,489	357
	Others	21,500	456	360,314	1,926
Joint ventures and associates	Kia Corporation	362,140	134,665	208,362	158,584
	Kia Russia & CIS, LLC	52	-	-	-
	Kia Slovakia s.r.o.	19,790	2	189,253	-
	Kia Georgia, Inc.	189,315	720	53	-
	BHMC	38,901	1	44,385	-
	HMGC	3,084	222	9,106	10,014
	Hyundai WIA Corporation	36,887	238	250,232	31,111
	Others	241,747	16,486	1,489,272	1,188,769
Other related parties		13,100	1,827	536	-
Affiliates by the Act		258,463	17,084	2,691,378	280,029

For the three-month period ended March 31, 2023, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
		(In millions of Korean Won)			
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 146,950	₩ 2,826	₩ 3,926,426	₩ 2,401
	Mobis Alabama, LLC	72,564	1	587,167	-
	Mobis Automotive Czech s.r.o.	-	450	771,239	10
	Mobis India, Ltd.	3,982	667	328,347	3,440
	Mobis Parts America, LLC	41,853	1,036	384,466	294
	Mobis Module CIS, LLC	-	93	591	-
	Mobis Parts Europe N.V.	5,958	315	165,338	408
	Others	19,697	372	377,353	1,150
Joint ventures and associates	Kia Corporation	412,134	135,615	140,776	163,709
	Kia Russia & CIS, LLC	62	6	-	-
	Kia Slovakia s.r.o.	26,565	4	188,360	-
	Kia Georgia, Inc.	213,973	241	-	-
	BHMC	53,983	-	6,075	-
	HMGC	3,973	227	5,031	1,311
	Hyundai WIA Corporation	41,490	62	226,923	1,073
	Others	212,872	17,525	1,433,810	472,261
Other related parties		13,133	962	498	2
Affiliates by the Act		228,550	26,525	2,808,817	287,207

(2) As of March 31, 2024, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
		(In millions of Korean Won)			
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 153,972	₩ 181,514	₩ 1,703,949	₩ 611,844
	Mobis Alabama, LLC	26,777	-	235,252	-
	Mobis Automotive Czech s.r.o.	1,276	846	234,387	-
	Mobis India, Ltd.	-	3	199,819	-
	Mobis Parts America, LLC	46,358	27,327	142,205	-
	Mobis Module CIS, LLC	5	-	-	-
	Mobis Parts Europe N.V.	2,589	126	50,416	320
	Others	108,880	4,662	143,297	12,416
Joint ventures and associates	Kia Corporation	523,924	973,939	115,984	134,850
	Kia Russia & CIS, LLC	-	41	-	-
	Kia Slovakia s.r.o.	2,411	107	64,699	200
	Kia Georgia, Inc.	68,983	49,698	-	18,459
	Kia America, Inc.	-	104,668	1	16,885
	BHMC	334,533	15,404	12,751	28
	HMGC	2,303	24,217	-	9,835
	Hyundai WIA Corporation	126,929	18,322	182,734	25,481
	Others	235,224	249,426	716,733	1,042,901
Other related parties		189	1	-	345
Affiliates by the Act		237,460	62,637	1,341,976	366,727

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩364 million as of March 31, 2024 and the reversal of impairment loss is recognized in the amount of ₩56 million for the three-month period ended March 31, 2024.

(*2) As of March 31, 2024, outstanding payment of ₩12,901 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the three-month period ended March 31, 2024, amount used and repayment of agreement are ₩44,832 million and ₩50,010 million, respectively.

As of December 31, 2023, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2) Trade notes and accounts receivable	Receivables (*1,2) Other receivables and others	Payables Trade notes and accounts payable	Payables Other payables and others
		(In millions of Korean Won)			
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 142,677	₩ 150,906	₩ 2,248,687	₩ 459,196
	Mobis Alabama, LLC	31,106	-	157,597	-
	Mobis Automotive Czech s.r.o.	1,253	830	210,894	511
	Mobis India, Ltd.	-	-	160,011	-
	Mobis Parts America, LLC	29,790	26,986	123,415	-
	Mobis Module CIS, LLC	5	85	7	-
	Mobis Parts Europe N.V.	819	149	52,525	44
	Others	90,363	2,250	72,019	18,361
Joint ventures and associates	Kia Corporation	541,374	422,304	78,946	145,081
	Kia Russia & CIS, LLC	-	50	-	141
	Kia Slovakia s.r.o.	7,481	138	55,158	246
	Kia Georgia, Inc.	65,196	51,650	-	34,214
	Kia America, Inc.	-	240,582	-	16,877
	BHMC	302,632	14,681	24	27
	HMGC	16,089	23,602	373	27,900
	Hyundai WIA Corporation	118,669	13,229	144,310	25,746
	Others	259,635	181,298	718,951	994,901
Other related parties		137	-	20	326
Affiliates by the Act		201,220	65,233	1,173,602	484,603

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩608 million as of December 31, 2023 and the reversal of impairment loss is recognized in the amount of ₩349 million for the year ended December 31, 2023.

