

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2020 AND 2019 (Unaudited)**

ATTACHMENT: INDEPENDENT AUDITORS' REVIEW REPORT

HYUNDAI MOTOR COMPANY

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Independent Auditors' Review Report

The Board of Directors and Shareholders
Hyundai Motor Company:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Motor Company and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position as of March 31, 2020, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2020 and 2019 and notes, comprising a summary of significant accounting policies 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 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 consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of income, 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 4, 2020, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2019, presented for comparative purposes, is not different from that audited by other us from which it was derived in all material respects.

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.



KPMG Samjong Accounting Corp.

Seoul, Korea
May 15, 2020

This report is effective as of May 15, 2020, 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 MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

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

Lee, Won Hee
Chief Executive Officer
HYUNDAI MOTOR COMPANY

Main Office Address: (Road Name Address) 12, Heolleung-ro, Seocho-gu, Seoul
(Phone Number) 02-3464-1114

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2020 AND DECEMBER 31, 2019

ASSETS	NOTES	March 31, 2020	December 31, 2019
(In millions of Korean Won)			
Current assets:			
Cash and cash equivalents	20	₩ 10,373,838	₩ 8,681,971
Short-term financial instruments	20	7,020,949	7,292,626
Other financial assets	5,20	8,218,376	9,449,913
Trade notes and accounts receivable	3,20	3,058,322	3,513,090
Other receivables	4,20	3,473,865	3,402,059
Inventories	6	11,939,143	11,663,848
Current tax assets		120,470	112,046
Financial services receivables	14,20	30,060,242	30,178,200
Non-current assets classified as held for sale	8	64,889	11,493
Other assets	7,20	1,893,273	1,777,627
Total current assets		76,223,367	76,082,873
Non-current assets:			
Long-term financial instruments	20	378,215	803,262
Other financial assets	5,20	2,784,244	3,059,526
Long-term trade notes and accounts receivable	3,20	88,293	127,430
Other receivables	4,20	700,828	705,154
Property, plant and equipment	9,40	33,556,243	32,831,524
Investment property	10,40	169,450	171,494
Intangible assets	11,40	5,572,254	5,266,496
Investments in joint ventures and associates	13	19,730,724	18,375,290
Deferred tax assets		2,646,299	2,340,096
Financial services receivables	14,20	33,118,291	32,080,426
Operating lease assets	15	22,073,284	21,068,340
Right-of-use assets	12	873,860	734,542
Other assets	7,20	935,497	865,767
Total non-current assets		122,627,482	118,429,347
Total assets		₩ 198,850,849	₩ 194,512,220

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2020 AND DECEMBER 31, 2019

LIABILITIES AND EQUITY	NOTES	March 31, 2020	December 31, 2019
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 7,959,779	₩ 7,669,424
Other payables	20	4,351,502	6,060,100
Short-term borrowings	16,20,40	12,037,891	12,570,693
Current portion of long-term debt and debentures	16,20,40	17,003,618	15,778,558
Income tax payable		466,091	370,100
Provisions	17	3,635,951	3,462,034
Other financial liabilities	18,20	60,041	9,970
Lease liabilities	12,20	145,574	132,388
Other liabilities	19,20	8,546,225	7,260,829
Total current liabilities		54,206,672	53,314,096
Non-current liabilities:			
Long-term other payables	20	841,875	847,287
Debentures	16,20,40	44,549,549	41,805,814
Long-term debt	16,20,40	12,108,292	11,217,088
Net defined benefit liabilities	35	429,106	412,598
Provisions	17	3,708,550	3,682,895
Other financial liabilities	18,20	277,436	175,196
Deferred tax liabilities		3,661,036	3,503,077
Lease liabilities	12,20	641,545	635,596
Other liabilities	19,20	2,500,172	2,552,819
Total non-current liabilities		68,717,561	64,832,370
Total liabilities		122,924,233	118,146,466
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,197,215	4,197,015
Other capital items	23	(1,700,573)	(1,516,817)
Accumulated other comprehensive loss	24	(2,447,067)	(2,353,022)
Retained earnings	25	67,900,357	68,249,633
Equity attributable to the owners of the Company		69,438,925	70,065,802
Non-controlling interests		6,487,691	6,299,952
Total equity		75,926,616	76,365,754
Total liabilities and equity		₩ 198,850,849	₩ 194,512,220

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	NOTES	Three-month period ended March 31,	
		2020	2019
		(In millions of Korean Won, except per share amounts)	
Sales	27,40	₩ 25,319,448	₩ 23,987,079
Cost of sales	32	21,054,138	20,074,417
Gross profit		4,265,310	3,912,662
Selling and administrative expenses	28,32	3,401,534	3,087,791
Operating income		863,776	824,871
Gain on investments in joint ventures and associates, net	29	85,819	286,703
Finance income	30	249,737	246,546
Finance expenses	30	326,151	133,344
Other income	31	449,770	298,323
Other expenses	31,32	598,683	306,298
Income before income tax		724,268	1,216,801
Income tax expense	34	171,586	263,016
Profit for the period		₩ 552,682	₩ 953,785
Profit attributable to:			
Owners of the Company		463,314	829,477
Non-controlling interests		89,368	124,308
Earnings per share attributable to the owners of the Company:	33		
Basic earnings per share:			
Common stock		₩ 1,772	₩ 3,142
1st preferred stock		₩ 1,784	₩ 3,154
Diluted earnings per share:			
Common stock		₩ 1,772	₩ 3,142
1st preferred stock		₩ 1,784	₩ 3,154

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Profit for the period	₩ 552,682	₩ 953,785
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Loss on financial assets measured at FVOCI, net	(326,725)	(3,699)
Remeasurements of defined benefit plans	(30,825)	538
Changes in retained earnings of equity-accounted investees, net	7,548	(12,108)
Changes in share of OCI of equity-accounted investees, net	(15,093)	3,995
	<u>(365,095)</u>	<u>(11,274)</u>
Items that may be reclassified subsequently to profit or loss:		
Gain (loss) on financial assets measured at FVOCI, net	(11,734)	5,116
Gain (loss) on valuation of cash flow hedge derivatives, net	(158,143)	14,289
Changes in share of OCI of equity-accounted investees, net	102,222	156,062
Gain on foreign operations translation, net and others	522,087	308,182
	<u>454,432</u>	<u>483,649</u>
Total other comprehensive income	<u>89,337</u>	<u>472,375</u>
Total comprehensive income	<u>₩ 642,019</u>	<u>₩ 1,426,160</u>
Comprehensive income attributable to:		
Owners of the Company	346,563	1,251,789
Non-controlling interests	295,456	174,371
Total comprehensive income	<u>₩ 642,019</u>	<u>₩ 1,426,160</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2019	₩ 1,488,993	₩ 4,201,214	₩ (1,155,244)	₩ (3,051,076)	₩ 66,490,082	₩ 67,973,969	₩ 5,922,041	₩ 73,896,010
Comprehensive income:								
Profit for the period	-	-	-	-	829,477	829,477	124,308	953,785
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(626)	(32)	(658)	2,075	1,417
Gain on valuation of cash flow hedge derivatives, net	-	-	-	6,698	-	6,698	7,591	14,289
Changes in valuation of equity-accounted investees, net	-	-	-	154,872	(12,108)	142,764	5,185	147,949
Remeasurements of defined benefit plans	-	-	-	-	1,989	1,989	(1,451)	538
Gain on foreign currency translation difference for foreign operation, net	-	-	-	271,519	-	271,519	36,664	308,183
Total comprehensive Income	-	-	-	432,463	819,326	1,251,789	174,372	1,426,161
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(800,301)	(800,301)	(58,403)	(858,704)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	1,421	1,421
Disposals of investment of subsidiaries	-	-	-	-	-	-	(33,068)	(33,068)
Purchases of treasury stocks	-	-	(233,830)	-	-	(233,830)	-	(233,830)
Others	-	(6,303)	-	-	15	(6,288)	16,212	9,924
Total transactions with owners, recorded directly in equity	-	(6,303)	(233,830)	-	(800,286)	(1,040,419)	(73,838)	(1,114,257)
Balance at March 31, 2019	₩ 1,488,993	₩ 4,194,911	₩ (1,389,074)	₩ (2,618,613)	₩ 66,509,122	₩ 68,185,339	₩ 6,022,575	₩ 74,207,914

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2020	₩ 1,488,993	₩ 4,197,015	₩ (1,516,817)	₩ (2,353,022)	₩ 68,249,633	₩ 70,065,802	₩ 6,299,952	₩ 76,365,754
Comprehensive income:								
Profit for the period	-	-	-	-	463,314	463,314	89,368	552,682
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(335,528)	214	(335,314)	(3,145)	(338,459)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(110,292)	-	(110,292)	(47,851)	(158,143)
Changes in valuation of equity-accounted investees, net	-	-	-	80,653	7,548	88,201	6,476	94,677
Remeasurements of defined benefit plans	-	-	-	-	(30,468)	(30,468)	(357)	(30,825)
Gain on foreign currency translation difference for foreign operation, net and others	-	-	-	271,122	-	271,122	250,965	522,087
Total comprehensive Income	-	-	-	(94,045)	440,608	346,563	295,456	642,019
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(790,489)	(790,489)	(103,290)	(893,779)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	795	795
Purchases of treasury stocks	-	-	(183,756)	-	-	(183,756)	-	(183,756)
Others	-	200	-	-	605	805	(5,222)	(4,417)
Total transactions with owners, recorded directly in equity	-	200	(183,756)	-	(789,884)	(973,440)	(107,717)	(1,081,157)
Balance at March 31, 2020	₩ 1,488,993	₩ 4,197,215	₩ (1,700,573)	₩ (2,447,067)	₩ 67,900,357	₩ 69,438,925	₩ 6,487,691	₩ 75,926,616

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	NOTES	Three-month period ended March 31,	
		2020	2019
(In millions of Korean Won)			
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the period		₩ 552,682	₩ 953,785
Adjustments		4,071,508	3,410,208
Changes in operating assets and liabilities		<u>(3,201,237)</u>	<u>(2,920,624)</u>
		1,422,953	1,443,369
Interest received		107,324	166,591
Interest paid		(521,721)	(535,641)
Dividend received		2,125	10,704
Income tax paid		<u>(188,676)</u>	<u>(150,033)</u>
Net cash provided by operating activities		<u>822,005</u>	<u>934,990</u>
Cash flows from investing activities:			
Changes in short-term financial instruments, net		642,226	(1,121,670)
Changes in other financial assets (current), net		1,680,460	1,389,045
Decrease in other financial assets (non-current)		2,205	1,223
Collection of other receivables		16,232	13,173
Disposals of long-term financial instruments		245	84
Proceeds from disposals of property, plant and equipment		17,903	11,560
Proceeds from disposals of intangible assets		-	2,131
Proceeds from acquisitions of investment subsidiaries		(50,313)	-
Increase in other financial assets (non-current)		(28,976)	(288,992)
Increases in other receivables		(3,881)	(12,290)
Purchases of long-term financial instruments		(11,876)	(4,512)
Acquisitions of property, plant and equipment		(1,128,365)	(1,047,311)
Acquisitions of intangible assets		(330,940)	(278,677)
Acquisitions of investments in joint ventures and associates		(910,430)	(46,508)
Others		<u>(12,644)</u>	<u>51,614</u>
Net cash used in investing activities		<u>(118,154)</u>	<u>(1,331,130)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	NOTES	Three-month period ended March 31,	
		2020	2019
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(1,414,022)	₩ (602,529)
Proceeds from long-term debt and debentures		7,959,923	6,135,686
Proceeds from capital contribution from non-controlling interest		795	1,421
Repayment of long-term debt and debentures		(5,252,090)	(5,157,336)
Repayment of lease liabilities		(62,840)	(32,544)
Purchases of treasury stocks		(183,756)	(233,830)
Dividends paid		(3,781)	(3,780)
Others		(6,635)	(18,258)
Net cash provided by financing activities		<u>1,037,594</u>	<u>88,830</u>
Effect of exchange rate changes on cash and cash equivalents		(49,578)	146,372
Net increase (decrease) in cash and cash equivalents		1,691,867	(160,938)
Cash and cash equivalents, beginning of the period		<u>8,681,971</u>	<u>9,113,625</u>
Cash and cash equivalents, end of the period	₩	<u>10,373,838</u>	₩ <u>8,952,687</u>
(Concluded)			

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

1. GENERAL:

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

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

As of March 31, 2020, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.43%) and Mr. Chung, Mong Koo (11,395,859 shares, 5.33%).

