

# **HYUNDAI CARD CO., LTD. AND SUBSIDIARIES**

**Consolidated Interim Financial Statements  
June 30, 2024 and 2023**

**(Unaudited)**

**(With Independent Auditors' Review Report Thereon)**

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

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

**Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Card Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of June 30, 2024, the consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, the consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023 and notes, comprising a summary of material accounting policy information and other explanatory information.

**Management's responsibility**

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

**Auditors' review responsibility**

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

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

**Conclusion**

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



### Other matters

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

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

*KPMG Samjong Accounting Corp.*

KPMG Samjong Accounting Corp.

Seoul, Korea

August 12, 2024

This report is effective as of August 12, 2024, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**June 30, 2024 and December 31, 2023**

(In Korean won)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023
<b>Assets</b>			
Cash and cash equivalents	5,27,32,33	₩ 1,920,045,072,071	₩ 1,049,247,085,470
Deposits	5,27,32,33	81,618,000,000	77,577,698,628
Financial assets at fair value through profit or loss	6,32,33	745,983,077,602	674,898,536,094
Financial assets at fair value through other comprehensive income	6,32,33	4,596,388,450	9,358,693,684
Investments in associates	6	809,283,745	57,733,835
Derivative assets	16,31,32,33	120,498,115,935	49,291,588,900
Financial assets at amortized cost	7,29,30,32,33	21,004,419,298,750	20,763,584,348,505
Property and equipment	8,29,37	610,662,816,136	632,325,285,378
Intangible assets	9,29	131,968,268,947	132,008,880,775
Right-of-use assets	10	23,626,852,984	26,807,734,457
Net defined benefit assets	13	3,454,490,492	10,618,805,142
Deferred tax assets	26	139,163,493,666	130,801,641,542
Other assets	11,32,33	438,453,597,487	380,661,892,861
Assets held for sale	37	27,500,000,000	-
<b>Total assets</b>		<b>₩ 25,252,798,756,265</b>	<b>₩ 23,937,239,925,271</b>
<b>Liabilities</b>			
Borrowings	12,28,32,33	₩ 2,952,755,641,729	₩ 3,283,282,178,841
Debentures	12,28,32,33	15,302,557,570,352	13,534,091,181,316
Derivative liabilities	16,31,32,33	4,783,375,185	56,563,004,126
Lease liabilities	10,29,32,33	22,594,002,838	25,996,342,907
Current tax liabilities	26	48,093,458,596	29,927,342,869
Net defined benefit liabilities	13	5,683,780,077	5,191,554,848
Provisions	14	179,295,774,102	167,228,036,741
Other liabilities	15,29,32,33	2,749,491,015,386	3,004,488,261,480
<b>Total liabilities</b>		<b>21,265,254,618,265</b>	<b>20,106,767,903,128</b>
<b>Equity</b>			
Share capital	1,17	802,326,430,000	802,326,430,000
Reserves		57,704,443,955	57,704,443,955
Capital adjustment		-	(760,020,000)
Hybrid securities	17	299,229,940,000	159,590,030,000
Accumulated other comprehensive income	19	2,282,718,688	6,054,151,814
Retained earnings	18,20	2,826,000,605,357	2,805,556,986,374
<b>Total equity</b>		<b>3,987,544,138,000</b>	<b>3,830,472,022,143</b>
<b>Total liabilities and equity</b>		<b>₩ 25,252,798,756,265</b>	<b>₩ 23,937,239,925,271</b>

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

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2024 and 2023**

		Periods Ended June 30			
(In Korean won)	Notes	2024 (Unaudited)		2023 (Unaudited)	
		Three months	Six months	Three months	Six months
Operating income					
Card income	21,29,32	₩ 438,139,138,425	₩ 849,303,404,789	₩ 403,956,166,378	₩ 757,449,816,853
Interest income	22,32	366,472,015,544	718,273,463,810	299,572,734,331	616,824,984,212
Gain on valuation and disposal of securities	32	3,893,249,039	7,266,161,114	7,795,947,148	15,489,745,690
Dividend income		20,019,900	20,019,900	20,000,000	20,020,036
Reversal of credit loss allowance	14	-	-	(2,826,880,196)	-
Other operating income	23,29,32	158,697,652,136	337,565,317,968	112,767,807,893	215,855,434,641
		967,222,075,044	1,912,428,367,581	821,285,775,554	1,605,640,001,432
Operating expenses					
Card expenses	21,29,32	244,057,491,796	489,679,700,234	229,554,966,344	446,918,923,227
Interest expenses	22,32	179,732,390,630	349,855,848,074	134,424,950,789	266,992,861,736
Selling and administrative expenses	13,24,29	196,963,053,740	406,703,550,541	207,471,319,453	399,659,155,069
Securitization expenses		884,057,370	1,716,880,153	1,118,205,568	2,172,484,547
Provision for credit loss allowance	7,11,14,32	131,357,340,709	270,597,235,341	108,667,219,096	174,359,506,939
Loss on valuation and disposal of securities		3,886,757,803	8,007,995,926	470,028,240	2,444,964,956
Other operating expenses	23,29,32	82,895,524,549	176,122,779,311	32,285,353,149	110,128,813,688
		839,776,616,597	1,702,683,989,580	713,992,042,639	1,402,676,710,162
Operating profit		127,445,458,447	209,744,378,001	107,293,732,915	202,963,291,270
Non-operating income	25	1,194,408,414	2,129,108,880	705,840,975	1,156,092,232
Non-operating expenses	25	7,458,764,000	7,667,522,785	848,476,695	1,044,457,338
Profit before income tax expense		121,181,102,861	204,205,964,096	107,151,097,195	203,074,926,164
Income tax expense	26	21,181,277,335	40,413,676,604	20,709,723,262	45,869,433,975
Profit for the period	18,34	99,999,825,526	163,792,287,492	86,441,373,933	157,205,492,189
Other comprehensive income (loss)	19				
Items that will not be reclassified to profit or loss					
Remeasurements of net defined benefit liabilities		(1,290,355,441)	(898,990,922)	(2,870,834,734)	(5,840,202,021)
Gain (loss) on financial assets at fair value through other comprehensive income		(1,985,825,819)	(1,976,196,050)	(6,946,980)	2,908,951
Items that may be subsequently reclassified to profit or loss					
Cash flow hedges		(13,798,773,660)	(2,950,014,231)	19,037,069,402	(17,666,410,616)
Gain on overseas operations translation		41,697,395	53,754,833	-	-
		(17,033,257,525)	(5,771,446,370)	16,159,287,688	(23,503,703,686)
Total comprehensive income for the period		₩ 82,966,568,001	₩ 158,020,841,122	₩ 102,600,661,621	₩ 133,701,788,503
Earnings per share	34				
Basic earnings per share		₩ 596	₩ 971	₩ 517	₩ 936
Diluted earnings per share		596	971	517	936

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

**Hyundai Card Co., Ltd. and Subsidiaries**

(In Korean won)

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**Hyundai Card Co., Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Cash Flows**  
**Six-Month Periods Ended June 30, 2024 and 2023**

(In Korean won)	Note	2024	2023
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operating activities	27	₩ (725,143,697,788)	₩ 808,210,791,564
Interests received		688,464,889,000	555,281,342,109
Interests paid		(309,720,245,121)	(221,479,751,663)
Dividends received		20,019,900	20,020,036
Income taxes paid		(29,472,414,828)	(37,852,775,660)
<b>Net cash inflow (outflow) from operating activities</b>		<b>(375,851,448,837)</b>	<b>1,104,179,626,386</b>
<b>Cash flows from investing activities</b>			
Disposal of financial assets at fair value through profit or loss		1,948,000,000	531,479,195
Disposal of financial assets at fair value through other comprehensive income		4,000,020,440	-
Disposal of property and equipment		11,716,500	15,081,773
Disposal of intangible assets		15,000	-
Acquisition of financial assets at fair value through profit or loss		(3,868,894,147)	(480,780,000)
Acquisition of financial assets at fair value through other comprehensive income		(1,199,951,538)	-
Acquisition of investments in associates		(1,160,000,000)	-
Acquisition of property and equipment		(17,631,081,822)	(248,416,598,585)
Acquisition of intangible assets		(17,234,233,667)	(17,571,659,230)
Net decrease in guarantee deposits provided		964,198,484	7,656,307,865
<b>Net cash outflow from investing activities</b>		<b>(34,170,210,750)</b>	<b>(258,266,168,982)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		890,000,000,000	650,000,000,000
Proceeds from issue of debentures		8,631,863,623,961	5,140,580,633,166
Proceeds from issue of hybrid securities		139,639,910,000	-
Repayment of borrowings		(1,248,333,340,000)	(768,333,340,000)
Repayment of debentures		(6,986,400,000,000)	(6,362,200,000,000)
Repayment of lease liabilities		(6,720,582,243)	(8,901,211,805)
Dividends paid		(132,529,085,710)	(60,970,493,460)
Dividends on hybrid securities		(6,747,400,000)	(7,050,000,000)
<b>Net cash inflow (outflow) from financing activities</b>		<b>1,280,773,126,008</b>	<b>(1,416,874,412,099)</b>
<b>Effect of exchange rate changes on cash assets denominated in foreign currency</b>		<b>46,520,180</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>870,797,986,601</b>	<b>(570,960,954,695)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	27	<b>1,049,247,085,470</b>	<b>2,269,390,254,066</b>
<b>Cash and cash equivalents at the end of the period</b>	27	<b>₩ 1,920,045,072,071</b>	<b>₩ 1,698,429,299,371</b>

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



# Hyundai Card Co., Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### June 30, 2024 and 2023 (Unaudited), and December 31, 2023

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#### 1. GENERAL INFORMATION:

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

As of June 30, 2024, the Company has approximately 12.31 million card members, 3.17 million registered merchants and 16 marketing centers and branches (including 1 overseas branch).