(*2) As of December 31, 2023, outstanding payment of ₩18,080 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2023, amount used and repayment of agreement are ₩420,695 million and ₩426,207 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the three-month period ended March 31, 2024 between the Group and related parties are as follows.

Description	Loans Lending	Loans Collection	Borrowings Borrowing	Borrowings Repayment	Equity contribution
	(In thousands of Euro and in millions of Korean won)				
Joint ventures and associates	-	€ 22,000	-	₩ 1,280	₩ 620,027

Significant fund transactions and equity contribution transactions for the three-month period ended March 31, 2023 between the Group and related parties are as follows.

Description	Loans Lending	Loans Collection	Borrowings Borrowing	Borrowings Repayment	Equity contribution
	(In thousands of USD dollar and in millions of Korean won)				
Joint ventures and associates	-	-	$ 557,000	$ 300,000	₩ 7,098
			-	₩ 6	

For the three-month period ended March 31, 2024, the Group traded in other financial assets and others of ₩405,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩305,000 million in the consolidated statement of financial position as of March 31, 2024.

For the year ended March 31, 2024, HYUNDAI MOTOR SECURITIES CO., Ltd., an associate of the Group, acquired bonds issued by the consolidated entities, HYUNDAI KEFICO CORPORATION in amount of ₩20,000 million, respectively, and there are no acquired bonds for the three-month period ended March 31, 2023.

(4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the three-month periods ended March 31, 2024 and 2023, is as follows.

Description	Three-month period ended March 31, 2024		2023	
	(In millions of Korean Won)			
Short-term employee salaries	₩	83,735	₩	76,892
Retirement benefit costs		12,967		11,807
Other long-term benefits		1,002		671
Share-based payment		52		180
	₩	97,756	₩	89,550

(5) As of March 31, 2024, the Group offers payment guarantee to related parties and affiliates by the Act.

36. COMMITMENTS AND CONTINGENCIES:

(1) As of March 31, 2024, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩	28,910	₩	225,628
To others		710		237,698
	₩	29,620	₩	463,326

(*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of March 31, 2024.

(2) As of March 31, 2024, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of March 31, 2024, the Group is under investigation by related authorities in relation to the theta 2 engine recall, and its results and impacts are unpredictable. The Group is unable to estimate the outcome of the lawsuits and the amount and timing of outflows of resources are uncertain. The Group expects that the impact on the consolidated financial statements will not be material.

(3) As of March 31, 2024, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩791,205 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Corporation, as collateral to financial institutions and others. Certain receivables held by the Group's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.

(4) As of March 31, 2024, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.

(5) As of March 31, 2024, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. falls below a certain level, this may result in early repayment of the borrowings or termination of the contracts.

(6) As of March 31, 2024, the Company has a shareholder agreement with the third party investors regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.

(7) For the year ended December 31, 2023, the Company has an agreement to dispose of its shares of Hyundai Motor Manufacturing Rus LLC, which includes the call options clause that allow the Company to repurchase its shares. The call option can be terminated under an uncontrollable situation, but can be maintained through efforts by both parties to address such situation.

(8) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of March 31, 2024, the Company has recognized relevant liability in the amount of ₩867,077 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.

37. SEGMENT INFORMATION:

(1) The Group's operating segments include vehicle segment, finance segment and others segment. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Others segment includes the R&D, train manufacturing and other activities.

(2) Sales and operating profit by operating segment for the three-month period ended March 31, 2024 are as follows.

	For the three-month period ended March 31, 2024				
Description	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Net sales (*1)	₩ 31,718,013	₩ 6,655,899	₩ 2,284,627	₩ -	₩ 40,658,539
Total sales (*2)	52,365,781	6,732,935	2,669,975	(21,110,152)	40,658,539
Operating profit	2,998,901	424,849	232,697	(99,085)	3,557,362

(*1) Net sales represent sales from external customers.
(*2) Total sales include inter-company sales within the Group.