(1) The Group’s consolidated subsidiaries as of March 31, 2020 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	59.68%	
Hyundai Card Co., Ltd. (*1)	“	“	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*2)	Manufacturing	“	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	“	“	100.00%	
Green Air Co., Ltd.	“	“	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Company Ltd.	R&D	“	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	“	56.00%	
Hyundai NGV	Engineering	“	53.66%	
Maintrans Company	Services	“	100.00%	Hyundai Rotem 100.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football club	“	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	“	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	“	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	“	“	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	“	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	“	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	“	100.00%	
Genesis Motor America LLC	Sales	“	100.00%	HMA 100.00%
Hyundai Rotem USA Corporation	Manufacturing	“	100.00%	Hyundai Rotem 100.00%
Moceanlab Inc.	Mobility service	“	100.00%	
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	“	100.00%	“
Hyundai Capital Canada Inc. (HCCA)	Financing	“	70.00%	Hyundai Capital Services 20.00%
Hyundai Capital Lease Inc. (HCLI)	“	“	100.00%	HCCA 100.00%
HK Lease Funding LP	“	“	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	“	“	100.00%	HCLI 100.00%
HCCA Funding Two Inc.	“	“	100.00%	HCCA 100.00%
HK Retail Funding LP	“	“	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	“	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	“	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	“	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	~	~	100.00%	BJMSS 100.00%
Genesis Motor Sales(Shanghai) Co. Ltd.	~	~	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	~	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	~	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	~	100.00%	Hyundai KEFICO 100.00%
KEFICO Automotive Systems (Chongqing) Co., Ltd.	~	~	90.00%	Hyundai KEFICO 90.00%
Hyundai Truck & Bus (China) Co., Ltd. (HTBC)(*3)	~	~	100.00%	
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV) (*1)	~	Vietnam	50.00%	
Hyundai Thanh cong Commercial Vehicle Joint Stock Company (HTCV) (*1)	Sales	~	50.00%	
HYUNDAI KEFICO VIETNAM COMPANY LIMITED	Manufacturing	~	100.00%	Hyundai KEFICO 100.00%
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
PT. HYUNDAI MOTOR MANUFACTURING INDONESIA (HMMI)	Manufacturing	Indonesia	99.99%	
Hyundai Motors Indonesia (HMID)	Sales	~	100.00%	
Hyundai Capital Australia Pty Limited	Financing	Australia	100.00%	Hyundai Capital Services 100.00%
HR Mechanical Services Limited	Services	New Zealand	100.00%	Hyundai Rotem 100.00%
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	~	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	~	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	~	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	~	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	~	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.65%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	~	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	~	100.00%	HMCIS B.V 100.00%
Hyundai Mobility Lab (HML)	R&D	~	100.00%	HMCIS 99.00%, HMMR 1.00%
Hyundai Capital Services Limited Liability Company	Financing	~	100.00%	Hyundai Capital Europe 100.00%
Hyundai Truck And Bus Rus LLC (HTBR)	Sales	~	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	70.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	~	~	50.50%	Hyundai Rotem 50.50%
Hyundai Rotem Company – Hyundai EURotem Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	~	100.00%	Hyundai Rotem 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company – Hyundai EURotem Mahmutbey Projesi ORTAK GIRISIMI	~	~	100.00%	Hyundai Rotem 85.00%, Hyundai EURotem A.S. 15.00%
Hyundai Rotem Malaysia SDN BHD	~	Malaysia	100.00%	Hyundai Rotem 100.00%
Hyundai Motor UK Limited (HMUK)	~	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCI)	~	Italy	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Espana, S.L.U. (HMES)	~	Spain	100.00%	
Hyundai Motor France SAS (HMF)	~	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	~	Poland	100.00%	
Genesis Motor Europe GmbH (GME)	~	Germany	100.00%	
Genesis Motor UK Limited (GMUK)	~	UK	100.00%	GME 100.00%
Genesis Motor Switzerland AG (GMCH)	~	Switzerland	100.00%	
Hyundai Hydrogen Mobility AG (HHM)	~	~	75.00%	
HYUNDAI MOTOR SINGAPORE PTE. LTD. (HMS)	Manufacturing	Singapore	100.00%	
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	Sales	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	~	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L.DE C.V.	~	~	100.00%	Hyundai KEFICO 100.00%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	~	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	~	100.00%	Hyundai Rotem 100.00%
HMB Holding Participacoes Financeiras Ltda.	Holding company	~	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	~	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	~	72.00%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	~	Korea	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.34	~	~	100.00%	
KB Leaders Private Securities Fund1(Bond Mixed)	~	~	100.00%	
Samsung ETF rotation Private Investment Trust 1	~	~	100.00%	
ZER01NE Accelerator Investment Fund No.1	~	~	99.00%	
Hydrogen Energy Industry Fund	~	China (Hong Kong)	69.00%	
Autopia Fifty-seventh, Fifty-ninth ~ Sixty-eighth Asset Securitization Specialty Company (*1)	Financing	Korea	0.50%	Hyundai Capital Services 0.50%
Super Series third ~ eighth Securitization Specialty Co., Ltd. (*1)	~	~	0.50%	Hyundai Card 0.50%
Bluewalnut Co., Ltd.	~	~	100.00%	Hyundai Card 100.00%
MOCEAN Co.,Ltd	Mobility Service	~	80.00%	
Hyundai CHA Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	~	~	100.00%	~
Hyundai HK Funding, LLC	~	~	100.00%	~
Hyundai HK Funding Two, LLC	~	~	100.00%	~
Hyundai HK Funding Three, LLC	~	~	100.00%	~
Hyundai HK Funding Four, LLC	~	~	100.00%	~
Hyundai ABS Funding, LLC	~	~	100.00%	~
HK Real Properties, LLC	~	~	100.00%	~
Hyundai Auto Lease Offering, LLC	~	~	100.00%	~
Hyundai HK Lease, LLC	~	~	100.00%	~
Extended Term Amortizing Program, LLC	~	~	100.00%	~
Hyundai Asset Backed Lease, LLC	~	~	100.00%	~
HCA Exchange, LLC	~	~	100.00%	~
Hyundai Protection Plan, Inc.	Insurance	~	100.00%	~
Hyundai Protection Plan Florida, Inc.	~	~	100.00%	~
Hyundai Capital Insurance Services, LLC	~	~	100.00%	~
Hyundai Capital Insurance Company	~	~	100.00%	~
Power Protect Extended Services, Inc.	~	~	100.00%	~
Power Protect Extended Services Florida, Inc.	~	~	100.00%	~

- (*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.
- (*2) Even though the shareholding ratio of ownership is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.
- (*3) During the three-month period ended March 31, 2020, the Group acquired additional 50% of the shares of the Sichuan Hyundai Motor Company (CHMC) which was classified as a joint venture as of December 31, 2019. Accordingly, it was reclassified as a subsidiary and the name of company was changed to Hyundai Truck & Bus (China) Co., Ltd. (HTBC).

- (2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the three-month period ended March 31, 2020 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 32,237,228	₩ 27,850,754	₩ 1,056,911	₩ 85,860
Hyundai Card Co., Ltd. (*)	17,389,430	14,146,985	660,599	68,908
Hyundai Rotem Company (*)	4,235,971	3,103,538	670,454	(7,405)
Hyundai KEFICO Corporation (*)	1,902,814	1,219,913	466,092	15,934
HCA (*)	45,545,026	40,405,986	2,507,994	35,389
HMA	7,209,842	5,958,363	5,426,109	(27,961)
HMMA	4,906,017	2,282,690	1,927,378	(15,936)
HMMC	3,758,027	1,583,749	1,245,115	23,889
HMI (*)	3,654,381	1,466,811	1,481,477	79,990
HME (*)	1,850,781	1,809,912	2,244,451	3,104
HMMR	1,515,078	841,211	801,626	(12,970)
HAOSVT	1,414,253	947,587	638,604	14,175
HACC(*)	1,338,341	730,352	802,955	16,023
HMB	1,083,727	850,315	379,162	(48,285)
HMCA	585,025	448,363	376,389	1,268

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

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the three-month period ended March 31, 2019 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 30,619,354	₩ 26,469,969	₩ 833,627	₩ 99,154
Hyundai Card Co., Ltd. (*)	15,978,436	12,757,538	611,418	64,173
Hyundai Rotem Company (*)	4,098,081	2,986,386	590,231	7,423
Hyundai KEFICO Corporation (*)	1,759,659	1,130,445	488,788	11,468
HCA (*)	37,994,780	33,396,006	2,508,105	83,227
HMA	6,932,067	5,753,047	3,658,465	(102,515)
HMMA	4,657,178	1,906,427	1,817,995	70,679
HMI (*)	3,814,196	1,523,322	1,673,540	106,977
HMMC	3,790,398	1,578,552	1,400,542	107,508
HME (*)	1,784,489	1,755,988	2,318,478	1,324
HMMR	1,595,484	929,403	776,211	50,716
HAOSVT	1,232,703	844,883	568,193	4,948
HACC (*)	1,308,459	778,492	707,157	3,808
HMB	1,194,156	766,271	483,576	473
HMCA	676,850	528,345	390,880	(904)

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

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

- (4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group and subsidiaries of finance segment for the three-month period ended March 31, 2020 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Provided by (used in) operating activities	₩ 865,537	₩ (8,257)	₩ 35,573
Provided by (used in) investing activities	(93,693)	(8,863)	1,088
Provided by (used in) financing activities	(299,659)	212,073	(148,071)
Effect of exchange rate changes on cash and cash equivalents	-	1,958	(137)
Net increase (decrease) in cash and cash equivalents	<u>₩ 472,185</u>	<u>₩ 196,911</u>	<u>₩ (111,547)</u>

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group and subsidiaries of finance segment for the three-month period ended March 31, 2019 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Used in operating activities	₩ (721,066)	₩ (12,256)	₩ (103,526)
Provided by (used in) investing activities	(41,829)	(3,634)	13,559
Provided by financing activities	700,619	27,885	116,954
Effect of exchange rate changes on cash and cash equivalents	-	-	(2,551)
Net increase (decrease) in cash and cash equivalents	<u>₩ (62,276)</u>	<u>₩ 11,995</u>	<u>₩ 24,436</u>

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of and for the three-month period ended March 31, 2020 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Accumulated non-controlling interests	₩ 1,736,863	₩ 2,145,699	₩ 761,348
Profit (loss) attributable to non-controlling interests	34,971	43,447	(1,581)
Dividends paid to non-controlling interests	36,081	63,429	3,733

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of and for the year ended December 31, 2019 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Accumulated non-controlling interests	₩ 1,799,627	₩ 2,187,458	₩ 619,526
Profit (loss) attributable to non-controlling interests	139,538	105,669	(207,940)
Dividends paid to non-controlling interests	35,200	19,423	3,833

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the three-month period ended March 31, 2020 are as follows.