As of June 30, 2024, the total ordinary shares of the Company amounted to ₩802,326 million after several capital increases and retirement of treasury shares. The shareholders as of June 30, 2024 and December 31, 2023, are as follows:

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
	<u>Number of shares</u>	<u>Percentage of ownership</u>	<u>Number of shares</u>	<u>Percentage of ownership</u>
Hyundai Motor Co., Ltd.	59,301,937	36.96%	59,301,937	36.96%
Kia Corporation	10,398,877	6.48%	10,398,877	6.48%
Hyundai Commercial Inc.	55,518,860	34.62%	55,518,860	34.62%
Taipei Fubon Commercial Bank Co., Ltd.	16,046,528	9.99%	16,046,528	9.99%
Fubon Life Insurance Co., Ltd.	16,046,528	9.99%	16,046,528	9.99%
Others	3,152,556	1.96%	3,152,556	1.96%
	<u>160,465,286</u>	<u>100.00%</u>	<u>160,465,286</u>	<u>100.00%</u>

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2024 and 2023 (Unaudited), and December 31, 2023**

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**2. MATERIAL ACCOUNTING POLICIES:**

**2.1 Basis of Preparation**

The consolidated interim financial statements of the Company and its Subsidiaries (the 'Group') for the six-month period ended June 30, 2024, have been prepared in accordance with K-IFRS No.1034 '*Interim Financial Reporting*' and contain less information than is required in annual consolidated financial statements. Selected explanatory notes include descriptions of transactions or events that are significant in understanding change in financial position and financial performance of the Group since the end of the previous annual reporting period. These consolidated interim financial statements have been prepared in accordance with K-IFRS which is effective or early adopted as of June 30, 2024.

**2.2 New standards and interpretations adopted by the Group**

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

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

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

**2.3 New standards and interpretations not yet adopted by the Group**

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

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

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

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2024 and 2023 (Unaudited), and December 31, 2023**

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**2.4 Accounting policies**

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

**2.4.1 Income Tax Expense**

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

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

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

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

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2024 and 2023 (Unaudited), and December 31, 2023**

**4. CONSOLIDATED SUBSIDIARIES:**

Details of the consolidated subsidiaries as of June 30, 2024 and December 31, 2023, are as follows:

			Ownership interest held by the Group (%)		Closing month
			June 30, 2024	December 31, 2023	
	Main business	Location			
Super Series 9th SPC <sup>1</sup>	Asset securitization	Korea	-	0.5	December
Super Series 10th SPC <sup>1</sup>	Asset securitization	Korea	0.5	0.5	December
Super Series 11th SPC <sup>1</sup>	Asset securitization	Korea	0.5	0.5	December
Super Series 12th SPC <sup>1</sup>	Asset securitization	Korea	0.5	0.5	December
Super Series 13th SPC <sup>1</sup>	Asset securitization	Korea	0.5	0.5	December
Super Series 14th SPC <sup>1</sup>	Asset securitization	Korea	0.5	0.5	December
Super Series 15th SPC <sup>1</sup>	Asset securitization	Korea	0.5	0.5	December
Super Series 16th SPC <sup>1</sup>	Asset securitization	Korea	0.5	-	December
Bluewalnut Co., Ltd.	Electronic banking	Korea	100.0	100.0	December
Money Market Trust	Trust business	Korea	100.0	100.0	-

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

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

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

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2024 and 2023 (Unaudited), and December 31, 2023**

Summarized financial information of the Group's subsidiaries as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	June 30, 2024						
	Assets		Liabilities		Operating income	Profit (loss) for the period	Comprehensive income (loss)
Super Series 10th SPC	₩	-	₩	-	₩ 1,771	₩ -	₩ -
Super Series 11th SPC		350,154		350,154	3,845	-	-
Super Series 12th SPC		405,566		402,994	34,848	-	1,088
Super Series 13th SPC		350,302		350,301	7,462	-	-
Super Series 14th SPC		558,053		567,419	45,271	-	2,203
Super Series 15th SPC		555,890		555,907	50,952	-	4,524
Super Series 16th SPC		550,694		555,398	28,900	-	(3,577)
Bluewalnut Co., Ltd.		80,751		51,784	73,503	(861)	(861)
Money Market Trust		1,252,000		-	929	929	929

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

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2024 and 2023 (Unaudited), and December 31, 2023**

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Subsidiaries newly included from the consolidation during the six-month period ended June 30, 2024.

<b>Name of subsidiary</b>	<b>Reason</b>
Super Series 16th SPC	Establishment

Subsidiaries excluded from the consolidation during the six-month period ended June 30, 2024.

<b>Name of subsidiary</b>	<b>Reason</b>
Super Series 9th SPC	Liquidation

*Non-controlling interests*

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

**5. RESTRICTED CASH AND DEPOSITS:**

Details of restricted cash and deposits as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>		<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>Description</b>
Cash and deposits	Kookmin Bank and others	₩ 18	₩ 18	Guarantee deposits for overdraft
	Shinhan Bank and others	23,100	23,100	Secured deposits
	Citibank and others	47,484	241,076	Deposits related to securitization
		<u>₩ 70,602</u>	<u>₩ 264,194</u>	

**Hyundai Card Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**June 30, 2024 and 2023 (Unaudited), and December 31, 2023**

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**6. SECURITIES:**

Details of securities as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Financial assets at fair value through profit or loss		
Debt securities	₩ 738,287	₩ 668,444
Equity securities	7,696	6,455
	<u>745,983</u>	<u>674,899</u>
Financial assets at fair value through other comprehensive income		
Equity securities <sup>1</sup>	4,596	9,359
Investments in subsidiaries	809	58
	<u>₩ 751,388</u>	<u>₩ 684,316</u>

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

Details of the Group's investments in associates as of June 30, 2024 and December 31, 2023, are as follows:

	<b>Location</b>	<b>Business Details</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Modern Lion	Korea	NFT trading	46.00%	40.00%

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Changes in the Group's investments in associates for the six-month periods ended June 30, 2024 and for the year ended December 31, 2023, are as follows:

(In millions of  
Korean won)

June 30, 2024					
	Cost	Beginning balance	Acquisitions	Gains (losses) on equity-method accounting	Ending balance
Modern Lion	₩ 1,960	₩ 58	₩ 1,160	₩ (409)	₩ 809

(In millions of  
Korean won)

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

Condensed financial information of the Group's investments in associates as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of  
Korean won)

June 30, 2024					
	Assets	Liabilities	Net assets	Profit (loss) for the period	Comprehensive income (loss)
Modern Lion	₩ 1,444	₩ 326	₩ 1,118	₩ (1,021)	₩ (1,021)

(In millions of  
Korean won)

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



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**7. FINANCIAL ASSETS AT AMORTIZED COST:**

Details of financial assets at amortized cost by customers as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of  
Korean won)

	June 30, 2024				
	Principal	Deferred origination cost and fee	Present value of discounts	Provision for impairment	Carrying amount
Card receivables					
Household	₩ 14,658,476	₩ 108	₩ (6,554)	₩ (231,050)	₩ 14,420,980
Corporates	984,590	-	-	(5,215)	979,375
Short-term card loans					
Household	700,721	-	-	(44,343)	656,378
Long-term card loans					
Household	5,326,469	-	(1,105)	(385,570)	4,939,794
Loan receivables					
Household	8,552	-	-	(660)	7,892
	<u>₩ 21,678,808</u>	<u>₩ 108</u>	<u>₩ (7,659)</u>	<u>₩ (666,838)</u>	<u>₩ 21,004,419</u>

(In millions of  
Korean won)

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

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Changes in financial assets at amortized cost, which have significant impact on provisions for impairment, for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loans		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 15,088,804	₩ 843,711	₩ 44,514	₩ 464,474	₩ 135,121	₩ 9,486
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	326,500	(326,353)	(147)	23,706	(23,706)	-
Transfer to assets measured at lifetime expected credit losses	(391,068)	391,186	(118)	(36,371)	36,371	-
Impairment	(60,118)	(41,091)	101,209	(9,046)	(8,835)	17,881
New origination and derecognition	(271,268)	28,131	3,299	83,084	22,929	7,280
Written off	-	-	(82,090)	-	-	(18,675)
Disposal and repurchase	-	-	(12,035)	-	-	(2,978)
Ending balance	₩ 14,692,850	₩ 895,584	₩ 54,632	₩ 525,847	₩ 161,880	₩ 12,994

(In millions of Korean won)	2024							
	Long-term card loans			Loan receivables				Total
	Lifetime expected credit losses		Lifetime expected credit losses					
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired		
Beginning balance	₩ 3,899,393	₩ 580,468	₩ 296,322	₩ 13,217	₩ 2,256	₩ 475	₩ 21,378,241	
Transfer between stages								
Transfer to assets measured at 12-month expected credit losses	177,188	(177,048)	(140)	504	(504)	-	-	
Transfer to assets measured at lifetime expected credit losses	(286,329)	286,823	(494)	(778)	778	-	-	
Impairment	(42,787)	(36,037)	78,824	(102)	(180)	282	-	
New origination and derecognition	664,581	(70,132)	62,971	(5,957)	(1,153)	(76)	523,689	
Written off	-	-	(101,566)	-	-	(199)	(202,530)	
Disposal and repurchase	-	-	(5,568)	-	-	(11)	(20,592)	
Ending balance	₩ 4,412,046	₩ 584,074	₩ 330,349	₩ 6,884	₩ 1,197	₩ 471	₩ 21,678,808	

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(In millions of Korean won)

	2023					
	Card receivables			Short-term card loans		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 14,762,141	₩ 1,357,449	₩ 57,131	₩ 344,555	₩ 104,488	₩ 14,622
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	435,338	(435,268)	(70)	16,795	(16,793)	(2)
Transfer to assets measured at lifetime expected credit losses	(377,251)	377,343	(92)	(21,149)	21,150	(1)
Impairment	(49,849)	(50,165)	100,014	(5,505)	(6,789)	12,294
New origination and derecognition	(1,319,740)	(281,693)	(19,003)	10,981	(11,860)	(990)
Written off	-	-	(82,231)	-	-	(16,352)
Disposal and repurchase	-	-	(7,669)	-	-	(1,313)
Ending balance	₩ 13,450,639	₩ 967,666	₩ 48,080	₩ 345,677	₩ 90,196	₩ 8,258