Assets and liabilities by operating segment as of March 31, 2024 are as follows.

	March 31, 2024				
Description	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 142,470,491	₩ 164,404,226	₩ 11,187,490	₩ (22,128,407)	₩ 295,933,800
Total liabilities	56,025,116	144,924,625	5,506,627	(15,428,906)	191,027,462

Sales and operating profit by operating segment for the three-month period ended March 31, 2023 are as follows.

	For the three-month period ended March 31, 2023				
Description	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Net sales (*1)	₩ 30,637,687	₩ 5,089,368	₩ 2,042,950	₩ -	₩ 37,770,005
Total sales (*2)	50,175,407	5,159,781	2,510,090	(20,075,273)	37,770,005
Operating profit	2,898,221	368,143	171,020	204,943	3,642,327

(*1) Net sales represent sales from external customers.
(*2) Total sales include inter-company sales within the Group.

Assets and liabilities by operating segment as of December 31, 2023 are as follows.

	December 31, 2023				
Description	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 136,896,274	₩ 154,437,674	₩ 11,166,625	₩ (20,037,218)	₩ 282,463,355
Total liabilities	52,192,746	135,929,495	5,797,213	(13,265,539)	180,653,915

(3) Sales and operating profit by operating segment for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	For the three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Vehicle (*)		
Sales	₩ 52,365,781	₩ 50,175,407
Cost of sales	45,164,554	43,719,530
Gross profit	7,201,227	6,455,877
Selling and administrative expenses	4,202,326	3,557,656
Operating profit	2,998,901	2,898,221
Gain(loss) on investments in joint ventures and associates, net	3,774	(1,935)
Finance income and expenses	3,667,278	838,262
Other income and expenses	97,194	105,798
Profit before income tax	6,767,147	3,840,346
Income tax expense	1,169,974	819,668
Profit for the period	5,597,173	3,020,678
Finance (*)		
Sales	6,732,935	5,159,781
Cost of sales	5,703,936	4,230,552
Gross profit	1,028,999	929,229
Selling and administrative expenses	604,150	561,086
Operating profit	424,849	368,143
Gain(loss) on investments in joint ventures and associates, net	20,297	(14,934)
Finance income and expenses	860	-
Other income and expenses	3,889	3,757
Profit before income tax	449,895	356,966
Income tax expense	100,597	44,291
Profit for the period	349,298	312,675
Others (*)		
Sales	2,669,975	2,510,090
Cost of sales	2,250,294	2,218,478
Gross profit	419,681	291,612
Selling and administrative expenses	186,984	120,592
Operating profit	232,697	171,020
Loss on investments in joint ventures and associates, net	(12)	(73)
Finance income and expenses	16,069	(8,436)
Other income and expenses	2,535	(9,863)
Profit before income tax	251,289	152,648
Income tax expense	53,580	36,932
Profit for the period	197,709	115,716
Consolidation adjustments	(2,449,069)	25,773
Profit for the period from continuing operations	3,695,111	3,474,842
Profit attributable to:		
Owners of the Company	3,550,212	3,349,420
Non-controlling interests	144,899	125,422
Loss for the period from discontinued operations	₩ (319,110)	₩ (55,439)
Loss attributable to:		

Owners of the Company	(319,262)	(37,881)
Non-controlling interests	152	(17,558)

(*) The amounts are aggregates of entities belonging to each segment, unadjusted for elimination of intercompany transactions.