<u>Changes</u>	<u>Name of subsidiaries</u>	<u>Description</u>
Included	Super Series Eighth Securitization Specialty Co., Ltd	Establishment
"	Hyundai Motors Indonesia (HMID)	"
"	Genesis Motor Switzerland AG (GMCH)	"
"	Hyundai Truck & Bus (China) Co., Ltd. (HTBC)	Acquisition
Excluded	Autopia Fifty- Eighth Asset Securitization Specialty Company	Liquidation

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The Group's condensed consolidated interim financial statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019, respectively, are prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with K-IFRS.

There are new or amended accounting standards effective from January 1, 2020, but those standards did not have a material impact on the Group's consolidated financial statements. Except for these standards, the significant accounting policies used for the preparation of the condensed consolidated interim financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2019.

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

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

The management expects that the COVID-19 outbreak from early 2020 will have an impact on most of the regional and operating sectors in which the Group operates. However, as the extent and duration of the impacts of COVID-19 outbreak remain uncertain, the financial impact cannot be reasonably estimated.

Significant judgments made by management on the Group's application of accounting policies and the major sources of estimation uncertainty for the preparation of financial statements to be the same as the annual consolidated financial statements for the year ended December 31, 2019.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,101,189	₩ 91,825	₩ 3,580,654	₩ 131,089
Loss allowance	(42,867)	-	(67,564)	-
Present value discount accounts	-	(3,532)	-	(3,659)
	<u>₩ 3,058,322</u>	<u>₩ 88,293</u>	<u>₩ 3,513,090</u>	<u>₩ 127,430</u>

(2) Aging analysis of trade notes and accounts receivable

As of March 31, 2020, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not overdue	Overdue Within 90days	Overdue Within 180days More than 91days	Overdue More than 181 days	Total amounts	Amount of impaired receivables
Total trade note and accounts receivable	₩ 2,853,918	₩ 237,167	₩ 18,835	₩ 83,094	₩ 3,193,014	₩ 42,867

As of December 31, 2019, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not overdue	Overdue Within 90days	Overdue Within 180days More than 91days	Overdue More than 181 days	Total amounts	Amount of impaired receivables
Total trade note and accounts receivable	₩ 3,071,945	₩ 504,725	₩ 17,624	₩ 117,449	₩ 3,711,743	₩ 67,564

(3) The changes in loss allowance for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 67,564	₩ 69,363
Impairment loss (reversal)	(24,457)	55
Write-off	(47)	(109)
Effect of foreign exchange differences and others	(193)	44
End of the period	<u>₩ 42,867</u>	<u>₩ 69,353</u>

4. **OTHER RECEIVABLES:**

(1) Other receivables as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivable – others	₩ 2,281,618	₩ 353,398	₩ 2,219,810	₩ 345,978
Due from customers for contract work	1,177,854	-	1,171,029	-
Lease and rental deposits	18,911	307,803	19,259	313,334
Deposits	3,866	37,771	2,626	41,139
Others	5,291	1,856	4,738	4,703
Loss allowance	(13,675)	-	(15,403)	-
	₩ 3,473,865	₩ 700,828	₩ 3,402,059	₩ 705,154

(2) The changes in other allowance for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 15,403	₩ 13,826
Impairment loss (reversal)	(1,404)	1,652
Write-off	(305)	(246)
Effect of foreign exchange differences	(19)	8
End of the period	₩ 13,675	₩ 15,240

5. **OTHER FINANCIAL ASSETS:**

(1) Other financial assets as of March 31, 2020 are as follows.

Description	March 31, 2020	
	Current	Non-current
	(In millions of Korean Won)	
Financial assets measured at FVPL	₩ 8,023,141	₩ 629,026
Financial assets measured at FVOCI	39,246	1,794,141
Financial assets measured at amortized cost	32,748	5,869
Derivative assets that are effective hedging instruments	123,241	355,208
	₩ 8,218,376	₩ 2,784,244

Other financial assets as of December 31, 2019 are as follows.

Description	December 31, 2019	
	Current	Non-current
	(In millions of Korean Won)	
Financial assets measured at FVPL	₩ 9,314,383	₩ 623,040
Financial assets measured at FVOCI	37,255	2,241,379
Financial assets measured at amortized cost	48,275	61,271
Derivative assets that are effective hedging instruments	50,000	133,836
	₩ 9,449,913	₩ 3,059,526

(2) Financial assets measured at FVOCI as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	Acquisition cost	Book value	Book value	
(In millions of Korean Won)				
Debt instruments	₩ 346,940	₩ 350,390	₩	361,138
Equity instruments (*)	1,840,407	1,482,997		1,917,496
	₩ 2,187,347	₩ 1,833,387	₩	2,278,634

(*) The Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial application of K-IFRS 1109.

(3) Equity instruments classified into financial assets measured at FVOCI as of March 31, 2020 and December 31, 2019 are as follows.

Name of the company	Ownership percentage (%)	March 31, 2020		December 31, 2019	
		Acquisition cost	Book value	Book value	
(In millions of Korean Won)					
Hyundai Oilbank Co., Ltd.	4.35	₩ 53,734	₩ 276,152	₩	276,152
Hyundai Steel Company (*1)	6.87	903,897	204,725		358,697
Hyundai Glovis Co., Ltd.	4.88	210,688	165,883		261,824
Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.31	42,443	128,343		206,557
Korea Aerospace Industries, Ltd. (*2)	-	73,331	99,115		161,092
Hyundai Heavy Industries Holdings Co., Ltd.	2.13	9,018	68,523		117,270
NICE Information Service Co., Ltd.	2.25	3,312	18,167		19,055
Hyundai Green Food Co., Ltd.	2.36	15,005	15,185		27,346
Hyundai M Partners Co., Ltd.	9.29	9,888	12,167		9,704
NICE Holdings Co., Ltd.	1.30	3,491	8,997		10,275
KT Corporation	0.09	8,655	4,766		6,482
Hyundai Asan Corporation	1.40	22,500	2,117		2,117
Hyundai Merchant Marine Co., Ltd	0.03	9,161	307		351
Others		475,284	478,550		460,574
		₩ 1,840,407	₩ 1,482,997	₩	1,917,496

(*1) The Group entered into a total return swap agreement to transfer 2,231,716 shares out of total 11,405,311 shares with a third party.

(*2) The Group entered into a total return swap agreement to transfer total shares with a third party.

6. INVENTORIES:

Inventories as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	(In millions of Korean Won)			
Finished goods	₩	6,701,911	₩	6,828,461
Merchandise		51,877		45,235
Semifinished goods		493,686		550,146
Work in progress		583,085		424,261
Raw materials		1,833,275		1,468,306
Supplies		307,393		305,130
Materials in transit		733,995		690,342
Others (*1)		1,233,921		1,351,967
Total (*2)	₩	11,939,143	₩	11,663,848

(*1) As of March 31, 2020 and December 31, 2019, others include inventories provided by operating lease with repurchase agreement in the amount of ₩392,529 million and ₩558,239 million, respectively.

(*2) As of March 31, 2020 and December 31, 2019, the Group recognized a valuation allowance in the amount of ₩164,332 million and ₩166,016 million, respectively.

7. OTHER ASSETS:

Other assets as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 357,598	₩ 1,280	₩ 329,909	₩ 1,257
Advanced payments	754,611	-	686,785	-
Prepaid expenses	420,327	844,087	427,780	780,503
Prepaid value-added tax and others	360,737	90,130	333,153	84,007
	₩ 1,893,273	₩ 935,497	₩ 1,777,627	₩ 865,767

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

Non-current assets classified as held for sale as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	(In millions of Korean Won)			
Land	₩	55,370	₩	8,169
Building		8,540		3,324
Structures		572		-
Machinery and equipment		407		-
Total (*)	₩	64,889	₩	11,493

(*) Hyundai Capital Services, Inc., which is a subsidiary of the Company, completed the process of disposal of the office located in Dae-gu and Hyundai Rotem Company, which is a subsidiary of the Company, is in the process of selling certain portion of their property, plant and equipment ("PP&E") to Hyundai MOBIS Co., Ltd during the three-month period ended March 31, 2020.

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment (“PP&E”) for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 32,831,524	₩ 30,545,608
Acquisitions	666,732	544,962
Disposals	(26,203)	(35,618)
Depreciation	(660,287)	(602,758)
Transfer to assets classified as held for sale	(64,889)	-
Others (*)	809,366	88,200
End of the period	₩ 33,556,243	₩ 30,540,394

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts, acquisition through business combination and others.

10. INVESTMENT PROPERTY:

(1) The changes in investment property for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 171,494	₩ 189,334
Disposals	-	(9,671)
Depreciation	(2,698)	(2,664)
Effect of foreign exchange differences	654	2,838
End of the period	₩ 169,450	₩ 179,837

(2) Income and expenses related to investment property for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Rental income	₩ 11,707	₩ 11,173
Operating and maintenance expenses	4,246	4,136

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 5,266,496	₩ 4,921,383
Internal developments and external acquisitions	320,617	274,547
Disposals	(2)	(3,014)
Amortization	(346,120)	(314,367)
Others (*)	331,263	36,859
End of the period	₩ 5,572,254	₩ 4,915,408

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts, acquisition through business combination and others.

- (2) Research and development expenditures for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Development costs (intangible assets)	₩ 264,901	₩ 231,735
Research and development (*1)	332,630	279,864
Total (*2)	₩ 597,531	₩ 511,599

(*1) Presented in manufacturing costs, administrative expenses and other expenses

(*2) Amortization of development costs is not included.

12. LEASES (AS A LESSEE):

- (1) The changes in right-of-use assets for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 734,542	₩ -
Impact on transition to K-IFRS 1116	-	634,207
Acquisitions	56,636	34,581
Disposals	(5,034)	(1,095)
Depreciation	(50,331)	(38,924)
Others (*)	138,047	7,079
End of the period	₩ 873,860	₩ 635,848

(*) Others include the effect of foreign exchange differences, acquisition through business combination and others.

- (2) Lease liabilities as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	(In millions of Korean Won)			
Undiscounted lease liabilities	₩	1,004,281	₩	979,101
Discounted lease liabilities		787,119		767,984
Current		145,574		132,388
Non-current		641,545		635,596

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of March 31, 2020 and December 31, 2019 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	March 31, 2020		December 31, 2019	
				Book value	Book value	Book value	Book value
				(In millions of Korean Won)			
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,207,569	₩ 1,256,925		
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	613,269	577,810		
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	156,638	154,136		
Hyundai-Aptiv AD LLC(*1)	R&D	USA	26.00	1,246,868	-		
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00	271,886	159,948		
Kia Motors Corporation	Manufacturing	Korea	33.88	9,601,047	9,655,017		
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	2,872,484	2,859,169		
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,027,377	1,026,563		
Hyundai WIA Corporation	Manufacturing	Korea	25.35	709,909	682,526		
Hyundai Motor Securities Co., Ltd.	Securities brokerage	Korea	27.49	285,176	283,446		
Hyundai Commercial Inc.	Financing	Korea	37.50	253,994	255,800		
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	178,922	173,212		
Hyundai Autoever Corp.	IT service	Korea	28.48	143,760	145,076		
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	99,551	101,578		
Others				1,062,274	1,044,084		
				₩ 19,730,724	₩ 18,375,290		

(*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures.

Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

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

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

(2) The changes in investments in joint ventures and associates for the three-month period ended March 31, 2020 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of	Dividends	Others (*1)	End of the period
			profits (losses) for the period			
(In millions of Korean Won)						
BHMC	₩ 1,256,925	₩ -	₩ (100,851)	₩ -	₩ 51,495	₩ 1,207,569
BHAF	577,810	-	12,026	-	23,433	613,269
WAE	154,136	-	(3,686)	-	6,188	156,638
Hyundai-Aptiv AD LLC(*2)	-	1,283,292	(27,965)	-	(8,459)	1,246,868
HCBE	159,948	103,275	(108)	-	8,771	271,886
Kia Motors Corporation	9,655,017	-	113,250	(157,916)	(9,304)	9,601,047
Hyundai Engineering & Construction Co., Ltd.	2,859,169	-	13,257	(13,996)	14,054	2,872,484
Hyundai Transys Inc.	1,026,563	-	(3,987)	-	4,801	1,027,377
Hyundai WIA Corporation	682,526	-	26,890	(4,826)	5,319	709,909
Hyundai Motor Securities Co., Ltd.	283,446	-	6,920	(4,839)	(351)	285,176
Hyundai Commercial Inc.	255,800	-	6,868	-	(8,674)	253,994
Eukor Car Carriers Inc.	173,212	-	(3,541)	-	9,251	178,922
Hyundai Autoever Corp.	145,076	-	2,519	(4,246)	411	143,760
Haevichi Hotels & Resorts Co., Ltd.	101,578	-	(2,013)	-	(14)	99,551
Others	1,044,084	10,957	3,816	(3,205)	6,622	1,062,274
	<u>₩ 18,375,290</u>	<u>₩ 1,397,524</u>	<u>₩ 43,395</u>	<u>₩ (189,028)</u>	<u>₩ 103,543</u>	<u>₩ 19,730,724</u>

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

(*2) The joint venture was incorporated during the three-month period ended March 31, 2020, and the acquisition cost is measured as the fair value of paid cash, contributed patent licenses and the provision of services in exchange for the shares of the joint venture.

The changes in investments in joint ventures and associates for the three-month period ended March 31, 2019 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of	Dividends	Others (*)	End of the period
			profits (losses) for the period			
(In millions of Korean Won)						
BHMC	₩ 1,484,794	₩ -	₩ 3,151	₩ -	₩ 56,265	₩ 1,544,210
BHAF	530,161	-	10,275	-	17,202	557,638
WAE	151,248	10,138	3,294	(10,138)	5,601	160,143
PTS	100,754	-	(2,516)	-	3,668	101,906
Kia Motors Corporation	9,001,505	-	209,614	(123,586)	37,066	9,124,599
Hyundai Engineering & Construction Co., Ltd.	2,801,084	-	19,265	(11,664)	15,304	2,823,989
Hyundai Transys Inc.	992,259	334	1,785	-	(16,559)	977,819
Hyundai WIA Corporation	674,651	-	6,025	(4,136)	6,665	683,205
Hyundai Motor Securities Co., Ltd.	265,711	-	5,932	(3,630)	38	268,051
Hyundai Commercial Inc.	218,983	-	7,184	-	5,938	232,105
Eukor Car Carriers Inc.	159,699	-	1,106	-	3,551	164,356
Hyundai Autoever Corp.	129,173	-	2,578	(413)	2,814	134,152
Haevichi Hotels & Resorts Co., Ltd.	104,009	-	(1,006)	-	-	103,003
Others	529,208	36,036	6,794	(1,974)	107,576	677,640
	<u>₩ 17,143,239</u>	<u>₩ 46,508</u>	<u>₩ 273,481</u>	<u>₩ (155,541)</u>	<u>₩ 245,129</u>	<u>₩ 17,552,816</u>

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

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the three-month period ended March 31, 2020 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 3,059,365	₩ 4,505,362	₩ 4,244,908	₩ 622,056
BHAF (*)	6,047,617	-	4,890,505	-
WAE	602,455	638,880	318,143	211,200
Hyundai-Aptiv AD LLC	1,976,460	2,992,366	19,563	48,045
HCBE (*)	2,605,653	-	2,099,045	-
Kia Motors Corporation	21,285,716	34,400,755	17,546,503	9,396,230
Hyundai Engineering & Construction Co., Ltd.	14,483,130	4,893,465	7,705,134	2,880,938
Hyundai Transys Inc.	2,866,343	2,764,737	1,966,183	1,187,847
Hyundai WIA Corporation	3,486,417	3,190,832	1,698,214	1,813,320
Hyundai Motor Securities Co., Ltd (*)	9,499,269	-	8,508,229	-
Hyundai Commercial Inc. (*)	9,114,800	-	7,844,900	-
Eukor Car Carriers Inc.	349,561	3,347,224	642,151	1,565,797
Hyundai Autoever Corp.	761,740	287,694	430,109	109,750
Haevichi Hotels & Resorts Co., Ltd.	33,061	422,392	216,866	63,845

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHMC	₩ 973,926	₩ (239,034)	₩ -	₩ (239,034)
BHAF (*)	59,606	22,690	-	22,690
WAE	222,219	(17,222)	28,594	11,372
Hyundai-Aptiv AD LLC	6	(1,981)	-	(1,981)
HCBE (*)	24,149	141	16,068	16,209
Kia Motors Corporation	14,566,900	265,969	(39,298)	226,671
Hyundai Engineering & Construction Co., Ltd.	4,058,864	196,540	10,895	207,435
Hyundai Transys Inc.	1,757,931	3,788	13,646	17,434
Hyundai WIA Corporation	1,647,757	76,499	16,000	92,499
Hyundai Motor Securities Co., Ltd. (*)	316,631	24,612	(1,275)	23,337
Hyundai Commercial Inc. (*)	112,676	17,364	(6,798)	10,566
Eukor Car Carriers Inc.	379,410	(28,875)	77,814	48,939
Hyundai Autoever Corp.	329,020	8,932	1,494	10,426
Haevichi Hotels & Resorts Co., Ltd.	21,505	(3,181)	(32)	(3,213)

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

Summarized financial information of the Group's major joint ventures and associates as of and for the three-month period ended March 31, 2019 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 4,848,684	₩ 4,149,402	₩ 5,309,842	₩ 509,608
BHAF (*)	5,258,284	-	4,206,137	-
WAE	763,655	690,775	418,945	307,562
PTS	591,619	375,249	375,285	257,725
Kia Motors Corporation	20,729,864	32,390,092	16,397,035	9,064,797
Hyundai Engineering & Construction Co., Ltd.	13,625,563	4,819,624	6,933,678	3,074,122
Hyundai WIA Corporation	3,975,587	3,235,486	2,146,062	2,003,386
Hyundai Transys Inc.	2,247,052	2,677,035	1,782,786	1,107,759
Hyundai Motor Securities Co., Ltd. (*)	8,105,000	-	7,275,695	-
Hyundai Commercial Inc. (*)	9,173,748	-	7,967,643	-
Eukor Car Carriers Inc.	348,939	3,301,736	496,984	1,786,238
Hyundai Autoever Corp.	729,476	208,430	418,466	55,484
Haevichi Hotels & Resorts Co., Ltd.	30,806	427,392	217,965	66,283

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHMC	₩ 2,069,856	₩ 1,868	₩ -	₩ 1,868
BHAF (*)	52,657	20,080	-	20,080
WAE	324,123	14,974	(28,919)	(13,945)
PTS	210,244	(14,137)	-	(14,137)
Kia Motors Corporation	12,444,350	649,104	126,394	775,498
Hyundai Engineering & Construction Co., Ltd.	3,877,659	155,986	98,600	254,586
Hyundai WIA Corporation	1,849,437	13,778	26,853	40,631
Hyundai Transys Inc.	1,769,673	44,336	(663)	43,673
Hyundai Motor Securities Co., Ltd. (*)	203,353	20,386	(64,799)	(44,413)
Hyundai Commercial Inc. (*)	124,259	20,006	14,100	34,106
Eukor Car Carriers Inc.	417,704	13,652	24,973	38,625
Hyundai Autoever Corp.	306,819	9,215	958	10,173
Haevichi Hotels & Resorts Co., Ltd.	26,647	(2,165)	(1)	(2,166)

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

(4) Summarized additional financial information of the Group's major joint ventures as of and for the three-month period ended March 31, 2020 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 631,658	₩ 1,093,206	₩ 260,024	₩ 116,823	₩ 2,625	₩ 21,527	₩ -
BHAF(*)	1,067,560	4,644,042	-	1,806	106,702	45,265	7,563
Hyundai-Aptiv AD LLC	1,964,641	19,563	48,045	-	95	-	492

(*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in its separate financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the three-month period ended March 31, 2019 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 981,143	₩ 1,152,864	₩ 59,059	₩ 108,398	₩ 21,292	₩ 43,766	₩ (14)
BHAF(*)	713,197	3,813,185	-	1,591	100,161	47,011	6,727

(*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in its separate financial statements.

(5) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of March 31, 2020 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others	Carrying amounts
(In millions of Korean Won)				
BHMC	₩ 1,248,504	₩ -	₩ (40,935)	₩ 1,207,569
BHAF	613,269	-	-	613,269
WAE	156,638	-	-	156,638
Hyundai-Aptiv AD LLC	1,274,317	-	(27,449)	1,246,868
HCBE	248,238	22,341	1,307	271,886
Kia Motors Corporation	9,482,453	197,089	(78,495)	9,601,047
Hyundai Engineering & Construction Co., Ltd. (*)	2,141,108	731,362	14	2,872,484
Hyundai Transys Inc.	1,013,256	-	14,121	1,027,377
Hyundai WIA Corporation	804,122	-	(94,213)	709,909
Hyundai Motor Securities Co., Ltd.	244,042	40,052	1,082	285,176
Hyundai Commercial Inc.	253,994	-	-	253,994
Eukor Car Carriers Inc.	178,660	-	262	178,922
Hyundai Autoever Corp.	143,760	-	-	143,760
Haevichi Hotels & Resorts Co., Ltd. (*)	95,975	3,576	-	99,551

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

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2019 is as follows.

Name of the company	Group's share of net assets		Unrealised profit (loss) and others		Carrying amounts
		Goodwill			
(In millions of Korean Won)					
BHMC	₩ 1,302,827	₩ -	₩ (45,902)	₩ 1,256,925	
BHAF	577,810	-	-	577,810	
WAE	154,136	-	-	154,136	
HCBE	137,205	22,341	402	159,948	
Kia Motors Corporation	9,544,369	197,089	(86,441)	9,655,017	
Hyundai Engineering & Construction Co., Ltd. (*)	2,127,795	731,362	12	2,859,169	
Hyundai Transys Inc.	1,011,928	-	14,635	1,026,563	
Hyundai WIA Corporation	776,412	-	(93,886)	682,526	
Hyundai Motor Securities Co., Ltd.	243,394	40,052	-	283,446	
Hyundai Commercial Inc.	255,800	-	-	255,800	
Eukor Car Carriers Inc.	172,950	-	262	173,212	
Hyundai Autoever Corp.	145,076	-	-	145,076	
Haevichi Hotels & Resorts Co., Ltd. (*)	98,002	3,576	-	101,578	

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

(6) The market price of listed equity securities as of March 31, 2020 is as follows.