	2023						
	Long-term card loans			Loan receivables			
	Lifetime expected credit losses			Lifetime expected credit losses			
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	Total
Beginning balance	₩ 3,427,753	₩ 936,085	₩ 219,928	₩ 19,604	₩ 4,512	₩ 332	₩ 21,248,600
Transfer between stages							
Transfer to assets measured at 12-month expected credit losses	256,128	(256,056)	(72)	974	(974)	-	-
Transfer to assets measured at lifetime expected credit losses	(328,395)	328,860	(465)	(1,253)	1,255	(2)	-
Impairment	(41,581)	(52,152)	93,733	(134)	(345)	479	-
New origination and derecognition	150,371	(217,850)	94,159	7,664	(625)	(117)	(1,588,703)
Written off	-	-	(137,912)	-	-	(260)	(236,755)
Disposal and repurchase	-	-	(4,652)	-	-	(32)	(13,666)
Ending balance	₩ 3,464,276	₩ 738,887	₩ 264,719	₩ 26,855	₩ 3,823	₩ 400	₩ 19,409,476

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Changes in provisions for impairment of financial assets at amortized cost for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loans		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 104,008	₩ 82,535	₩ 33,465	₩ 14,113	₩ 15,136	₩ 7,107
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	27,202	(27,105)	(97)	2,412	(2,412)	-
Transfer to assets measured at lifetime expected credit losses	(7,674)	7,744	(70)	(1,073)	1,073	-
Impairment	(31,520)	(26,315)	57,835	(4,628)	(5,989)	10,617
Written off	-	-	(82,090)	-	-	(18,675)
Recovered	-	-	6,967	-	-	1,965
Disposal and repurchase	-	-	(6,885)	-	-	(1,577)
Additional (reversal of) provisions	14,333	51,639	32,293	5,508	10,447	10,319
Ending balance	₩ 106,349	₩ 88,498	₩ 41,418	₩ 16,332	₩ 18,255	₩ 9,756

(In millions of Korean won)

(In millions of Korean won)	2024									
	Long-term card loans					Loan receivables				
	Lifetime expected credit losses			Lifetime expected credit losses			Total			
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired				
Beginning balance	₩ 109,828	₩ 75,061	₩ 159,760	₩ 291	₩ 227	₩ 355	₩ 601,886			
Transfer between stages										
Transfer to assets measured at 12-month expected credit losses	22,360	(22,260)	(100)	53	(53)	-	-			
Transfer to assets measured at lifetime expected credit losses	(10,466)	10,827	(361)	(24)	24	-	-			
Impairment	(17,802)	(19,158)	36,960	(21)	(69)	90	-			
Written off	-	-	(101,566)	-	-	(199)	(202,530)			
Recovered	-	-	8,609	-	-	18	17,559			
Disposal and repurchase	-	-	(2,741)	-	-	(3)	(11,206)			
Additional (reversal of) provisions	22,888	35,698	78,033	(153)	(34)	158	261,129			
Ending balance	₩ 126,808	₩ 80,168	₩ 178,594	₩ 146	₩ 95	₩ 419	₩ 666,838			

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(In millions of Korean won)

	2023						
	Card receivables			Short-term card loans			
	Lifetime expected credit losses			Lifetime expected credit losses			
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	
Beginning balance	₩ 88,033	₩ 113,496	₩ 43,223	₩ 9,116	₩ 11,261	₩ 11,175	
Transfer between stages							
Transfer to assets measured at 12-month expected credit losses	33,048	(33,009)	(39)	1,607	(1,606)	(1)	
Transfer to assets measured at lifetime expected credit losses	(6,815)	6,867	(52)	(596)	597	(1)	
Impairment	(23,369)	(30,920)	54,289	(2,575)	(4,883)	7,458	
Written off	-	-	(82,231)	-	-	(16,352)	
Recovered	-	-	5,798	-	-	2,316	
Disposal and repurchase	-	-	(4,839)	-	-	(856)	
Additional (reversal of) provisions	(12,955)	22,289	19,644	1,841	4,005	2,474	
Ending balance	₩ 77,942	₩ 78,723	₩ 35,793	₩ 9,393	₩ 9,374	₩ 6,213	

(In millions of Korean won)

(In millions of Korean won)	2023													
	Long-term card loans						Loan receivables							
	Lifetime expected credit losses			Lifetime expected credit losses										
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	Total							
Beginning balance	₩	92,692	₩	94,814	₩	124,393	₩	489	₩	814	₩	268	₩	589,774
Transfer between stages														
Transfer to assets measured at 12-month expected credit losses		25,109		(25,059)		(50)		90		(90)		-		-
Transfer to assets measured at lifetime expected credit losses		(11,198)		11,548		(350)		(33)		35		(2)		-
Impairment		(16,371)		(29,579)		45,950		(52)		(166)		218		-
Written off		-		-		(137,912)		-		-		(260)		(236,755)
Recovered		-		-		10,628		-		-		19		18,761
Disposal and repurchase		-		-		(3,051)		-		-		(23)		(8,769)
Additional (reversal of) provisions		3,802		24,895		98,229		134		(129)		83		164,312
Ending balance	₩	94,034	₩	76,619	₩	137,837	₩	628	₩	464	₩	303	₩	527,323

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**8. PROPERTY AND EQUIPMENT:**

Changes in property and equipment for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Land	Buildings	Vehicles	Fixtures and equipment	Construction in progress	Total
Beginning balance	₩ 392,554	₩ 168,963	₩ 996	₩ 60,847	₩ 8,965	₩ 632,325
Acquisitions	-	686	-	4,167	19,480	24,333
Reclassification						
Reclassification within account <sup>1</sup>	(9,169)	(21,433)	1,210	3,360	(4,878)	(30,910)
Reclassification into selling and administrative expenses	-	-	-	-	-	-
Reclassification into intangible assets	-	-	-	-	-	-
Disposal	-	(583)	-	(128)	-	(711)
Depreciation	-	(2,591)	(135)	(11,648)	-	(14,374)
Ending balance	₩ 383,385	₩ 145,042	₩ 2,071	₩ 56,598	₩ 23,567	₩ 610,663

<sup>1</sup> Reclassification within account includes the replacement amount for the assets held for sale, as detailed in Note 37.

(In millions of Korean won)	2023					
	Land	Buildings	Vehicles	Fixtures and equipment	Construction in progress	Total
Beginning balance	₩ 197,870	₩ 104,088	₩ 1,186	₩ 47,821	₩ 28,926	₩ 379,891
Acquisitions	196,271	42,003	-	5,536	3,322	247,132
Reclassification						
Reclassification within account	-	24,561	-	469	(25,030)	-
Reclassification into selling and administrative expenses	-	-	-	-	(21)	(21)
Reclassification into intangible assets	-	-	-	19	-	19
Disposal	-	-	-	(10)	-	(10)
Depreciation	-	(2,121)	(100)	(8,712)	-	(10,933)
Ending balance	₩ 394,141	₩ 168,531	₩ 1,086	₩ 45,123	₩ 7,197	₩ 616,078

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**9. INTANGIBLE ASSETS:**

Changes in intangible assets for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>					
	<b>Developm- ent cost</b>	<b>Software</b>	<b>Others</b>	<b>Construction in progress</b>	<b>Member- ship</b>	<b>Total</b>
Beginning balance	₩ 81,519	₩ 17,370	₩ 2	₩ 12,499	₩ 20,619	₩ 132,009
Acquisitions	5,299	271	-	11,086	1,913	18,569
Reclassification						
Reclassification within account	7,414	-	-	(7,414)	-	-
Reclassification into selling and administrative expenses	(93)	-	-	-	-	(93)
Reclassification into property and equipment	-	-	-	-	-	-
Amortization	(15,208)	(3,309)	-	-	-	(18,517)
Ending balance	₩ 78,931	₩ 14,332	₩ 2	₩ 16,171	₩ 22,532	₩ 131,968

  

<i>(In millions of Korean won)</i>	<b>2023</b>					
	<b>Developm- ent cost</b>	<b>Software</b>	<b>Others</b>	<b>Construction in progress</b>	<b>Member- ship</b>	<b>Total</b>
Beginning balance	₩ 83,099	₩ 18,866	₩ 2	₩ 9,069	₩ 20,619	₩ 131,655
Acquisitions	4,753	1,198	-	10,377	-	16,328
Reclassification						
Reclassification within account	4,923	165	-	(5,088)	-	-
Reclassification into selling and administrative expenses	(298)	-	-	(127)	-	(425)
Reclassification into property and equipment	-	-	-	(19)	-	(19)
Amortization	(14,097)	(3,339)	-	-	-	(17,436)
Ending balance	₩ 78,380	₩ 16,890	₩ 2	₩ 14,212	₩ 20,619	₩ 130,103

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**10. LEASE:**

**The Group as a lessee**

Changes in right-of-use assets for the six-month periods ended June 30, 2024 and 2023, are as follows:

	<b>2024</b>			
	<b>Buildings</b>	<b>Vehicles</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 26,004	₩ 804	₩ -	₩ 26,808
Acquisitions	22,321	143	1,243	23,707
Disposal	(20,034)	(79)	-	(20,113)
Amortization	(6,669)	(124)	(124)	(6,917)
Other	142	-	-	142
Ending balance	₩ 21,764	₩ 744	₩ 1,119	₩ 23,627

	<b>2023</b>			
	<b>Buildings</b>	<b>Vehicles</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 253,284	₩ 758	₩ 68	₩ 254,110
Acquisitions	2,189	341	295	2,825
Disposal	(222,659)	(8)	-	(222,667)
Amortization	(10,717)	(143)	(166)	(11,026)
Other	(500)	-	-	(500)
Ending balance	₩ 21,597	₩ 948	₩ 197	₩ 22,742

The analysis of maturity of lease liabilities before discount recognized in the consolidated interim statements of financial position as of June 30, 2024 and December 31, 2023, are as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Less than one year	₩ 8,795	₩ 9,958
Between one year and five years	15,186	18,108
Lease liabilities before discount	₩ 23,981	₩ 28,066



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The consolidated interim statements of comprehensive income for the six-month periods ended June 30, 2024 and 2023, show the following amounts relating to leases:

<i>(In millions of Korean won)</i>		<b>2024</b>		<b>2023</b>
Interest expense relating to lease liabilities	₩	557	₩	3,443
Expense relating to leases of low-value assets (included in selling and administrative expenses)		134		47

The total cash outflow for leases for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		<b>2024</b>		<b>2023</b>
Total cash outflow for leases	₩	6,855	₩	8,948

**Operating lease – the Group as a lessor**

The Group provides some of the properties it owns as operating leases, and the expected maximum lease period is 2028. The Busan office building operation lease includes the option of the lessee to extend the lease period by five years, and the market review clause is included when the lease renewal option is exercised. The lessee does not have a purchase option to purchase the leased asset at the expiration of the lease term. However, the Group decided to sell the Busan office in June 2024, and the transaction is expected to be completed by the fourth quarter of 2024.