(4) Assets by operating segment as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024	December 31, 2023
	(In millions of Korean Won)	
Vehicle (*)		
Current assets:		
Cash and cash equivalents	₩ 14,974,932	₩ 15,633,984
Financial instruments	9,522,147	10,016,084
Inventories	18,268,291	18,149,965
Trade notes and accounts receivable	12,038,261	9,568,659
Other assets	4,902,075	3,876,820
Total current assets	59,705,706	57,245,512
Non-current assets:		
Financial assets	3,986,580	3,496,251
Property, plant and equipment	36,266,747	35,662,209
Intangible assets	4,761,315	4,717,443
Investments in joint ventures and associates	31,165,641	29,724,875
Other assets	6,584,502	6,049,984
Total non-current assets	82,764,785	79,650,762
Total assets	142,470,491	136,896,274
Finance (*)		
Current assets:		
Cash and cash equivalents	3,810,394	2,632,288
Financial instruments	4,502,865	3,874,879
Inventories	384,643	316,540
Financial services receivables	45,213,530	43,425,548
Other assets	2,897,792	2,907,748
Total current assets	56,809,224	53,157,003
Non-current assets:		
Financial assets	1,566,734	1,382,273
Property, plant and equipment	850,777	850,165
Intangible assets	338,609	336,904
Investments in joint ventures and associates	1,771,022	1,677,486
Financial services receivables	68,429,454	64,809,911
Investments in operating leases	32,480,418	30,266,083
Other assets	2,157,988	1,957,849
Total non-current assets	107,595,002	101,280,671
Total assets	164,404,226	154,437,674
Others (*)		
Current assets:		
Cash and cash equivalents	851,827	1,040,150
Financial instruments	1,843,322	1,467,699
Inventories	1,691,209	1,607,765
Trade notes and accounts receivable	1,336,479	1,428,134
Other assets	2,210,195	2,272,612
Total current assets	7,933,032	7,816,360
Non-current assets:		
Financial assets	68,725	61,200
Property, plant and equipment	2,408,779	2,528,297
Intangible assets	254,445	237,022
Investments in joint ventures and associates	1,337	469
Other assets	521,172	523,277
Total non-current assets	3,254,458	3,350,265
Total assets	11,187,490	11,166,625
Consolidation adjustments	(22,128,407)	(20,037,218)
Total assets	₩ 295,933,800	₩ 282,463,355

Liabilities by operating segment as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024	December 31, 2023
	(In millions of Korean Won)	
Vehicle (*)		
Current liabilities:		
Trade notes and accounts payable	₩ 18,035,186	₩ 15,991,327
Other payables	5,032,461	6,613,077
Borrowings and debentures	2,127,353	3,225,872
Provisions	7,428,063	7,306,099
Other liabilities	12,219,403	8,418,082
Total current liabilities	44,842,466	41,554,457
Non-current liabilities:		
Borrowings and debentures	2,140,073	2,057,140
Net defined benefit liabilities	46,601	44,953
Provisions	4,801,033	4,605,057
Other liabilities	4,194,943	3,931,139
Total non-current liabilities	11,182,650	10,638,289
Total liabilities	56,025,116	52,192,746
Finance (*)		
Current liabilities:		
Other payables	3,192,763	3,310,026
Borrowings and debentures	33,050,938	35,489,760
Provisions	281,759	271,574
Other liabilities	2,308,517	1,998,487
Total current liabilities	38,833,977	41,069,847
Non-current liabilities:		
Borrowings and debentures	99,150,568	88,296,175
Provisions	28,130	28,309
Other liabilities	6,911,950	6,535,164
Total non-current liabilities	106,090,648	94,859,648
Total liabilities	144,924,625	135,929,495
Others (*)		
Current liabilities:		
Trade notes and accounts payable	1,052,991	1,065,212
Other payables	187,117	222,056
Borrowings and debentures	853,277	805,496
Provisions	144,583	147,511
Other liabilities	2,475,080	2,605,152
Total current liabilities	4,713,048	4,845,427
Non-current liabilities:		
Borrowings and debentures	443,406	610,861
Net defined benefit liabilities	35,798	32,315
Provisions	162,666	158,811
Other liabilities	151,709	149,799
Total non-current liabilities	793,579	951,786
Total liabilities	5,506,627	5,797,213
Consolidation adjustments	(15,428,906)	(13,265,539)
Total liabilities	₩ 191,027,462	₩ 180,653,915

Equity by operating segment as of March 31, 2024 and December 31, 2023 is as follows.

Description	March 31, 2024	December 31, 2023
	(In millions of Korean Won)	
Vehicle (*)		
Capital stock	₩ 14,063,904	₩ 13,814,222
Capital surplus	4,476,783	4,457,140
Other capital items	(884,903)	(1,197,161)
Accumulated other comprehensive loss	(280,221)	(1,351,352)
Retained earnings	69,069,802	68,980,668
Equity attributable to the owners of the Company	86,445,365	84,703,517
Non-controlling interests	10	11
Total equity	86,445,375	84,703,528
Finance (*)		
Capital stock	3,680,115	3,483,947
Capital surplus	446,317	446,317
Other capital items	299,230	158,830
Accumulated other comprehensive income	1,401,546	979,767
Retained earnings	13,652,393	13,439,318
Equity attributable to the owners of the Company	19,479,601	18,508,179
Non-controlling interests	-	-
Total equity	19,479,601	18,508,179
Others (*)		
Capital stock	1,001,608	1,021,187
Capital surplus	1,330,344	1,411,438
Other capital items	(5,713)	(5,713)
Accumulated other comprehensive income	392,750	253,353
Retained earnings	2,993,677	2,720,065
Equity attributable to the owners of the Company	5,712,666	5,400,330
Non-controlling interests	(31,803)	(30,918)
Total equity	5,680,863	5,369,412
Consolidation adjustments	(6,699,501)	(6,771,679)
Total equity	₩ 104,906,338	₩ 101,809,440