Name of the company	Price per share	Total number of shares		Market value
(In millions of Korean Won, except price per share)				
Kia Motors Corporation	₩ 26,000	137,318,251	₩ 3,570,275	
Hyundai Engineering & Construction Co., Ltd.	27,450	23,327,400	640,337	
Hyundai WIA Corporation	26,800	6,893,596	184,748	
Hyundai Motor Securities Co., Ltd.	7,010	8,065,595	56,540	
Hyundai Autoever Corp.	31,450	5,980,000	188,071	

14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
(In millions of Korean Won)				
Loans	₩ 48,461,475	₩ 46,523,263		
Card receivables	14,556,435	15,266,417		
Financial lease receivables	2,469,231	2,706,819		
Others	36,063	36,217		
	65,523,204	64,532,716		
Loss allowance	(1,545,006)	(1,480,555)		
Loan origination fee	(776,503)	(771,405)		
Present value discount accounts	(23,162)	(22,130)		
	₩ 63,178,533	₩ 62,258,626		

(2) The changes in loss allowance of financial services receivables for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 1,480,555	₩ 1,368,759
Impairment loss	237,830	197,602
Write-off	(104,930)	(77,269)
Disposals and others	(86,573)	(152,422)
Effect of foreign exchange differences	18,124	4,717
End of the period	₩ 1,545,006	₩ 1,341,387

(3) Gross investments in financial leases and their present value of minimum lease receipts as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 1,038,174	₩ 924,926	₩ 1,145,339	₩ 1,014,549
Later than one year and not later than five years	1,641,795	1,536,525	1,808,521	1,682,796
Later than five years	3,484	3,364	5,225	5,030
	₩ 2,683,453	₩ 2,464,815	₩ 2,959,085	₩ 2,702,375

(4) Unearned interest income of financial leases as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,683,453	₩ 2,959,085
Net lease investments:		
Present value of minimum lease payment receivable	2,464,815	2,702,375
Present value of unguaranteed residual value	4,416	4,444
	2,469,231	2,706,819
Unearned interest income	₩ 214,222	₩ 252,266

15. INVESTMENTS IN OPERATING LEASES (AS A LESSOR):

(1) Investments in operating leases as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
	(In millions of Korean Won)	
Acquisition cost	₩ 26,377,561	₩ 25,143,563
Accumulated depreciation	(4,166,479)	(3,945,005)
Accumulated impairment loss	(137,798)	(130,218)
	₩ 22,073,284	₩ 21,068,340

- (2) Future minimum lease payment receivable related to investments in operating leases as of March 31, 2020 and December 31, 2019 is as follows.

Description	March 31, 2020	December 31, 2019
	(In millions of Korean Won)	
Not later than one year	₩ 3,922,213	₩ 3,856,057
Later than one year and not later than five years	4,455,002	4,027,982
Later than five years	5	3
	₩ 8,377,220	₩ 7,884,042

16. BORROWINGS AND DEBENTURES:

- (1) Short-term borrowings as of March 31, 2020 and December 31, 2019 are as follows.

Description	Lender	Annual interest rate	March 31, 2020	December 31, 2019
		(%)	(In millions of Korean Won)	
Overdrafts	Citi Bank and others	0.10~2.40	₩ 299,164	₩ 256,616
General borrowings	Korea Development Bank and others	0.40~6.00	3,985,130	3,736,689
Borrowings collateralized by trade receivables	KEB Hana Bank and others	0.00001~2.36	2,710,491	2,898,539
Banker's Usance	KEB Hana Bank and others	0.09~3.23	469,742	504,769
Commercial paper	Shinhan Bank and others	1.30~4.20	3,627,836	4,429,668
Asset-backed securities	RBC and others	1.76~1.92	945,528	744,412
			₩ 12,037,891	₩ 12,570,693

- (2) Long-term debt as of March 31, 2020 and December 31, 2019 are as follows.

Description	Lender	Annual interest rate	March 31, 2020	December 31, 2019
		(%)	(In millions of Korean Won)	
General borrowings	Mizuho Bank and others	0.10~14.20	₩ 7,621,386	₩ 7,088,777
Credit facilities	NH Bank and others	0.44~4.53	132,535	160,463
Commercial paper	KTB Investment & Securities and others	1.65~2.55	1,930,000	2,380,000
Asset-backed securities	HSBC and others	1.36~2.79	6,919,649	5,885,638
Others(*)	NH Investment & Securities and others		435,607	435,607
			17,039,177	15,950,485
Less: present value discounts			(104,633)	(106,883)
Less: current maturities			(4,826,252)	(4,626,514)
			₩ 12,108,292	₩ 11,217,088

- (*) The Group transferred a portion of its voting shares to a third party with the total revenue swap agreement. However, the Group still recognizes it as the financial asset because the group still own to the majority of the risks and rewards of ownership of the transferred shares. Also the Group recognized the amount received from disposal as borrowing.

(3) Debentures as of March 31, 2020 and December 31, 2019 are as follows.

Description	Latest maturity date	Annual interest rate	March 31, 2020	December 31, 2019
		(%)	(In millions of Korean Won)	
Non-guaranteed public debentures	October 30, 2029	1.33~4.04	₩ 29,332,489	₩ 23,691,000
Non-guaranteed private debentures	February 10, 2027	1.60~4.30	15,350,124	17,872,007
Asset-backed securities	June 15, 2026	1.30~3.31	12,146,309	11,486,855
			56,828,922	53,049,862
Less: discount on debentures			(102,007)	(92,004)
Less: current maturities			(12,177,366)	(11,152,044)
			₩ 44,549,549	₩ 41,805,814

17. PROVISIONS:

The changes in provisions for the three-month period ended March 31, 2020 are as follows.

Description	Warranty	Other long-term employee benefits	Others
	(In millions of Korean Won)		
Beginning of the period	₩ 5,447,307	₩ 726,356	₩ 971,266
Charged	722,771	17,664	344,032
Utilized	(531,571)	(24,746)	(369,389)
Effect of foreign exchange differences and others	39,915	139	757
End of the period	₩ 5,678,422	₩ 719,413	₩ 946,666

The changes in provisions for the three-month period ended March 31, 2019 are as follows.

Description	Warranty	Other long-term employee benefits	Others
	(In millions of Korean Won)		
Beginning of the period	₩ 5,177,128	₩ 703,526	₩ 919,250
Charged	490,262	16,631	297,170
Utilized	(473,180)	(27,689)	(302,702)
Effect of foreign exchange differences and others	26,106	152	12,964
End of the period	₩ 5,220,316	₩ 692,620	₩ 926,682

18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of March 31, 2020 are as follows.

Description	March 31, 2020	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 1,663	₩ 69,915
Derivative liabilities that are effective hedging instruments	58,378	207,521
	₩ 60,041	₩ 277,436

(2) Other financial liabilities as of December 31, 2019 are as follows.

Description	December 31, 2019	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 4,532	₩ 31,625
Derivative liabilities that are effective hedging instruments	5,438	143,571
	₩ 9,970	₩ 175,196

19. OTHER LIABILITIES:

Other liabilities as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,720,732	₩ 31,830	₩ 1,482,982	₩ 22,559
Withholdings	912,774	191,461	1,020,551	197,722
Accrued expenses	2,967,153	-	2,850,091	-
Unearned income	634,609	1,579,086	608,090	1,455,882
Due to customers for contract work	881,732	-	775,972	-
Others	1,429,225	697,795	523,143	876,656
	<u>₩ 8,546,225</u>	<u>₩ 2,500,172</u>	<u>₩ 7,260,829</u>	<u>₩ 2,552,819</u>

20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of March 31, 2020 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
	(In millions of Korean Won)					
Cash and cash equivalents	₩ -	₩ 10,373,838	₩ -	₩ -	₩ 10,373,838	₩ 10,373,838
Short-term and long-term financial instruments	-	7,399,164	-	-	7,399,164	7,399,164
Trade notes and accounts receivable	-	3,146,615	-	-	3,146,615	3,146,615
Other receivables	-	2,712,610	-	-	2,712,610	2,712,610
Other financial assets	8,652,167	38,617	1,833,387	478,449	11,002,620	11,002,620
Other assets	12,889	345,990	-	-	358,879	358,879
Financial services receivables	-	63,178,533	-	-	63,178,533	62,638,257
	<u>₩ 8,665,056</u>	<u>₩ 87,195,367</u>	<u>₩ 1,833,387</u>	<u>₩ 478,449</u>	<u>₩ 98,172,259</u>	<u>₩ 97,631,983</u>

Financial assets by categories as of December 31, 2019 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
	(In millions of Korean Won)					
Cash and cash equivalents	₩ -	₩ 8,681,971	₩ -	₩ -	₩ 8,681,971	₩ 8,681,971
Short-term and long-term financial instruments	-	8,095,888	-	-	8,095,888	8,095,888
Trade notes and accounts receivable	-	3,640,520	-	-	3,640,520	3,640,520
Other receivables	-	2,567,688	-	-	2,567,688	2,567,688
Other financial assets	9,937,423	109,546	2,278,634	183,836	12,509,439	12,509,439
Other assets	18,406	312,760	-	-	331,166	331,166
Financial services receivables	-	62,258,626	-	-	62,258,626	62,014,023
	<u>₩ 9,955,829</u>	<u>₩ 85,666,999</u>	<u>₩ 2,278,634</u>	<u>₩ 183,836</u>	<u>₩ 98,085,298</u>	<u>₩ 97,840,695</u>

(2) Financial liabilities by categories as of March 31, 2020 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 7,959,779	₩ -	₩ 7,959,779	₩ 7,959,779
Other payables	-	3,865,195	-	3,865,195	3,865,195
Borrowings and debentures	-	85,699,350	-	85,699,350	85,529,850
Other financial liabilities	71,578	-	265,899	337,477	337,477
Lease liabilities	-	787,119	-	787,119	787,119
Other liabilities	-	3,258,529	-	3,258,529	3,258,529
	<u>₩ 71,578</u>	<u>₩ 101,569,972</u>	<u>₩ 265,899</u>	<u>₩ 101,907,449</u>	<u>₩ 101,737,949</u>

Financial liabilities by categories as of December 31, 2019 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 7,669,424	₩ -	₩ 7,669,424	₩ 7,669,424
Other payables	-	5,300,043	-	5,300,043	5,300,043
Borrowings and debentures	-	81,372,153	-	81,372,153	81,912,936
Other financial liabilities	36,157	-	149,009	185,166	185,166
Lease liabilities	-	767,984	-	767,984	767,984
Other liabilities	-	2,432,607	-	2,432,607	2,432,607
	<u>₩ 36,157</u>	<u>₩ 97,542,211</u>	<u>₩ 149,009</u>	<u>₩ 97,727,377</u>	<u>₩ 98,268,160</u>

(3) Fair value estimation

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

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

Fair value measurements of financial instruments by fair value hierarchy levels as of March 31, 2020 are as follows.

Description	March 31, 2020			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 87,983	₩ 8,017,848	₩ 559,225	₩ 8,665,056
Derivative assets that are effective hedging instruments	-	478,449	-	478,449
Financial assets measured at FVOCI	726,508	337,893	768,986	1,833,387
	<u>₩ 814,491</u>	<u>₩ 8,834,190</u>	<u>₩ 1,328,211</u>	<u>₩ 10,976,892</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 71,578	₩ -	₩ 71,578
Derivative liabilities that are effective hedging instruments	-	265,899	-	265,899
	<u>₩ -</u>	<u>₩ 337,477</u>	<u>₩ -</u>	<u>₩ 337,477</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2019 are as follows.