The analysis of maturity of operating lease recognized in the consolidated interim statements of financial position as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>		<b>June 30, 2024</b>		<b>December 31, 2023</b>
Within one year	₩	1,589	₩	1,816
One year to five years		4,447		4,973
	₩	6,036	₩	6,789

The amount recognized as profit for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		<b>2024</b>		<b>2023</b>
The amount recognized as profit	₩	1,124	₩	312

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**11. OTHER ASSETS:**

Details of other assets as of June 30, 2024 and December 31, 2023, are as follows:

*(In millions of Korean won)*

		<b>June 30, 2024</b>		
	<b>Other assets</b>	<b>Provision for impairment</b>	<b>Book amount</b>	
Other receivables	₩ 153,091	₩ (1,392)	₩ 151,699	
Accrued revenue	91,422	(2,760)	88,662	
Guarantee deposits provided	6,154	-	6,154	
Prepayments	95,559	(258)	95,301	
Prepaid expenses	84,114	-	84,114	
Other assets	12,524	-	12,524	
	<b>₩ 442,864</b>	<b>₩ (4,410)</b>	<b>₩ 438,454</b>	

*(In millions of Korean won)*

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

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Changes in provisions of other assets for the six-month periods ended June 30, 2024 and 2023, are as follows:

*(In millions of Korean won)*

	<b>2024</b>					
	<b>Other receivables</b>		<b>Accrued revenue</b>		<b>Prepayments</b>	
Beginning balance	₩	1,651	₩	2,535	₩	207
Additional (reversal of) provisions		(259)		225		51
Ending balance	₩	1,392	₩	2,760	₩	258

*(In millions of Korean won)*

	<b>2023</b>					
	<b>Other receivables</b>		<b>Accrued revenue</b>		<b>Prepayments</b>	
Beginning balance	₩	493	₩	2,559	₩	97
Additional (reversal of) provisions		662		(448)		42
Ending balance	₩	1,155	₩	2,111	₩	139

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**12. BORROWINGS:**

Details of borrowings as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)			Annual interest rate (%)	June 30, 2024
<b>Short-term borrowings</b>				
Commercial Paper	Shinhan Bank and others	4.11 ~ 4.71	₩	197,328
Borrowings <sup>1</sup>	Citi Bank and others	4.42 ~ 5.34		260,000
				<u>457,328</u>
<b>Current portion of long-term borrowings</b>				
Commercial Paper	BNK Securities and others	1.56 ~ 4.69		808,827
Borrowings <sup>1</sup>	KEB Hana Bank and others	2.37 ~ 6.45		318,889
				<u>1,127,716</u>
<b>Long-term borrowings</b>				
Commercial Paper	Kiwoom Securities and others	1.73 ~ 4.74		667,712
Borrowings <sup>1</sup>	KDB Bank and others	4.00 ~ 6.18		700,000
				<u>1,367,712</u>
				<u>₩ 2,952,756</u>

<sup>1</sup> Interest rate after considering swaps.

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

<sup>1</sup> Interest rate after considering swaps.

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Details of debentures as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>Maturity</b>	<b>Annual interest rate (%)</b>	<b>June 30, 2024</b>
Short-term debentures	2024.07 ~ 2024.08	3.77 ~ 5.40	₩ 285,000
Current portion of debentures <sup>1</sup>	2024.07 ~ 2025.06	1.55 ~ 6.63	3,270,000
Long-term debentures <sup>1</sup>	2025.07 ~ 2032.03	1.64 ~ 6.61	11,770,486
			<u>15,325,486</u>
Discounts on debenture			<u>(22,928)</u>
			<u>₩ 15,302,558</u>

<sup>1</sup> Interest rate after considering swaps.

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

<sup>1</sup> Interest rate after considering swaps.

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

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**13. POSTEMPLOYMENT BENEFITS:**

**13.1 Defined Contribution Plan**

The expense recognized in the consolidated interim statements of comprehensive income related to postemployment benefit under the defined contribution plan for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		<b>2024</b>		<b>2023</b>
Defined contribution plan	₩	754	₩	898

**13.2 Defined Benefit Plan**

*General*

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

*Net defined benefit liabilities (assets)*

Changes in present value of net defined benefit liabilities (assets) for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>								
	<b>Present value of the defined benefit obligation</b>		<b>Plan assets</b>			<b>National Pension Fund</b>		<b>Net defined benefit liabilities (assets)</b>	
Beginning balance	₩	109,663	₩	(120,272)	₩	(10)	₩	(10,619)	
Current service cost		6,144		-		-		6,144	
Interest expense (income)		2,254		(2,485)		-		(231)	
Return on plan assets (excluding amounts included in interest income)		-		(83)		-		(83)	
Actuarial loss(gain) from change in financial assumptions		1,067		-		-		1,067	
Actuarial loss(gain) arising from experience adjustment		343		-		-		343	
Transfer of employees between the Group and its related companies		561		(538)		-		23	
Benefits paid		(6,006)		5,908		-		(98)	
Ending balance	₩	114,026	₩	(117,470)	₩	(10)	₩	(3,454)	

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(In millions of Korean won)

	2023			
	Present value of the defined benefit obligation		National Pension Fund	
		Plan assets		Net defined benefit liabilities (assets)
Beginning balance	₩ 91,211	₩ (117,823)	₩ (10)	₩ (26,622)
Current service cost	5,492	-	-	5,492
Interest expense (income)	2,318	(3,042)	-	(724)
Return on plan assets (excluding amounts included in interest income)	-	688	-	688
Actuarial loss(gain) from change in financial assumptions	1,644	-	-	1,644
Actuarial loss(gain) arising from experience adjustment	5,310	-	-	5,310
Transfer of employees between the Group and its related companies	(43)	112	-	69
Benefits paid	(5,160)	5,113	-	(47)
Ending balance	₩ 100,772	₩ (114,952)	₩ (10)	₩ (14,190)

**13.3 Long-Term Employee Benefit Liabilities**

Changes in present value of long-term employee benefit liabilities for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024	2023
Beginning balance	₩ 5,192	₩ 6,583
Current service cost	185	253
Interest expense	100	152
Actuarial loss	465	1,312
Benefits paid	(258)	(1,160)
Ending balance	₩ 5,684	₩ 7,140

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**14. PROVISIONS:**

Changes in provisions for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>			
	<b>Unused commitment</b>	<b>Point</b>	<b>Provision for restoration</b>	<b>Total</b>
Beginning balance	₩ 127,027	₩ 38,202	₩ 1,999	₩ 167,228
Provision (reversal)	9,485	2,803	(1,594)	10,694
Others	-	-	1,374	1,374
Ending balance	₩ 136,512	₩ 41,005	₩ 1,779	₩ 179,296

<i>(In millions of Korean won)</i>	<b>2023</b>			
	<b>Unused commitment</b>	<b>Point</b>	<b>Provision for restoration</b>	<b>Total</b>
Beginning balance	₩ 97,998	₩ 33,122	₩ 4,070	₩ 135,190
Provision (reversal)	9,790	2,454	(3,300)	8,944
Others	-	-	957	957
Ending balance	₩ 107,788	₩ 35,576	₩ 1,727	₩ 145,091

Changes in provision for unused commitment for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>			
	<b>Lifetime expected credit losses</b>			<b>Total</b>
	<b>12-month expected credit losses</b>	<b>Not impaired</b>	<b>Impaired</b>	
Beginning balance	₩ 96,053	₩ 30,974	₩ -	₩ 127,027
Transfer between stages				
Transfer to assets measured at 12-month expected credit losses	15,094	(15,094)	-	-
Transfer to assets measured at lifetime expected credit losses	(3,067)	3,067	-	-
Impairment	(6)	(10)	16	-
Provision (reversal)	(6,155)	15,656	(16)	9,485
Ending balance	₩ 101,919	₩ 34,593	₩ -	₩ 136,512



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(In millions of Korean won)	2023							
	12-month expected credit losses		Lifetime expected credit losses					
			Not impaired		Impaired		Total	
Beginning balance	₩	77,835	₩	20,163	₩	-	₩	97,998
Transfer between stages								
Transfer to assets measured at 12-month expected credit losses		9,668		(9,668)		-		-
Transfer to assets measured at lifetime expected credit losses		(2,420)		2,420		-		-
Impairment		(4)		(8)		12		-
Provision (reversal)		1,322		8,480		(12)		9,790
Ending balance	₩	86,401	₩	21,387	₩	-	₩	107,788

**15. OTHER LIABILITIES:**

Details of other liabilities as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	June 30, 2024	December 31, 2023
Accounts payable	₩ 1,840,489	₩ 2,163,249
Accrued expenses	207,788	212,329
Withholdings	158,601	127,085
Guarantee deposit received	12,325	11,968
Unearned revenue	530,288	489,857
	₩ 2,749,491	₩ 3,004,488

Details of unearned revenue as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Point programs (point deferred revenue)	₩ 366,964	₩ 348,752
Annual subscription	163,143	140,894
Others	181	211
	<b>₩ 530,288</b>	<b>₩ 489,857</b>

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Changes in point deferred revenue for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Beginning balance	₩	348,752	₩	329,286
Deferred revenue		203,514		181,655
Revenue recognition		(185,302)		(174,386)
Ending balance	₩	366,964	₩	336,555

**16. DERIVATIVES AND HEDGE ACCOUNTING:**

*Derivative instruments held for trading*

Details of derivative instruments held for trading as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2024</b>			<b>December 31, 2023</b>		
	<b>Contract amount</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Contract amount</b>	<b>Assets</b>	<b>Liabilities</b>
Treasury Bond						
Futures	₩ 1,788	₩ -	₩ -	₩ -	₩ -	₩ -

The loss recognized in the statement of comprehensive income related to derivatives held for trading amounted to ₩26 million for the six-month period ended June 30, 2024.