(*) The amounts are aggregates of entities belonging to each segment, unadjusted for elimination of intercompany transactions.

(5) Cash flows by operating segment for the three-month periods ended March 31, 2024 and 2023 are as follows.

Description	For the three-month period ended March 31, 2024	2023
	(In millions of Korean Won)	
Vehicle (*)		
Cash flows from operating activities:		
Profit for the period	₩ 5,574,692	₩ 2,962,162
Adjustments	156,165	2,055,669
Changes in operating assets and liabilities	(2,592,884)	(2,281,482)
Interest received (paid)	262,194	225,577
Dividend received	2,462,332	1,467
Income tax paid	(610,007)	(602,489)
Net cash provided by operating activities	5,252,492	2,360,904
Cash flows from investing activities:		
Changes in financial instruments	480,304	160,245
Changes in investment in joint ventures and associates	(616,658)	(14,862)
Changes in property, plant and equipment intangible assets	(2,108,924)	(1,715,036)
Others	(1,240,517)	(1,455,047)
Net cash used in investing activities	(3,485,795)	(3,024,700)
Cash flows from financing activities:		
Changes in short-term borrowings	(135,607)	1,448,469
Changes in long-term debt and debentures	(653,637)	(396,715)
Proceeds from capital contribution from non-controlling interest	701,398	377,005
Dividends paid	(2,456,405)	-
Others	(44,305)	(35,916)
Net cash provided by (used in) financing activities	(2,588,556)	1,392,843
Effect of exchange rate changes on cash and cash equivalents	221,480	451,301
Net increase(decrease) in cash and cash equivalents	(600,379)	1,180,348
Finance (*)		
Cash flows from operating activities:		
Profit for the period	349,298	312,675
Adjustments	3,027,690	2,254,187
Changes in operating assets and liabilities	(6,149,296)	(3,973,682)
Interest received (paid)	(1,107,889)	(725,509)
Dividend received	855	-
Income tax paid	(32,582)	(41,846)
Net cash used in operating activities	(3,911,924)	(2,174,175)
Cash flows from investing activities:		
Changes in investment in joint ventures and associates	(40,168)	-
Changes in property, plant and equipment intangible assets	(46,341)	(44,649)
Others	(83,535)	(186,470)
Net cash used in investing activities	(170,044)	(231,119)
Cash flows from financing activities:		
Changes in short-term borrowings	(1,412,796)	781,162
Changes in long-term debt and debentures	6,292,599	2,038,539
Proceeds from capital contribution from non-controlling interest	197,059	-
Others	150,039	27,818
Net cash provided by financing activities	5,226,901	2,847,519
Effect of exchange rate changes on cash and cash equivalents	33,173	26,436
Net increase in cash and cash equivalents	1,178,106	468,661

Description	For the three-month period ended March 31, 2024	2023
Others (*)		
Cash flows from operating activities:		
Profit for the period	197,709	115,716
Adjustments	110,382	141,641
Changes in operating assets and liabilities	(57,613)	(318,810)
Interest received (paid)	7,413	(1,374)
Dividend received	20	-
Income tax paid	(11,138)	(20,715)
Net cash provided by (used in) operating activities	246,773	(83,542)
Cash flows from investing activities:		
Changes in financial instruments	158,361	374,861
Changes in investment in joint ventures and associates	(880)	-
Changes in property, plant and equipment intangible assets	(74,947)	(61,942)
Others	(498,167)	(99,835)
Net cash provided by (used in) investing activities	(415,633)	213,084
Cash flows from financing activities:		
Changes in short-term borrowings	124,670	(70,815)
Changes in long-term debt and debentures	(135,641)	(197,983)
Proceeds from capital contribution from non-controlling interest	9,328	83,205
Dividends paid	(103)	(103)
Others	(13,391)	(10,474)
Net cash used in financing activities	(15,137)	(196,170)
Effect of exchange rate changes on cash and cash equivalents	8,711	13,679
Net decrease in cash and cash equivalents	(175,286)	(52,949)
Consolidation adjustments	99,489	(91,524)
Net increase in cash and cash equivalents	501,930	1,504,536
Cash and cash equivalents, beginning of the period	19,166,619	20,864,879
Cash and cash equivalents, end of the period	₩ 19,668,549	₩ 22,369,415

(*) The amounts are aggregates of entities belonging to each segment, unadjusted for elimination of intercompany transactions.