Description	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 94,656	₩ 9,288,555	₩ 572,618	₩ 9,955,829
Derivative assets that are effective hedging instruments	-	183,836	-	183,836
Financial assets measured at FVOCI	1,180,739	349,804	748,091	2,278,634
	<u>₩ 1,275,395</u>	<u>₩ 9,822,195</u>	<u>₩ 1,320,709</u>	<u>₩ 12,418,299</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 36,157	₩ -	₩ 36,157
Derivative liabilities that are effective hedging instruments	-	149,009	-	149,009
	<u>₩ -</u>	<u>₩ 185,166</u>	<u>₩ -</u>	<u>₩ 185,166</u>

The changes in financial instruments classified as Level 3 for the three-month period ended March 31, 2020 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	End of the period
(In millions of Korean Won)					
Financial assets measured at FVPL	₩ 572,618	₩ 11,332	₩ (21,817)	₩ (2,908)	₩ 559,225
Financial assets measured at FVOCI	748,091	15,180	-	5,715	768,986

The changes in financial instruments classified as Level 3 for the three-month period ended March 31, 2019 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
(In millions of Korean Won)						
Financial assets measured at FVPL	₩ 228,572	₩ 200,912	₩ (1,278)	₩ (5,504)	₩ 26,880	₩ 449,582
Financial assets measured at FVOCI	376,986	7,641	(44)	768	(26,880)	358,471

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the three-month period ended March 31, 2020 are as follows.

Description	Three-month period ended March 31, 2020		
	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)			
Non-financial services:			
Financial assets measured at amortized cost	₩ 82,812	₩ -	₩ -
Financial assets measured at FVPL	26,652	-	-
Financial assets measured at FVOCI	-	31,400	-
Financial liabilities measured at amortized cost	-	-	74,660
	<u>₩ 109,464</u>	<u>₩ 31,400</u>	<u>₩ 74,660</u>
Financial services:			
Financial assets measured at amortized cost	₩ 974,253	₩ -	₩ -
Financial assets measured at FVPL	2,023	1,351	-
Financial assets measured at FVOCI	297	-	-
Financial liabilities measured at amortized cost	-	-	465,232
	<u>₩ 976,573</u>	<u>₩ 1,351</u>	<u>₩ 465,232</u>

Interest income, dividend income and interest expenses by categories of financial instruments for the three-month period ended March 31, 2019 are as follows.

Description	Three-month period ended March 31, 2019		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 101,067	₩ -	₩ -
Financial assets(liabilities) measured at FVPL	32,186	-	3,437
Financial assets measured at FVOCI	-	35,582	-
Financial liabilities measured at amortized cost	-	-	71,774
	<u>₩ 133,253</u>	<u>₩ 35,582</u>	<u>₩ 75,211</u>
Financial services:			
Financial assets measured at amortized cost	₩ 898,294	₩ -	₩ -
Financial assets measured at FVPL	2,030	1,373	-
Financial assets measured at FVOCI	70	-	-
Financial liabilities measured at amortized cost	-	-	428,876
	<u>₩ 900,394</u>	<u>₩ 1,373</u>	<u>₩ 428,876</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the three-month periods ended March 31, 2020 and 2019 are ₩197,126 million and ₩212,052million, respectively. In addition, the fee expenses (cost of sales from financial services) related to financial assets or liabilities other than financial assets or liabilities measured at FVPL for the three-month periods ended March 31, 2020 and 2019 are ₩82,700 million and ₩94,757 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the three-month period ended March 31, 2020.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

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

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

- Interest rate swap

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

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

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

- Total return swap (Derivatives)

The fair value of total revenue swaps (derivatives) is measured based on the stock price volatility up to the fair value, exercise price, maturity and maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is based on the risk-free interest rate, which corresponds to the remaining maturity, and the stock price volatility up to maturity uses the historical volatility of the financial sector over the past one year. The fair value of the underlying assets is measured using the cash flow discount model. In order to estimate the future cash flows, assumptions reflecting the business plan and current industry such as sales growth rate, pre-tax operating profit margin or discount rates etc. and estimates such as observable market price or rates are partially used. The discount rate used to discount future cash flows was calculated by applying the Capital Asset Pricing Model (CAPM), using data from similar listed companies. The Group classifies the fair value measurement of total revenue swap (derivatives) as Level 3 in the fair value hierarchy based on the assumption that the effect of the above assumptions and estimates on the fair value of the total revenue swap classified.

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

Description	Fair value at March 31, 2020 (In millions of Korean Won)	Valuation techniques	Unobservable inputs	Description of relationship
Unlisted equity securities, total return swap and others	₩ 1,328,211	Discounted cash flow and others	Sales growth rate Pre-tax operating income margin ratio Discount rate	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.

The Group does not expect changes in significant unobservable inputs that are used for reflecting alternative assumptions would have significant impact on the fair value.

21. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of March 31, 2020 and December 31, 2019 are as follows.

(1) Common stock

Description	March 31, 2020 (In millions of Korean Won, except par value)	December 31, 2019
Issued	213,668,187 shares	213,668,187 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

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

(2) Preferred stock

Description	Par value	Issued	Korean Won (In millions of Korean Won)	Dividend rate
1 st preferred stock	₩ 5,000	24,356,685 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	"	36,485,451 shares	193,069	The lowest stimulated dividend rate : 2%
3 rd preferred stock	"	2,428,735 shares	12,392	The lowest stimulated dividend rate : 1%
		<u>63,270,871 shares</u>	<u>₩ 331,011</u>	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares and as of July 27, 2018, the Company retired 753,297 first preferred shares, 1,128,414 second preferred shares and 49,564 third preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

22. CAPITAL SURPLUS:

Capital surplus as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
	(In millions of Korean Won)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	875,881	875,681
	<u>₩ 4,197,215</u>	<u>₩ 4,197,015</u>

23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
	(Number of shares)	
Common stock	13,091,308	11,835,151
1 st preferred stock	2,186,993	2,046,959
2 nd preferred stock	1,353,570	1,142,140
3 rd preferred stock	48,574	34,545

24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

(1) Accumulated other comprehensive loss as of March 31, 2020 is as follows.

Description	March 31, 2020
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 304,082
Loss on valuation of financial assets measured at FVOCI	(569,535)
Gain on valuation of cash flow hedge derivatives	595
Loss on valuation of cash flow hedge derivatives	(139,270)
Gain on share of the other comprehensive income of equity-accounted investees	56,438
Loss on share of the other comprehensive income of equity-accounted investees	(655,773)
Loss on foreign operations translation, net and others	(1,443,604)
	<u>₩ (2,447,067)</u>

(2) Accumulated other comprehensive loss as of December 31, 2019 is as follows.

Description	December 31, 2019
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 489,235
Loss on valuation of financial assets measured at FVOCI	(419,160)
Gain on valuation of cash flow hedge derivatives	17,117
Loss on valuation of cash flow hedge derivatives	(45,500)
Gain on share of the other comprehensive income of equity-accounted investees	34,967
Loss on share of the other comprehensive income of equity-accounted investees	(714,955)
Loss on foreign operations translation, net and others	(1,714,726)
	<u>₩ (2,353,022)</u>

25. RETAINED EARNINGS:

Retained earnings as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
	(In millions of Korean Won)	
Legal reserve (*)	₩ 744,836	₩ 744,836
Discretionary reserve	48,333,997	46,591,396
Unappropriated	18,821,524	20,913,401
	₩ 67,900,357	₩ 68,249,633

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

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

26. HYBRID BOND:

(1) Hyundai Card Co., Ltd., a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of March 31, 2020, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	March 31, 2020
			(%)	(In millions of Korean Won)
The 731st Hybrid Tier 1 (Private)	July 5, 2018	July 5, 2048	4.70	₩ 300,000
Issue cost				(760)
				₩ 299,240

Hyundai Rotem Company, a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of March 31, 2020, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	March 31, 2020
			(%)	(In millions of Korean Won)
The 1st Hybrid Tier 1 (Private)	November 8, 2019	November 8, 2049	4.50	₩ 106,000
The 2nd Hybrid Tier 1 (Private)	December 23, 2019	December 23, 2049	4.50	45,000
Issue cost				(677)
				₩ 150,323

(2) As of March 31, 2020, the conditions of hybrid bond that Hyundai Card Co., Ltd., a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date ~ July 5, 2023 : An annual fixed interest rate 4.7%
Interest payment condition	Increase of 2% after five years in accordance with Step-up clause at one time only
Others	Three months, optional postponement of payment
	Repayment before maturity by issuer is available after five years from issue date

As of March 31, 2020, the conditions of hybrid bond that Hyundai Rotem Company, a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date to two years : An annual fixed interest rate 4.5% Two to three years : Initial interest rate + 2.5 % + adjusted interest rate(*) After three years: Interest rate at the day before each anniversary + 0.5%
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is available after two years from issue date

(*) The interest rates, which deducts the interest rate of two years maturity treasury bond at 2 working dates before the issue date (zero when it is minus) from the interest rate of two years maturity treasury bond at 2 working days before 2nd anniversary of the issue date.

27. SALES:

(1) Sales for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Sales of goods	₩ 20,758,808	₩ 20,133,083
Rendering of services	643,862	529,513
Royalties	57,167	18,777
Financial services revenue	3,031,258	2,640,487
Revenue related to construction contracts	616,391	577,514
Others	211,962	87,705
	₩ 25,319,448	₩ 23,987,079

(2) As of March 31, 2020, the aggregate transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation that is expected to be recognized as revenue in future periods is as follows.

Description	Within a year		After a year	
	(In millions of Korean Won)			
Deferred revenue and others	₩	1,116,935	₩	1,485,229

28. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Selling expenses:		
Export expenses	₩ 14,456	₩ 21,879
Overseas market expenses	92,743	94,969
Advertisements and sales promotion	617,293	555,070
Sales commissions	180,918	197,037
Expenses for warranties	681,278	510,823
Transportation expenses	29,277	28,382
	<u>1,615,965</u>	<u>1,408,160</u>
Administrative expenses:		
Payroll	648,719	637,302
Post-employment benefits	46,352	45,447
Welfare expenses	118,440	107,644
Service charges	341,941	296,754
Research	289,121	245,756
Others	340,996	346,728
	<u>1,785,569</u>	<u>1,679,631</u>
	<u>₩ 3,401,534</u>	<u>₩ 3,087,791</u>

29. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three-month periods ended March 31, 2020 and 2019 is as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Gain on share of earnings of equity-accounted investees, net	₩ 43,395	₩ 273,481
Gain on disposals of investments in associates (*)	42,424	13,222
	<u>₩ 85,819</u>	<u>₩ 286,703</u>

(*) The amount includes remeasurement to fair value of existing shares as a result of business combination.

30. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Interest income	₩ 109,464	₩ 133,253
Gain on foreign exchange transactions	16,117	15,629
Gain on foreign currency translation	27,312	54,164
Dividend income	31,400	35,582
Gain on derivatives	64,503	6,680
Others	941	1,238
	<u>₩ 249,737</u>	<u>₩ 246,546</u>

(2) Finance expenses for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Interest expenses	₩ 82,364	₩ 83,157
Loss on foreign exchange transactions	5,380	10,814
Loss on foreign currency translation	226,487	30,455
Loss on derivatives	11,136	8,916
Others	784	2
	₩ 326,151	₩ 133,344

31. OTHER INCOME AND EXPENSES:

(1) Other income for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Gain on foreign exchange transactions	₩ 158,493	₩ 94,196
Gain on foreign currency translation	184,385	75,748
Gain on disposals of PP&E	5,566	2,953
Commission income	5,269	20,970
Rental income	24,758	21,708
Others	71,299	82,748
	₩ 449,770	₩ 298,323

(2) Other expenses for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Loss on foreign exchange transactions	₩ 196,134	₩ 65,833
Loss on foreign currency translation	295,956	61,309
Loss on disposals of PP&E	13,865	27,011
Donations	11,560	8,078
Others	81,168	144,067
	₩ 598,683	₩ 306,298

32. EXPENSES BY NATURE:

Expenses by nature for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Changes in inventories	₩ 24,186	₩ (166,187)
Raw materials and merchandise used	13,896,551	14,071,926
Employee benefits	2,283,286	2,245,808
Depreciation	662,985	605,422
Amortization	346,120	314,367
Others	7,841,227	6,397,170
Total (*)	₩ 25,054,355	₩ 23,468,506

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

33. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the period. The Group does not compute diluted earnings per common stock for the three-month periods ended March 31, 2020 and 2019, since there are no dilutive items during the period.

Basic earnings per common stock and preferred stock for the three-month periods ended March 31, 2020 and 2019 are computed as follows.

Description	Three-month period ended March 31,					
	2020			2019		
	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
(In millions of Korean Won, except per share amounts)						
Common stock	₩ 356,155	200,997,773	₩ 1,772	₩ 638,348	203,153,648	₩ 3,142
1 st Preferred stock (*2)	39,643	22,217,983	1,784	70,860	22,463,411	3,154
2 nd Preferred stock	63,260	35,204,067	1,797	112,667	35,585,102	3,166
3 rd Preferred stock	4,256	2,384,938	1,785	7,602	2,408,096	3,157

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

34. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the three-month periods ended March 31, 2020 and 2019 are 23.7% and 21.6%, respectively.

35. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
(In millions of Korean Won)		
Paid-in cash	₩ 2,209	₩ 1,868
Recognized liability	1,253	1,318
	₩ 3,462	₩ 3,186

(2) The significant actuarial assumptions used by the Group as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
Discount rate(*)	3.01%	2.95%
Rate of expected future salary increase	4.15%	4.15%

(*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate at March 31, 2020, to discount the defined benefit obligation to the present value, and the same discount rate was applied as the expected return rate when calculating interest income on plan assets.

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

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	6,247,159	₩	6,321,408
Fair value of plan assets		(5,819,909)		(5,913,514)
	₩	427,250	₩	407,894
Net defined benefit liabilities		429,106		412,598
Net defined benefit assets		(1,856)		(4,704)

- (4) Changes in net defined benefit assets and liabilities for the three-month period ended March 31, 2020 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,321,408	₩	(5,913,514)	₩	407,894
Current service cost		154,991		-		154,991
Interest expenses (income)		33,859		(32,707)		1,152
		6,510,258		(5,946,221)		564,037
Remeasurements:						
Return on plan assets		-		24,935		24,935
Actuarial gains and losses arising from changes in financial assumptions		15,844		-		15,844
Actuarial gains and losses arising from experience adjustments and others		(4,152)		-		(4,152)
		11,692		24,935		36,627
Contributions		-		(139,668)		(139,668)
Benefits paid		(296,965)		256,285		(40,680)
Transfers in (out)		1,214		(445)		769
Effect of foreign exchange differences and others		20,960		(14,795)		6,165
End of the period	₩	6,247,159	₩	(5,819,909)	₩	427,250

Changes in net defined benefit assets and liabilities for the three-month period ended March 31, 2019 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	5,931,464	₩	(5,508,329)	₩	423,135
Current service cost		150,958		-		150,958
Interest expenses (income)		39,113		(37,516)		1,597
		6,121,535		(5,545,845)		575,690
Remeasurements:						
Return on plan assets		-		(16,172)		(16,172)
Actuarial gains and losses arising from changes in financial assumptions		16,230		-		16,230
		16,230		(16,172)		58
Contributions		-		(52,146)		(52,146)
Benefits paid		(251,375)		213,933		(37,442)
Transfers in (out)		580		(386)		194
Effect of foreign exchange differences and others		8,782		(3,035)		5,747
End of the period	₩	5,895,752	₩	(5,403,651)	₩	492,101

(5) The fair value of the plan assets as of March 31, 2020 and December 31, 2019 is as follows.

Description	March 31, 2020		December 31, 2019	
	(In millions of Korean Won)			
Insurance instruments	₩	5,816,105	₩	5,909,102
Others		3,804		4,412
	₩	5,819,909	₩	5,913,514

36. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,			
	2020		2019	
(In millions of Korean Won)				
Profit for the period	₩	552,682	₩	953,785
Adjustments:				
Retirement benefit costs		157,396		153,873
Depreciation		662,985		605,422
Amortization of intangible assets		346,120		314,367
Provision for warranties		635,987		468,141
Income tax expense		171,586		263,016
Loss (gain) on foreign currency translation, net		310,746		(38,148)
Loss on disposals of PP&E, net		8,299		24,058
Interest income, net		(27,100)		(50,096)
Gain on share of earnings of equity-accounted investees, net		(43,395)		(273,481)
Cost of sales from financial services, net		1,743,291		1,668,404
Others		105,593		274,652
		<u>4,071,508</u>		<u>3,410,208</u>
Changes in operating assets and liabilities:				
Decrease (increase) in trade notes and accounts receivable		626,842		(127,060)
Decrease in other receivables		392,998		170,379
Increase in other financial assets		(332,370)		(262,643)
Increase in inventories		(69,730)		(443,351)
Increase in other assets		(97,306)		(174,462)
Increase (decrease) in trade notes and accounts payable		(42,107)		113,350
Decrease in other payables		(1,388,549)		(896,433)
Increase in other liabilities		1,906		662,504
Decrease in other financial liabilities		(3,707)		(1,677)
Decrease in net defined benefit liabilities		(135,962)		(49,004)
Payment of severance benefits		(40,680)		(37,442)
Decrease in provisions		(925,706)		(803,571)
Changes in financial services receivables		(3,498)		(443,773)
Investment in operating leases		(1,253,118)		(642,494)
Others		69,750		15,053
		<u>(3,201,237)</u>		<u>(2,920,624)</u>
Cash generated from operations	₩	<u>1,422,953</u>	₩	<u>1,443,369</u>

37. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
		(In millions of Korean Won)		
Total liabilities	₩	122,924,233	₩	118,146,466
Total equity		75,926,616		76,365,754
Debt-to-equity ratio		161.9%		154.7%

(2) Financial risk management

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

1) Market risk

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

a) Foreign exchange risk management

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

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

Sensitivity analysis for a 5% change in exchange rate of the functional currency against each foreign currency on profit before income tax as of March 31, 2020 is as follows.

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (36,286)	₩ 36,286
EUR	(20,978)	20,978
JPY	(7,937)	7,937

b) Interest rate risk management

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

Sensitivity analysis for a 1% change in interest rates on profit before income tax as of March 31, 2020 is as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 14,045	₩ (14,045)
Financial assets measured at FVPL	(6,719)	7,075
Short-term and long-term financial instruments	7,717	(7,717)
Borrowings and debentures	(129,525)	129,525

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of March 31, 2020 and December 31, 2019, the amounts of interest rate risk measured at VaR are ₩157,526 million and ₩159,980 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of March 31, 2020, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩87,983 million and ₩1,482,997 million, respectively.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 39, the book value of financial assets in the consolidated financial statements represents the maximum amounts of exposure to credit risk.

3) Liquidity risk

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

The Group retains an appropriate level of deposit to cope with uncertainty caused by the inherent nature of the industry which is sensitive to economic fluctuation and to invest in R&D constantly.

In addition, the Group has agreements with financial institutions related to trade financing and overdraft to mitigate any significant unexpected market deterioration. Also, the Group continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of March 31, 2020 is as follows.

Description	Remaining contract period				Total
	Not later than one year	Later than one year and not later than five years	Later than five years		
	(In millions of Korean Won)				
Non-interest-bearing liabilities	₩ 14,240,990	₩ 852,661	₩ -	₩	15,093,651
Interest-bearing liabilities	30,803,258	53,185,955	7,050,196	₩	91,039,409
Financial guarantee	960,382	16,559	213	₩	977,154

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

(3) Derivative instruments

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

As of March 31, 2020 and December 31, 2019, the Group recognized an accumulative net loss of ₩138,675 million and ₩28,383 million, respectively, in accumulated other comprehensive loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 114 months as of March 31, 2020.

For the three-month periods ended March 31, 2020 and 2019, the Group recognized a net profit of ₩347,286 million and ₩99,740 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

38. RELATED-PARTY AND OTHER TRANSACTIONS:

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

- (1) For the three-month period ended March 31, 2020, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation and Fair Trade Act of the Republic of Korea (“the Act”) are as follows.

Description	Sales/proceeds		Purchases/expenses		
	Sales	Others	Purchases	Others	
	(In millions of Korean Won)				
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 261,480	₩ 2,503	₩ 1,566,412	₩ 3,909
	Mobis Alabama, LLC	46,199	1,811	366,187	-
	Mobis Automotive Czech s.r.o.	-	137	323,084	1,296
	Mobis India, Ltd.	3,140	804	233,993	1,023
	Mobis Parts America, LLC	17,300	880	253,967	36
	Mobis Module CIS, LLC.	-	91	92,378	10
	Mobis Parts Europe N.V.	4,775	67	91,963	-
	Others	7,239	221	227,063	170
Joint ventures and associates	Kia Motors Corporation	217,865	96,845	21,493	175,305
	Kia Motors Russia LLC.	262,305	-	-	-
	Kia Motors Slovakia s.r.o.	36,274	4	91,955	-
	Kia Motors Mexico S.A de C.V.	3,010	461	134,616	-
	BHMC	36,589	-	29,302	-
	HMGC	802	-	17,196	838
	Hyundai WIA Corporation	29,777	425	317,155	316
	Others	348,784	14,491	888,389	342,880
Other related parties		1,974	1,169	26	1
Affiliates by the Act		287,221	35,978	1,797,898	164,664

For the three-month period ended March 31, 2019, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

Description	Sales/proceeds		Purchases/expenses		
	Sales	Others	Purchases	Others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 222,925	₩ 2,568	₩ 1,546,787	₩ 1,956
	Mobis Alabama, LLC	26,330	2,451	338,683	6,889
	Mobis Automotive Czech s.r.o.	-	123	343,782	-
	Mobis India, Ltd.	2,790	719	271,344	579
	Mobis Parts America, LLC	12,262	804	198,729	171
	Mobis Parts Europe N.V.	4,213	96	84,519	11,624
	Mobis Brasil Fabricacao De Auto Pecas Ltda	1,891	-	62,500	-
	Mobis Module CIS, LLC	-	85	100,156	-
	Others	4,898	269	155,540	4,933
Joint ventures and associates	Kia Motors Corporation	272,167	72,770	50,573	134,344
	Kia Motors Manufacturing Georgia, Inc.	111,427	273	7	5,330
	Kia Motors Russia LLC	232,865	-	-	-
	Kia Motors Slovakia s.r.o.	30,137	2	103,326	-
	BHMC	123,245	8,343	20,084	-
	HMGC	704	-	8,899	1,041
	Hyundai WIA Corporation	31,957	115	297,350	82
	Others	121,051	11,803	922,864	408,005
Other related parties		408	1,474	24	1
Affiliates by the Act		241,334	44,612	1,623,270	305,530

(2) As of March 31, 2020, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description	Receivables (*1,2)		Payables		
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 221,278	₩ 6,839	₩ 1,195,579	₩ 358,701
	Mobis Alabama, LLC	16,537	-	92,869	-
	Mobis Automotive Czech s.r.o.	-	411	156,567	-
	Mobis India, Ltd.	1,130	-	115,434	4
	Mobis Parts America, LLC	17,105	149	88,362	-
	Mobis Module CIS, LLC	-	37	30,773	-
	Mobis Parts Europe N.V.	2,395	81	31,418	-
	Others	3,750	1,346	74,287	2,999
Joint ventures and associates	Kia Motors Corporation	414,304	290,114	26,600	192,758
	Kia Motors Russia LLC.	90,516	72	-	263
	Kia Motors Slovakia s.r.o.	11,466	216	32,022	693
	Kia Motors Mexico S.A de C.V.	2,809	1,939	84,104	387
	Kia Motors America, Inc.	-	94,037	378	21,675
	BHMC	132,425	79,495	5,558	986
	HMGC	260	20,719	8,606	988
	Hyundai WIA Corporation	21,559	18,658	206,599	39,315
	Others	235,434	133,312	544,214	1,013,174
Other related parties		533	348	10	-
Affiliates by the Act		121,306	35,193	964,319	282,870

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩333 million as of March 31, 2020 and the reversal of impairment loss is recognized in the amount of ₩107 million for the three-month period ended March 31, 2020.