*Cash flow hedge*

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

The Group shall discontinue prospectively if a hedging instrument expires or is sold, terminated or exercised; the hedge no longer meets the criteria for hedge accounting; the Group revokes the designation; or a forecast transaction is no longer expected to occur, in which case, any related cumulative gain or loss on the hedging instrument that has been

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recognized in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to profit or loss as a reclassification adjustment.

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

The hedge relationship to which the Group applies cash flow hedge is affected by the interest rate benchmark related to the rate benchmark reform. Interest rate benchmarks exposed to hedge relationship are KRW CD and KRW CMS. The hedged items include won-denominated variable-rate borrowings issued (see Note 12), which have the same swap, maturity and nominal amounts. Among the Group's hedge relationship, the nominal amounts of hedging instrument related to KRW CD and KRW CMS are ₩1,363,889 million and ₩1,610,000 million, respectively. The Group is closely watching market and industry discussions regarding applicable alternative base interest rates for exposed interest rate benchmarks, and it believes this uncertainty will no longer arise when the exposed interest rate benchmark is replaced with an applicable rate.

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

Details of derivative assets and liabilities as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	June 30, 2024			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income <sup>1</sup>
Interest rate swap	₩ 2,973,889	₩ 35,048	₩ 4,783	₩ 24,218
Currency swap	2,775,486	85,450	-	(8,683)
	<u>₩ 5,749,375</u>	<u>₩ 120,498</u>	<u>₩ 4,783</u>	<u>₩ 15,535</u>

  

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

<sup>1</sup> Amount reflects tax effect.

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

The maximum period for the Group to be exposed to the variability in future cash flows arising from derivatives designated as cash flow hedges is expected to be until March 22, 2032. Meanwhile, the gain recognized as ineffective portion in relation to cash flow hedge is ₩8,891 million for six-month period ended June 30, 2024.

The average hedge ratio of derivative assets and liabilities as of June 30, 2024, is as follows:

<i>(In millions of Korean won)</i>		<b>Less than 1 year</b>	<b>Between 1 year and 2 years</b>	<b>Between 2 and 3 years</b>	<b>Between 3 and 4 years</b>	<b>Between 4 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Nominal amount of hedged item	₩	1,003,889	₩ 1,012,868	₩ 2,125,405	₩ 622,613	₩ 944,600	₩ 40,000	₩ 5,749,375
Nominal amount of hedging instrument	₩	1,003,889	₩ 1,012,868	₩ 2,125,405	₩ 622,613	₩ 944,600	₩ 40,000	₩ 5,749,375
Average hedge ratio		100%	100%	100%	100%	100%	100%	100%

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**17. SHARE CAPITAL AND HYBRID SECURITIES:**

Details of capital stock as of June 30, 2024 and December 31, 2023, are as follows:

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

Details of hybrid securities classified as equity as of June 30, 2024, are as follows:

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

<sup>1</sup> Conditions for issuance for bond-type hybrid securities are as follows:

**876<sup>th</sup> Bond-type hybrid securities**

<b>Maturity</b>	30 years (extendable at the discretion of the Group at original maturity)
<b>Interest rate</b>	From issue date to July 12, 2028: A fixed rate of 6.00% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
<b>Interest payment condition</b>	Three months in arrears with selective deferment
<b>Others</b>	Early redemption by issuer allowed five years after issuance

**898<sup>th</sup> Bond-type hybrid securities**

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

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**899<sup>th</sup> Bond-type hybrid securities**

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

**18. RETAINED EARNINGS:**

Retained earnings as of June 30, 2024 and December 31, 2023, consist of the following:

<i>(In millions of Korean won)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Legal reserves <sup>1</sup>	₩ 106,971	₩ 93,716
Reserves for electronic financial transaction (Note 28)	1,000	1,000
Regulatory reserve for credit losses (Note 20)	856,219	1,131,719
Unappropriated retained earnings	1,861,811	1,579,122
	<u>₩ 2,826,001</u>	<u>₩ 2,805,557</u>

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

Changes in retained earnings for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Beginning balance	₩ 2,805,557	₩ 2,613,156
Profit for the period	163,792	157,206
Dividends paid	(132,544)	(60,977)
Dividends on hybrid securities	(8,044)	(7,048)
Transfer for capital adjustment	(760)	-
Gain (loss) on financial assets at fair value through other comprehensive income	(2,000)	-
Ending balance	<u>₩ 2,826,001</u>	<u>₩ 2,702,337</u>

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**19. ACCUMULATED OTHER COMPREHENSIVE INCOME:**

Changes in accumulated other comprehensive income for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Beginning balance	Changes			Transfer to retained earnings	Ending balance
		Reclassification of profit or loss	Other	Tax effects		
Gain (loss) on valuation of derivatives	₩ 18,485	₩ (128,296)	₩ 124,623	₩ 723	₩ -	₩ 15,535
Remeasurements of net defined benefit liabilities	(13,013)	-	(1,327)	428	-	(13,912)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	582	-	(1,962)	(14)	2,000	606
Gain on overseas operations translation	-	-	54	-	-	54
	<u>₩ 6,054</u>	<u>₩ (128,296)</u>	<u>₩ 121,388</u>	<u>₩ 1,137</u>	<u>₩ 2,000</u>	<u>₩ 2,283</u>

(In millions of Korean won)

	2023				
	Beginning balance	Changes			Ending balance
		Reclassification of profit or loss	Other	Tax effects	
Gain (loss) on valuation of derivatives	₩ 77,447	₩ (48,427)	₩ 24,684	₩ 6,076	₩ 59,780
Remeasurements of net defined benefit liabilities	(4,885)	-	(7,625)	1,785	(10,725)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	574	-	-	3	577
	<u>₩ 73,136</u>	<u>₩ (48,427)</u>	<u>₩ 17,059</u>	<u>₩ 7,864</u>	<u>₩ 49,632</u>

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**20. REGULATORY RESERVE FOR CREDIT LOSSES:**

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

Details of regulatory reserve for credit losses as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Beginning balance	₩ 856,219	₩ 1,131,719
Amount estimated to be appropriated (reversed)	35,105	(275,500)
Ending balance	₩ 891,324	₩ 856,219

Estimated provision of regulatory reserve for credit losses and adjusted profit after provision of regulatory reserve for credit losses for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Profit for the period	₩ 163,792	₩ 157,205
Provision (reversal) of regulatory reserve for credit losses	35,105	(257,553)
Adjusted profit after provision of regulatory reserve for credit losses	₩ 128,687	₩ 414,758
Earnings per share after provision of reserve for credit losses <i>(In Korean won)</i>	₩ 802	₩ 2,585



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**21. CARD INCOME AND EXPENSE:**

Details of card income and expense for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Six Months	Three Months	Six Months
<b>Card income:</b>				
Agent commission <sup>1</sup>	₩ 399,711	₩ 798,469	₩ 406,083	₩ 787,510
Commission income from life service	17,187	31,527	16,337	30,518
Overseas commission income	37,981	64,601	23,727	35,451
Income from annual subscription	84,243	163,445	70,064	136,621
Others	43,535	81,977	38,307	67,747
Deduction from revenue <sup>2</sup>	(144,518)	(290,716)	(150,562)	(300,397)
	<u>₩ 438,139</u>	<u>₩ 849,303</u>	<u>₩ 403,956</u>	<u>₩ 757,450</u>
<b>Card expense:</b>				
Acquisition fee	₩ 21,255	₩ 42,215	₩ 22,918	₩ 43,359
Promotion	59,681	119,144	65,781	135,690
Service fee <sup>1</sup>	195,003	391,293	184,378	367,323
Financial service fee	1,076	2,108	850	1,458
Credit sales handling expenses	51,863	103,718	49,759	94,156
Overseas payment fee	27,955	56,168	23,689	43,040
Card issuance expenses	10,601	26,845	12,386	24,042
Others	21,141	38,905	20,356	38,248
Deduction from expense <sup>2</sup>	(144,518)	(290,716)	(150,562)	(300,397)
	<u>₩ 244,057</u>	<u>₩ 489,680</u>	<u>₩ 229,555</u>	<u>₩ 446,919</u>

<sup>1</sup> The point-giving transaction with card members is that the Group provided the card member with the customer option, and the Group determines that it controls the transaction as principal. If the Group determines that it arranges for the provision of the good or service to customers by credit card merchant, the effect on card income and card expense by net accounting for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Six Months	Three Months	Six Months
Decrease in card income	₩ 110,166	₩ 219,721	₩ 99,597	₩ 202,616
Decrease in card expense	110,166	219,721	99,597	202,616

<sup>2</sup> Deductible items in accordance with application of K-IFRS No.1115.