(6) Sales by region based on where the Group's entities are located for the three-month periods ended March 31, 2024 and 2023 are as follows.

	For the three-month period ended March 31, 2024					
Description	Korea	North America	Asia	Europe	Others	Total
	(In millions of Korean Won)					
Net sales	₩ 11,743,668	₩ 17,931,573	₩ 4,251,652	₩ 5,677,986	₩ 1,053,660	₩ 40,658,539

	For the three-month period ended March 31, 2023					
Description	Korea	North America	Asia	Europe	Others	Total
	(In millions of Korean Won)					
Net sales	₩ 12,314,537	₩ 14,856,919	₩ 4,017,137	₩ 5,649,639	₩ 931,773	₩ 37,770,005

(7) Non-current assets by region where the Group's entities are located as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Korea	₩	35,464,206	₩	35,311,711
North America		5,445,532		4,751,419
Asia		2,972,728		3,021,481
Europe		1,807,467		1,806,587
Others		638,992		656,502
		46,328,925		45,547,700
Consolidation adjustments		(247,709)		(262,067)
Total (*)	₩	46,081,216	₩	45,285,633

(*) Total amount is the same as summation of PP&E, intangible assets and investment properties.

(8) There is no single external customer who represents 10% or more of the Group's sales for three-month periods ended March 31, 2024 and 2023.

38. CONSTRUCTION CONTRACTS:

(1) Cost, income and loss and claimed construction from construction in progress as of March 31, 2024 and December 31, 2023 are as follows.

Description	March 31, 2024		December 31, 2023	
	(In millions of Korean Won)			
Accumulated cost	₩	12,082,639	₩	14,689,631
Accumulated income		486,927		937,245
Accumulated construction in process		12,569,566		15,626,876
Progress billing		13,065,443		16,071,925
Due from customers		1,081,731		1,191,078
Due to customers		1,577,608		1,636,127
Reserve (*)		63,065		62,197

(*) Reserve is recognized as long-term trade notes and accounts receivable in the consolidated financial statements.

(2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of March 31, 2024 are as follows.

Description	March 31, 2024	
	(In millions of Korean Won)	
Changes in accounting estimates of total contract revenue	₩	206,936
Changes in accounting estimates of total contract costs		201,191
Effects on profit or loss of current period		12,097
Effects on profit or loss of future periods		(6,352)
Changes in due from customers		(8,117)
Provision for construction loss		38,397

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to March 31, 2024. Total contract revenue and costs may change in future periods.

(3) There is no contract as of March 31, 2024, in which contract revenue is recognized by the proportion of contract costs incurred, that accounted for more than 5% of the Group's revenue in the prior period.

39. SUBSEQUENT EVENTS:

(1) The Group declared quarterly dividend in accordance with the resolution of the Board of Directors on April 25, 2024. The details are as follows.

Description	Contents
Quarterly dividend amounts	Dividends per share : ₩2,000 (Gross amounts of dividend : ₩525,760 million)
Dividend yield ratio	0.8% (Common stock criteria)
Base date of dividend	March 31, 2024

(2) The Group will participate in capital raise and share acquisition of Motional AD LLC pursuant to the resolution of the Board of Directors held on April 25, 2024 to secure capabilities in autonomous driving technology, and the expected investment amount is ₩345,000 million for capital contribution and ₩325,000 million for share acquisition.

$60,000,000,000

Hyundai Capital America

Medium-Term Notes, Series A

OFFERING MEMORANDUM SUPPLEMENT
June 13, 2024

Barclays
BNP PARIBAS
BNY Mellon Capital Markets, LLC
BofA Securities
Citigroup
COMMERZBANK
Credit Agricole CIB
HSBC
J.P. Morgan
Lloyds Securities
Mizuho
MUFG
RBC Capital Markets
Santander
SMBC Nikko
SOCIETE GENERALE
TD Securities
US Bancorp
Wells Fargo Securities