(*2) As of March 31, 2020, outstanding payment of ₩7,733 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the three-month period ended March 31, 2020, amount used and repayment of agreement are ₩76,002 million and ₩89,496 million, respectively.

As of December 31, 2019, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 180,627	₩ 8,774	₩ 1,240,307	₩ 260,458
	Mobis Alabama, LLC	6,835	-	112,964	12
	Mobis Automotive Czech s.r.o.	-	369	110,024	-
	Mobis India, Ltd.	3,381	-	118,413	2
	Mobis Parts America, LLC	14,033	89	85,048	-
	Mobis Module CIS, LLC	-	36	32,457	-
	Mobis Parts Europe N.V.	1,671	3,033	32,294	-
	Others	5,709	719	78,094	4,187
	Joint ventures and associates	467,458	325,290	46,735	175,515
Joint ventures and associates	Kia Motors Corporation	145,459	326	-	-
	Kia Motors Russia LLC.	8,312	1,028	30,354	89
	Kia Motors Slovakia s.r.o.	33	4,645	77,306	366
	Kia Motors Mexico S.A de C.V.	-	84,127	1,275	20,455
	Kia Motors America, Inc.	156,728	76,174	6,215	820
	BHMC	16	19,894	6,957	37,188
	HMGC	28,289	14,729	151,717	55,728
	Hyundai WIA Corporation	302,208	115,063	492,506	695,803
Other related parties	87	520	10	1	
Affiliates by the Act	214,074	78,281	845,699	344,282	

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩26,889 million as of December 31, 2019 and the impairment loss is recognized in the amount of ₩1,895 million for the year ended December 31, 2019.

(*2) As of December 31, 2019, outstanding payment of ₩21,227 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2019, amount used and repayment of agreement are ₩307,706 million and ₩304,492 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the three-month period ended March 31, 2020, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of US Dollar)					
Joint ventures and associates	-	-	USD 5,000	-	₩ 1,397,524

Significant fund transactions and equity contribution transactions for the three-month period ended March 31, 2019, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution (In millions of Korean won)
	Lending	Collection	Borrowing	Repayment	
Joint ventures and associates	-	-	-	-	₩ 46,508

For the three-month period ended March 31, 2020, the Group traded in other financial assets and others of ₩810,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩830,000 million in the consolidated statement of financial position as of March 31, 2020.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the three-month periods ended March 31, 2020 and 2019 are as follows.

Description	Three-month period ended March 31,	
	2020	2019
	(In millions of Korean Won)	
Short-term employee salaries	₩ 70,305	₩ 49,323
Retirement benefit costs	11,506	10,860
Other long-term benefits	224	258
	<u>₩ 82,035</u>	<u>₩ 60,441</u>

- (5) As of March 31, 2020, the Group offers payment guarantee to related parties and affiliates by the Act.

39. COMMITMENTS AND CONTINGENCIES:

- (1) As of March 31, 2020, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩ 128,050	₩		-
To others	9,822			970,081
	<u>₩ 137,872</u>	<u>₩</u>		<u>970,081</u>

- (*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of March 31, 2020.

- (2) As of March 31, 2020, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of March 31, 2020, the Group is under investigation by related authorities in relation to the theta 2 engine recall, and its results and impacts are unpredictable. Meanwhile, as of March 31, 2020, the Group is currently involved in lawsuits for ordinary wage, which relates to disputes over whether certain elements of remuneration shall be included in the earnings used for the purposes of calculating overtime, allowances for unused annual paid leave and retirement benefits, and unable to estimate the outcome or the potential consolidated financial impact.

- (3) As of March 31, 2020, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩773,031 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.

- (4) As of March 31, 2020, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.

- (5) As of March 31, 2020, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. falls below a certain level, this may result in early repayment of the borrowings or termination of the contracts.
- (6) As of March 31, 2020, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd., the subsidiaries of the Company are able to exercise the priority purchasing rights for the leased office building when the lessor wants to sell the building or after 4 years and 5 months from the lease contract commencement date.
- (7) As of March 31, 2020, the Company entered into a total return swap contract for stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by other investors of a third parties.
- (8) As of March 31, 2020, the Company has a shareholder agreement with investors of third parties regarding shares of Hyundai card Co., Ltd. and Hyundai Commercial Inc. This includes the Call options that allow the Company to buy shares from the investors and the Put options that allow the investors to dispose of the shares to the Company.
- (9) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of March 31, 2020, the Company has recognized relevant liability in the amount of ₩948,454 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.

40. SEGMENT INFORMATION:

- (1) The Group has vehicle segment, finance segment and others segment. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Others segment includes the R&D, train manufacturing and other activities.
- (2) Sales and operating profit by operating segments for the three-month periods ended March 31, 2020 and 2019 are as follows.

	For the three-month period ended March 31, 2020				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 30,085,228	₩ 4,349,236	₩ 1,957,995	₩ (11,073,011)	₩ 25,319,448
Inter-company sales	(10,530,527)	(173,141)	(369,343)	11,073,011	-
Net sales	19,554,701	4,176,095	1,588,652	-	25,319,448
Operating profit	569,188	218,312	70,945	5,331	863,776
	For the three-month period ended March 31, 2019				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 28,711,061	₩ 4,046,768	₩ 1,886,272	₩ (10,657,022)	₩ 23,987,079
Inter-company sales	(10,104,853)	(198,738)	(353,431)	10,657,022	-
Net sales	18,606,208	3,848,030	1,532,841	-	23,987,079
Operating profit	507,367	266,572	59,462	(8,530)	824,871

(3) Assets and liabilities by operating segments as of March 31, 2020 are as follows.

	March 31, 2020				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 107,518,028	₩ 97,635,742	₩ 8,978,452	₩ (15,281,373)	₩ 198,850,849
Total liabilities	42,913,607	84,185,256	5,635,682	(9,810,312)	122,924,233
Borrowings and debentures	8,820,140	76,637,935	2,684,645	(2,443,370)	85,699,350

Assets and liabilities by operating segments as of December 31, 2019 are as follows.

	December 31, 2019				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 107,555,519	₩ 93,803,198	₩ 8,541,669	₩ (15,388,166)	₩ 194,512,220
Total liabilities	42,249,145	80,509,835	5,579,715	(10,192,229)	118,146,466
Borrowings and debentures	7,628,244	72,788,608	2,776,867	(1,821,566)	81,372,153

(4) Sales by region based on where the Group's entities are located in for the three-month periods ended March 31, 2020 and 2019 are as follows.

	For the three-month period ended March 31, 2020						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 14,407,608	₩ 11,296,478	₩ 2,283,292	₩ 7,876,627	₩ 528,454	₩ (11,073,011)	₩ 25,319,448
Inter-company sales	(5,360,852)	(1,930,260)	(86,380)	(3,693,439)	(2,080)	11,073,011	-
Net sales	9,046,756	9,366,218	2,196,912	4,183,188	526,374	-	25,319,448

	For the three-month period ended March 31, 2019						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 14,039,464	₩ 9,320,149	₩ 2,376,101	₩ 8,260,218	₩ 648,169	₩ (10,657,022)	₩ 23,987,079
Inter-company sales	(4,807,054)	(1,792,483)	(67,134)	(3,990,237)	(114)	10,657,022	-
Net sales	9,232,410	7,527,666	2,308,967	4,269,981	648,055	-	23,987,079

(5) Non-current assets by region where the Group's entities are located in as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020		December 31, 2019	
	(In millions of Korean Won)			
Korea	₩	32,432,138	₩	32,022,342
North America		2,830,863		2,588,893
Asia		1,978,313		1,527,181
Europe		1,981,101		1,962,133
Others		356,148		449,771
		39,578,563		38,550,320
Consolidation adjustments		(280,616)		(280,806)
Total (*)	₩	39,297,947	₩	38,269,514

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

(6) There is no single external customer who represents 10% or more of the Group's revenue for the three-month periods ended March 31, 2020 and 2019.

41. CONSTRUCTION CONTRACTS:

- (1) Cost, income and loss and claimed construction from construction in progress as of March 31, 2020 and December 31, 2019 are as follows.

Description	March 31, 2020	December 31, 2019
	(In millions of Korean Won)	
Accumulated cost	₩ 9,866,072	₩ 10,298,750
Accumulated income	267,161	271,874
Accumulated construction in process	10,133,233	10,570,624
Progress billing	9,837,111	10,175,567
Due from customers	1,177,854	1,171,029
Due to customers	881,732	775,972
Reserve (*)	69,211	95,404

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

- (2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of March 31, 2020 are as follows.

Description	March 31, 2020
	(In millions of Korean Won)
Changes in accounting estimates of total contract revenue	₩ 126,189
Changes in accounting estimates of total contract costs	(36,349)
Effects on profit or loss of current period	11,747
Effects on profit or loss of future periods	150,791
Changes in due from customers	45,180
Provision for construction loss	150,994

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to March 31, 2020. Total contract revenue and costs may change in future periods.

- (3) There is no contract as of March 31, 2020, in which contract revenue has recognized by the proportion of contract costs incurred and has accounted for more than 5% of the Group's revenue in the prior period.

42. **BUSINESS COMBINATIONS:**

The Group acquired additional 50% of the shares of the Sichuan Hyundai Motor Company (CHMC) on January 19, 2020.

The accounting for the business combination at the acquisition date is as follows.

Description	Amount
	(In millions of Korean Won)
Total considerations transferred	₩ 92,328
Assets and liabilities acquired:	
Current assets	249,089
Non-current assets	
Property, plant and equipment	436,954
Intangible assets	178,515
Other assets	134,329
	749,798
Current liabilities	799,488
Non-current liabilities	183,876
Fair value of identifiable net assets	15,523
Goodwill	₩ 76,805

The amounts of sales and net loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the three-month period ended March 31, 2020 are ₩37,408 million and ₩34,202 million, respectively.

43. **SUBSEQUENT EVENTS:**

On April 24, 2020, the board of directors of Hyundai Rotem Company, a subsidiary, reached a resolution to enter into an agreement with Hyundai Steal Company for the disposal of the entire share of Green Air Co., Ltd. (Carrying amount : ₩59,666 Million).