**Hyundai Card Co., Ltd. and Subsidiaries**  
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**22. INTEREST INCOME AND EXPENSE:**

Details of interest income and expense for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Six Months	Three Months	Six Months
<b>Interest income:</b>				
Income from installment service	₩ 116,822	₩ 227,015	₩ 84,094	₩ 175,991
Income from short-term card loans	25,481	49,357	15,697	30,054
Income from long-term card loans (general card loans)	156,279	305,023	132,918	268,142
Income from long-term card loans (refinancing loans)	2,936	5,806	2,559	5,559
Revolving interest income	44,144	87,284	42,044	92,459
Loan receivable income	279	666	962	1,735
Other interest income	20,531	43,122	21,299	42,885
	<u>₩ 366,472</u>	<u>₩ 718,273</u>	<u>₩ 299,573</u>	<u>₩ 616,825</u>
<b>Interest expense:</b>				
Expense from borrowings	₩ 34,976	₩ 71,416	₩ 32,831	₩ 65,645
Expense from debentures	144,492	277,842	101,280	197,797
Expense from others	265	598	314	3,551
	<u>₩ 179,733</u>	<u>₩ 349,856</u>	<u>₩ 134,425</u>	<u>₩ 266,993</u>

**Hyundai Card Co., Ltd. and Subsidiaries**  
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**23. OTHER OPERATING INCOME AND EXPENSES:**

Other operating income and expenses for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Six Months	Three Months	Six Months
<b>Other operating income:</b>				
Gain on foreign currency transactions	₩ 12,104	₩ 23,273	₩ 9,366	₩ 24,674
Gain on foreign currency translations	-	-	4,480	4,480
Gain on derivative transactions	-	3,776	-	5,776
Gain on valuation of derivatives	61,795	133,938	9,450	54,374
Others	84,799	176,578	89,472	126,551
	<u>₩ 158,698</u>	<u>₩ 337,565</u>	<u>₩ 112,768</u>	<u>₩ 215,855</u>
<b>Other operating expenses:</b>				
Loss on foreign currency transactions	₩ 4,444	₩ 13,170	₩ 3,380	₩ 13,199
Loss on foreign currency translations	60,350	124,520	9,202	53,911
Loss on derivative transactions	27	27	-	6,780
Loss on valuation of derivatives	(1,451)	527	4,480	4,480
Others	19,526	37,879	15,223	31,759
	<u>₩ 82,896</u>	<u>₩ 176,123</u>	<u>₩ 32,285</u>	<u>₩ 110,129</u>

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**24. SELLING AND ADMINISTRATIVE EXPENSES:**

Details of selling and administrative expenses for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Six Months	Three Months	Six Months
Salaries	₩ 60,554	₩ 114,921	₩ 56,380	₩ 102,112
Post-employment benefits	3,538	18,523	3,073	6,054
Employee benefits	7,723	20,345	8,758	19,681
Travel expenses	763	1,407	535	840
Communication expenses	4,851	9,313	5,660	10,354
Postal expenses	2,446	5,286	2,590	5,747
Rental expenses	3,223	6,758	3,531	7,591
Taxes and dues	8,860	20,000	5,463	15,555
Repair and maintenance expenses	426	720	297	697
Insurance premiums	339	675	257	526
Entertainment expenses	143	283	329	496
Advertising expenses	17,519	33,601	31,073	49,674
Supply expenses	637	1,286	595	1,207
Vehicle maintenance expenses	6	13	6	13
Periodicals expenses	27	76	55	116
Publication expenses	695	1,164	853	1,400
Training expenses	675	1,064	306	650
IT expenses	17,494	34,043	15,426	31,184
Expense for temporary staff	4,184	9,651	4,872	9,813
Professional service expenses	27,673	55,942	33,253	64,399
Delivery commission	335	723	364	766
Commission expenses	10,105	21,696	9,385	20,062
Business activity expenses	110	233	114	205
Construction expenses	510	1,321	1,512	3,766
Depreciation	7,174	14,374	5,544	10,933
Amortization	9,308	18,517	8,921	17,436
Depreciation of right-of-use assets	3,367	6,917	4,386	11,026
Event expenses	219	570	207	257
Conference expenses	206	406	246	460
Building administrative expenses	3,853	6,876	3,480	6,639
	₩ 196,963	₩ 406,704	₩ 207,471	₩ 399,659

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**25. NON-OPERATING INCOME AND EXPENSES:**

Non-operating income and expenses for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

*(In millions of Korean won)*

	<b>2024</b>		<b>2023</b>	
	<b>Three Months</b>	<b>Six Months</b>	<b>Three Months</b>	<b>Six Months</b>
<b>Non-operating income:</b>				
Gains on disposal of property and equipment and intangible assets	₩ -	₩ 11	₩ 12	₩ 12
Rental fee income	1,109	1,948	484	892
Miscellaneous profit	85	170	210	252
	<u>₩ 1,194</u>	<u>₩ 2,129</u>	<u>₩ 706</u>	<u>₩ 1,156</u>
<b>Non-operating expenses:</b>				
Loss on disposal of property and equipment and intangible assets	₩ 710	₩ 711	₩ 5	₩ 6
Donation	3,112	3,138	755	762
Loss on equity method	227	409	88	276
Impairment loss on assets held for sale	3,410	3,410	-	-
	<u>₩ 7,459</u>	<u>₩ 7,668</u>	<u>₩ 848</u>	<u>₩ 1,044</u>

**26. TAX EXPENSE:**

Income tax expense for the six-month periods ended June 30, 2024 and 2023, consists of the following:

*(In millions of Korean won)*

	<b>2024</b>	<b>2023</b>
Current tax on profits for the period (including additional payment of tax and income tax refund)	₩ 47,639	₩ 38,974
Changes in deferred tax assets by temporary differences	(8,362)	(969)
Income tax expense (revenue) reflected directly to equity	1,137	7,864
Income tax expense	<u>₩ 40,414</u>	<u>₩ 45,869</u>

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Income tax expenses reflected directly to equity for the six-month periods ended June 30, 2024 and 2023, are as follows:

*(In millions of Korean won)*

	<b>2024</b>		
	<b>Beginning balance</b>	<b>Increase (Decrease)</b>	<b>Ending balance</b>
Tax effect related to cash flow hedges	₩ (5,614)	₩ 723	₩ (4,891)
Tax effect related to remeasurements of net defined benefit liabilities	3,951	428	4,379
Tax effect related to gain (loss) on valuation of financial assets at fair value through other comprehensive income	(177)	(14)	(191)
	<u>₩ (1,840)</u>	<u>₩ 1,137</u>	<u>₩ (703)</u>

*(In millions of Korean won)*

	<b>2023</b>		
	<b>Beginning balance</b>	<b>Increase (Decrease)</b>	<b>Ending balance</b>
Tax effect related to cash flow hedges	₩ (24,895)	₩ 6,076	₩ (18,819)
Tax effect related to remeasurements of net defined benefit liabilities	1,590	1,785	3,375
Tax effect related to gain (loss) on valuation of financial assets at fair value through other comprehensive income	(185)	3	(182)
	<u>₩ (23,490)</u>	<u>₩ 7,864</u>	<u>₩ (15,626)</u>

A reconciliation between profit before income tax and income tax expense for the six-month periods ended June 30, 2024 and 2023, are as follows:

*(In millions of Korean won)*

	<b>2024</b>	<b>2023</b>
Profit before income tax	₩ 204,206	₩ 203,075
Income tax based on statutory tax rate	48,729	48,431
Add (deduct):		
Others	(8,315)	(2,562)
Income tax expense for continuing operations	<u>₩ 40,414</u>	<u>₩ 45,869</u>
Effective tax rate	<u>19.79%</u>	<u>22.59%</u>

**Hyundai Card Co., Ltd. and Subsidiaries**  
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**27. CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS:**

Details of cash and cash equivalents as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current deposit	₩ 268	₩ 238
Ordinary deposit	369,758	542,924
Other cash and cash equivalents	1,550,019	506,085
	<u>₩ 1,920,045</u>	<u>₩ 1,049,247</u>

Cash generated from (used in) operations for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Profit for the period	₩ 163,792	₩ 157,205
Adjustments:		
Income tax expense	40,414	45,869
Interest expense	349,856	266,993
Impairment loss	261,111	164,570
Loss on equity method accounting	409	276
Loss on valuation of financial assets at fair value through profit or loss	8,008	2,404
Postemployment benefits	5,913	4,769
Other long-term employee benefits	750	1,716
Depreciation	14,374	10,933
Amortization	18,517	17,436
Depreciation of right-of-use assets	6,917	11,026
Loss on foreign currency translations	124,520	53,911
Loss on derivatives instruments	527	11,260
Loss on disposal of property and equipment and intangible assets	711	6
Non-interest-bearing installment	3,105	8,666
Additional (reversal) of provisions	10,695	8,944
Interest income	(689,101)	(555,782)
Dividend income	(20)	(20)
Gain on valuation of financial assets at fair value through profit or loss	(3,819)	(11,891)
Gain on disposal of financial assets at fair value through profit or loss	(3,447)	(3,599)
Gain on foreign currency translation	-	(4,480)

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<i>(In millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Gain on derivatives instruments	(137,714)	(60,150)
Amortization of present value of discounts of card assets	(6,909)	(42,090)
Amortization of deferred origination cost and fee of card assets	(22,264)	(18,953)
Gains on disposal of property and equipment and intangible assets	(11)	(12)
Impairment loss on assets held for sale	3,410	-
Other	4,591	(2,777)
	<u>(9,457)</u>	<u>(90,975)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(69,905)	(441,984)
Decrease (increase) in card assets	(483,056)	1,632,910
Decrease (increase) in loan receivables	7,211	(6,893)
Increase in other receivables	(35,067)	(20,211)
Decrease (increase) in other assets	(27,763)	127,552
Decrease in other payables	(330,805)	(555,073)
Increase in withholdings	31,582	9,355
Decrease in accrued expenses	(12,140)	(21,729)
Increase in other liabilities	40,464	18,041
	<u>(879,479)</u>	<u>741,968</u>
Cash generated from (used in) operations	<u>₩ (725,144)</u>	<u>₩ 808,198</u>



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**28. CONTINGENCIES AND COMMITMENTS:**

*(a) Significant commitments*

The Group made an intraday bank overdraft agreement of ₩150 billion with Kookmin Bank and 4 other institutions, and the Group made an agreement of ₩1,711.1 billion with Kookmin Bank and 18 other institutions for general loans and credit line as of June 30, 2024. In addition, for the Credit Line agreement, the Yeouido Building 1 owned by the Group is provided as collateral to Woori Bank, and the mortgage amount is ₩180 billion.

*(b) Pending litigations*

As of June 30, 2024, the Group is involved in 40 cases (₩4,597 million) as a defendant, 53 cases (₩76,863 million) as a plaintiff and cases for debt collection against multiple debtors in the important pending litigations. The Group does not anticipate that these pending litigations referred above will have a significant effect on its consolidated interim financial statements.

*(c) Reserve for loss reimbursement*

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

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

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

*(e) Commitment associated with asset-backed securitization*

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

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*(f) Agreement relating to borrowing*

As of June 30, 2024, the Group has entered into agreements including trigger clause with its creditors for the purpose of credit enhancement of certain borrowings. If the Group breaches its trigger clause, the Group may be subject to early repayment or suspension/ termination of contracts with the creditors.

**29. RELATED-PARTY TRANSACTIONS:**

Details of the related parties as of June 30, 2024, are as follows:

	<b>Companies</b>
Parent company	Hyundai Motor Company
Associates	Modern Lion
Entities with significant influence over the company.	Hyundai Commercial Inc.; Taipei Fubon Commercial Bank Co., Ltd.; Fubon Life Insurance Co., Ltd.
Other related parties and affiliates of group of large-scale enterprises <sup>1</sup>	Subsidiaries and associates of Hyundai Motor Company, etc.

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

# Hyundai Card Co., Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### June 30, 2024 and 2023 (Unaudited), and December 31, 2023

Sales and purchases with related parties for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024							
	Income			Expenses			Others	
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others <sup>1</sup>	Purchase of property, equipment, intangible assets and others	
<b>Parent company</b>								
Hyundai Motor Company	₩ 101,363	₩ -	₩ 503	₩ 1,199	₩ 394	₩ 434	₩	-
<b>Other related parties</b>								
Hyundai Capital	-	212	41	20,215	4,103	439		1,927
Kia Corporation	35,719	-	418	225	-	51		-
Hyundai AutoEver	1,337	-	330	-	24,635	407		20,799
Hyundai Engineering	4	-	1	85	4,072	-		-
Hyundai Steel	1	-	-	82	-	-		-
Others	2,351	287	3,921	1,178	3,380	1,760		811
	₩ 140,775	₩ 499	₩ 5,214	₩ 22,984	₩ 36,584	₩ 3,091	₩	23,537

<sup>1</sup> Reversal of provision for impairment on card assets due from related party amounting to ₩58 million is included.

(In millions of Korean won)	2023							
	Income			Expenses			Others	
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others <sup>1</sup>	Purchase of property, equipment, intangible assets and others	
<b>Parent company</b>								
Hyundai Motor Company	₩ 97,013	₩ -	₩ 66	₩ -	₩ 15	₩ 412	₩	19
<b>Other related parties</b>								
Hyundai Capital	-	147	530	20,850	1,878	605		341
Kia Corporation	39,411	-	334	-	-	64		-
Hyundai AutoEver	1,329	-	972	-	21,693	375		10,683
Hyundai Engineering	4	-	-	-	6,050	-		-
Hyundai Steel	1	-	2	-	-	-		-
Others	1,215	99	2,858	254	5,026	1,447		-
	₩ 138,973	₩ 246	₩ 4,762	₩ 21,104	₩ 34,662	₩ 2,903	₩	11,043

<sup>1</sup> Additional provision for impairment on card assets due from related party amounting to ₩64 million is included.

**Hyundai Card Co., Ltd. and Subsidiaries**  
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Outstanding balances arising from sales/purchases of goods and services as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of  
Korean won)

(In millions of Korean won)		June 30, 2024										
		Receivables					Payables					
		Card assets <sup>1</sup>	Provision for impairment		Others	Other payables	Others <sup>3</sup>		Unused credit limit <sup>2</sup>			
Parent company												
Hyundai Motor Company	₩	50,456	₩	(33)	₩	10	₩	58,216	₩	3	₩	249,544
Other related parties												
Hyundai Capital		125,923		(92)		1,607		2,624		1,528		141,807
Kia Corporation		15,390		(10)		-		18,618		-		54,504
Hyundai AutoEver		6,519		(4)		-		3,875		15,786		39,481
Hyundai Engineering		5,064		(3)		-		3		-		14,936
Hyundai Steel		6,419		(4)		-		1		-		23,581
Others		43,369		(120)		1,353		7,673		882		208,794
	₩	253,140	₩	(266)	₩	2,970	₩	91,010	₩	18,199	₩	732,647

<sup>1</sup> Unsettled amount of the corporate purchasing card amounting to ₩29,573 million is included and the amounts used and redeemed for the six-month period ended June 30, 2024, are ₩306,886 million and ₩329,102 million, respectively.

<sup>2</sup> Unused credit limit of the corporate purchasing card is included.

<sup>3</sup> As of June 30, 2024, the repayment amount of lease liabilities under lease contract with related parties is ₩3,911 million.

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(In millions of  
Korean won)

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

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

<sup>2</sup> Unused credit limit of the corporate purchasing card is included.

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

Compensation for key management for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024	2023
Short-term employee benefits	₩ 9,682	₩ 9,061
Postemployment benefits	1,578	1,136
Other long-term benefits	10	9
	₩ 11,270	₩ 10,206

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The fund transactions with related parties included in card assets for the six-month periods ended June 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		<b>December 31, 2023</b>	<b>Net increase (decrease)<sup>1</sup></b>	<b>June 30, 2024</b>
<b>Parent company</b>				
Hyundai Motor Company	₩	62,232	₩ (11,776)	₩ 50,456
<b>Other related parties</b>				
Hyundai Capital		114,193	11,730	125,923
Kia Corporation		26,556	(11,166)	15,390
Hyundai AutoEver		6,599	(80)	6,519
Hyundai Engineering		7,730	(2,666)	5,064
Hyundai Steel		7,345	(926)	6,419
Others		60,063	(16,694)	43,369
	₩	<u>284,718</u>	₩ <u>(31,578)</u>	₩ <u>253,140</u>

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

<i>(In millions of Korean won)</i>		<b>December 31, 2022</b>	<b>Net increase (decrease)<sup>1</sup></b>	<b>June 30, 2023</b>
<b>Parent company</b>				
Hyundai Motor Company	₩	72,686	₩ (21,225)	₩ 51,461
<b>Other related parties</b>				
Hyundai Capital		128,947	29,479	158,426
Kia Corporation		23,485	(6,665)	16,820
Hyundai AutoEver		9,590	(4,664)	4,926
Hyundai Engineering		4,766	187	4,953
Hyundai Steel		7,377	(1,695)	5,682
Others		40,265	(535)	39,730
	₩	<u>287,116</u>	₩ <u>(5,118)</u>	₩ <u>281,998</u>

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

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Dividends paid to the related parties for the six-month periods ended June 30, 2024 and 2023, are as follows:

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

As of June 30, 2024, there are no payment guarantees and collateral provided by the Group for the financial supports to the related parties and no collateral and payment guarantees are provided by the related parties.

**30. TRANSFERS OF FINANCIAL ASSETS:**

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

<i>(In millions of Korean won)</i>	<b>Asset-backed card assets</b>			
		<b>June 30, 2024</b>		<b>December 31, 2023</b>
Book amount of assets <sup>1</sup>	₩	6,855,361	₩	6,929,238
Book amount of associated liabilities		2,774,894		2,650,118

<sup>1</sup> The amount is before provision for impairment.

As of June 30, 2024, the Group has issued its securitization liabilities with card assets as an underlying asset, and the related securitization liabilities have the right of recourse about the underlying assets. As of June 30, 2024, the fair value of financial assets transferred, but not eliminated is ₩6,820,986 million, the fair value of related liabilities is ₩2,778,562 million and net position is ₩4,042,424 million.

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**31. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES:**

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

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

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

The effects of netting agreements as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	June 30, 2024					
			Net amounts presented in the consolidated statement of financial position		Amounts not offset	
	Recognized financial assets and liabilities	Gross financial assets and liabilities set off			Financial instruments	Cash collateral received
						Net amount
<b>Financial assets</b>						
Derivative assets	₩ 120,498	₩ -	₩ 120,498	₩ 3,497	₩ -	₩ 117,001
<b>Financial liabilities</b>						
Derivative liabilities	4,783	-	4,783	3,497	-	1,286
(In millions of Korean won)	December 31, 2023					
			Net amounts presented in the consolidated statement of financial position		Amounts not offset	
	Recognized financial assets and liabilities	Gross financial assets and liabilities set off			Financial instruments	Cash collateral received
						Net amount
<b>Financial assets</b>						
Derivative assets	₩ 49,292	₩ -	₩ 49,292	₩ 5,748	₩ -	₩ 43,544
<b>Financial liabilities</b>						
Derivative liabilities	56,563	-	56,563	5,748	-	50,815



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**32. FINANCIAL INSTRUMENTS BY CATEGORY:**

Carrying amounts of financial instruments by category as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	June 30, 2024				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative instruments for hedging	Total
<b>Financial assets</b>					
Cash and deposits	₩ 2,001,663	₩ -	₩ -	₩ -	₩ 2,001,663
Securities	-	745,983	4,596	-	750,579
Card assets and loan receivables	21,004,419	-	-	-	21,004,419
Other financial assets <sup>1</sup>	246,514	-	-	120,498	367,012
	<u>₩ 23,252,596</u>	<u>₩ 745,983</u>	<u>₩ 4,596</u>	<u>₩ 120,498</u>	<u>₩ 24,123,673</u>

(In millions of Korean won)	June 30, 2024		
	Financial liabilities at amortized cost	Derivative instruments for hedging	Total
<b>Financial liabilities</b>			
Borrowings	₩ 18,255,313	₩ -	₩ 18,255,313
Other financial liabilities <sup>2</sup>	2,225,016	4,783	2,229,799
	<u>₩ 20,480,329</u>	<u>₩ 4,783</u>	<u>₩ 20,485,112</u>

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

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

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(In millions of Korean won)

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

(In millions of Korean won)

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

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

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

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Net gains or losses on each category of financial instruments for the six-month periods ended June 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024				
	Interest income	Interest expenses	Card income	Card expenses	Impairment loss
<b>Financial assets</b>					
Financial assets at amortized cost	₩ 718,273	₩ -	₩ 849,303	₩ 489,680	₩ 261,111
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Derivative instruments for hedging	-	-	-	-	-
<b>Financial liabilities</b>					
Financial liabilities at amortized cost	-	349,856	-	-	-
Derivative instruments for hedging	-	-	-	-	-
	<u>₩ 718,273</u>	<u>₩ 349,856</u>	<u>₩ 849,303</u>	<u>₩ 489,680</u>	<u>₩ 261,111</u>

(In millions of Korean won)

	2024				
	Gain (loss) on valuation	Gain (loss) on disposal	Dividend income	Loss on foreign currency translation	Gain on foreign currency transactions
<b>Financial assets</b>					
Financial assets at amortized cost	₩ -	₩ 92,450	₩ -	₩ -	₩ 13,879
Financial assets at fair value through profit or loss	(4,189)	3,447	-	-	-
Financial assets at fair value through other comprehensive income	-	-	20	-	-
Derivative instruments for hedging	133,582	3,749	-	-	-
<b>Financial liabilities</b>					
Financial liabilities at amortized cost	-	-	-	(124,520)	(3,776)
Derivative instruments for hedging	(170)	-	-	-	-
	<u>₩ 129,223</u>	<u>₩ 99,646</u>	<u>₩ 20</u>	<u>₩ (124,520)</u>	<u>₩ 10,103</u>

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(In millions of Korean won)

	2023				
	Interest income	Interest expenses	Card income	Card expenses	Impairment loss
<b>Financial assets</b>					
Financial assets at amortized cost	₩ 616,825	₩ -	₩ 757,450	₩ 446,919	₩ 164,570
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Derivative instruments for hedging	-	-	-	-	-
<b>Financial liabilities</b>					
Financial liabilities at amortized cost	-	266,993	-	-	-
Derivative instruments for hedging	-	-	-	-	-
	<u>₩ 616,825</u>	<u>₩ 266,993</u>	<u>₩ 757,450</u>	<u>₩ 446,919</u>	<u>₩ 164,570</u>

(In millions of Korean won)

	2023				
	Gain (loss) on valuation	Gain (loss) on disposal	Dividend income	Loss on foreign currency translation	Gain on foreign currency transactions
<b>Financial assets</b>					
Financial assets at amortized cost	₩ -	₩ 55,992	₩ -	₩ -	₩ 10,471
Financial assets at fair value through profit or loss	9,487	3,557	-	-	-
Financial assets at fair value through other comprehensive income	-	-	20	-	-
Derivative instruments for hedging	67,460	(1,004)	-	-	-
<b>Financial liabilities</b>					
Financial liabilities at amortized cost	-	-	-	(49,431)	1,004
Derivative instruments for hedging	(17,566)	-	-	-	-
	<u>₩ 59,381</u>	<u>₩ 58,545</u>	<u>₩ 20</u>	<u>₩ (49,431)</u>	<u>₩ 11,475</u>

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**33. FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Fair value hierarchy classifications of the financial instruments that are subsequently measured at fair value as of June 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)		June 30, 2024								
		Book amount	Fair value	Level 1	Level 2	Level 3				
Financial assets										
Financial assets at fair value:										
Securities at fair value through profit or loss	₩	745,983	₩	745,983	₩	15,350	₩	691,260	₩	39,373
Securities at fair value through other comprehensive income <sup>1</sup>		4,596		4,596		-		-		4,596
Derivative assets		120,498		120,498		-		120,498		-
Financial liabilities										
Financial liabilities at fair value:										
Derivative liabilities		4,783		4,783		-		4,783		-

<sup>1</sup> As of June 30, 2024, among the securities at fair value through other comprehensive income in Level 3, equity instruments amounting to ₩1,000 million are measured at cost since cost is deemed as a reasonable approximation of fair value.

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

<sup>1</sup> As of December 31, 2023, among the securities at fair value through other comprehensive income in Level 3, equity instruments amounting to ₩1,000 million are measured at cost since cost is deemed as a reasonable approximation of fair value.

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

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

There are no changes in fair value hierarchy level for the six-month periods ended June 30, 2024 and 2023.

The following table presents the changes in Level 3 financial instruments for the six-month periods ended June 30, 2024 and 2023:

*(In millions of Korean won)*

	<b>2024</b>	
	<b>Securities at fair value through profit or loss</b>	<b>Securities at fair value through other comprehensive income</b>
Beginning balance	₩ 36,529	₩ 9,359
Acquisition	2,095	1,200
Disposition	(1,948)	(4,000)
Profit or loss	2,697	-
Other comprehensive income	-	(1,963)
Ending balance	₩ 39,373	₩ 4,596

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(In millions of Korean won)

	2023			
	Securities at fair value through profit or loss		Securities at fair value through other comprehensive income	
Beginning balance	₩	30,961	₩	9,359
Acquisition		481		-
Disposition		(531)		-
Profit or loss		5,423		-
Ending balance	₩	36,334	₩	9,359

The following table presents the valuation techniques and input variables used to measure the fair value of Level 2 financial instruments as of June 30, 2024 and December 31, 2023:

(In millions of Korean won)	Fair value		Valuation technique	Input variables
	June 30, 2024	December 31, 2023		
Financial assets at fair value:				
Securities at fair value through profit or loss	₩ 691,260	₩ 633,117	Discounted Cash Flow (“DCF”)	Discount rate, interest rate, etc.
Derivative assets	120,498	49,292	DCF	Discount rate, interest rate, exchange rate, etc.
Financial liabilities at fair value:				
Derivative liabilities	4,783	56,563	DCF	Discount rate, interest rate, exchange rate, etc.

The following table presents the valuation techniques and significant unobservable input variables used to measure the fair value of Level 3 financial instruments as of June 30, 2024 and December 31, 2023:

(In millions of Korean won)	Fair value		Valuation technique	Unobservable inputs		
	June 30, 2024	December 31, 2023				
Financial assets at fair value:						
Securities at fair value through profit or loss	₩	3,555	₩	2,821	Comparable Company	N/A
		35,818		33,708	Net asset value	Price of underlying asset
Securities at fair value through other comprehensive income		3,596		8,359	Market approach	N/A

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The table below provides the fair value and carrying amount of financial instruments that are measured in amortized cost in the consolidated interim statements of financial position as of June 30, 2024 and December 31, 2023.

(In millions of Korean won)		June 30, 2024		December 31, 2023	
		Book amount	Fair value	Book amount	Fair value
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposit	₩	2,001,663	₩ 2,001,663	₩ 1,126,825	₩ 1,126,825
Financial assets at amortized cost		21,004,419	21,348,940	20,763,584	21,061,028
Other financial assets <sup>1</sup>		246,514	246,514	205,564	205,564
	₩	23,252,596	₩ 23,597,117	₩ 22,095,973	₩ 22,393,417
<b>Liabilities</b>					
<b>Financial liabilities</b>					
Borrowings	₩	18,255,313	₩ 18,511,776	₩ 16,817,373	₩ 16,958,748
Other financial liabilities <sup>2</sup>		2,225,016	2,225,016	2,525,460	2,525,460
	₩	20,480,329	₩ 20,736,792	₩ 19,342,833	₩ 19,484,208

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

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

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

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



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Other financial liabilities      The DCF model is used to determine the fair value of other financial liabilities. Fair value is determined by discounting the expected cash flows, which are contractual cash flows, at appropriate discount rate. However, if the remaining maturity is short at the reporting date, the carrying amount is regarded as fair value.

The table below provides the fair value hierarchy of financial instruments that are not measured subsequently at fair value in the consolidated interim statements of financial position as of June 30, 2024 and December 31, 2023:

(In millions of  
Korean won)

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Cash and deposit <sup>1</sup>	₩	-	₩ 2,001,663	₩ 2,001,663
Financial assets at amortized cost		-	21,348,940	21,348,940
Other financial assets <sup>1</sup>		-	246,514	246,514
<b>Financial liabilities</b>				
Borrowings	₩	-	₩ 18,511,776	₩ 18,511,776
Other financial liabilities <sup>1</sup>		-	2,225,016	2,225,016

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

(In millions of  
Korean won)

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

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

There are no significant changes in business or economic environment for the six-month period ended June 30, 2024, which affect fair values of financial assets and liabilities held by the Group.

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**34. EARNINGS PER SHARE:**

(a) Basic earnings per share for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows:

(In Korean won)

	2024	
	Three Months	Six Months
Profit for the period	₩ 99,999,825,526	₩ 163,792,287,492
(-) Dividends on hybrid securities	4,352,573,512	8,044,309,029
Profit attributable to ordinary shares (A)	95,647,252,014	155,747,978,463
Weighted-average number of ordinary shares outstanding (B) (in shares)	160,465,286	160,465,286
Basic earnings per share (A/B)	₩ 596	₩ 971

(In Korean won)

	2023	
	Three Months	Six Months
Profit for the period	₩ 86,441,373,933	₩ 157,205,492,189
(-) Dividends on hybrid securities	3,527,152,015	7,047,894,768
Profit attributable to ordinary shares (A)	82,914,221,918	150,157,597,421
Weighted-average number of ordinary shares outstanding (B) (in shares)	160,465,286	160,465,286
Basic earnings per share (A/B)	₩ 517	₩ 936

There are no discontinued operations for the six-month periods ended June 30, 2024 and 2023, and as such, earnings per share are the same as earnings per share from continuing operations.

(b) Diluted earnings per share

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

**35. FINANCIAL RISK MANAGEMENT:**

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

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

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**36. CAPITAL MANAGEMENT:**

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

Details of adjusted capital adequacy ratio as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Adjusted total assets (A)	₩ 23,258,716	₩ 22,106,467
Adjusted total capital (B)	3,796,218	3,637,610
Adjusted capital adequacy ratio (B/A)	16.32%	16.45%

**37. ASSETS HELD FOR SALE:**

Details of assets held for sale as of June 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2024<sup>1</sup></b>		
	<b>Book Value</b>	<b>Accumulated Impairment Loss</b>	<b>Net Book Value</b>
Land	₩ 9,169	₩ (1,012)	₩ 8,157
Buildings	21,741	(2,398)	19,343
	₩ 30,910	₩ (3,410)	₩ 27,500

  

<i>(In millions of Korean won)</i>	<b>December 31, 2023</b>		
	<b>Book Value</b>	<b>Accumulated Impairment Loss</b>	<b>Net Book Value</b>
Land	₩ -	₩ -	₩ -
Buildings	-	-	-
	₩ -	₩ -	₩ -

<sup>1</sup>The Group resolved to sell its Busan office building through a board resolution in June, and the transaction is expected to be completed by the fourth quarter of 2024.