

KOREA ELECTRIC POWER CORP

Form 6-K

March 06, 2017

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the Month of March 2017

KOREA ELECTRIC POWER CORPORATION

(Translation of registrant's name into English)

55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217, Korea

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82- .

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Korea Electric Power Corporation (KEPCO) hereby calls the annual ordinary general meeting of shareholders (AGM) and seeks the attendance of its shareholders.

The following is an English translation of the notice given to the shareholders in connection with the AGM:

To: Shareholders

From: Cho, Hwan-Eik, President & CEO of KEPCO

We hereby call the fiscal year 2016 AGM pursuant to Article 18 of the Articles of Incorporation of Korea Electric Power Corporation as follows and seek your attendance. Pursuant to Article 542-4 of the Commercial Code, this notice shall be in lieu of notices to be given to the shareholders.

1. Date / Time: March 21, 2017 / 10:00 a.m. (Seoul Time)
2. Location: 55 Jeollyeok-ro, Naju-si, Jeollanam-do, 58217 Korea Electric Power Corporation
3. Items to be Reported:

Audit report

Management report on KEPCO s operation

4. Agenda for Shareholder Approval:
 - 1) Approval of financial statements for the fiscal year 2016
 - 2) Approval of the ceiling amount of remuneration for directors in 2017
 - 3) Election of President and CEO

Details on the proposed agenda for the AGM are attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Kim, Jeong-soo
Name: Kim, Jeong-soo
Title: Head of Finance & IR team

Date: March 6, 2017

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Attachment

Agenda 1. Approval of Financial Statements for the Fiscal Year 2016

Disclaimer: The financial statements for the fiscal year 2016 as presented below is in accordance with the International Financial Reporting Standard adopted in Korea (K-IFRS), and are subject to shareholders' approval.

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KOREA ELECTRIC POWER CORPORATION

AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2016

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders

Korea Electric Power Corporation:

We have audited the accompanying consolidated statement of financial statements of Korea Electric Power Corporation and subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2015 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Emphasis of Matters

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Without qualifying our audit report, we draw attention to the following key audit matters of the build-to-order industry that were of significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2016, which determination is based on auditor's professional judgment and communications with those who charged with governance, in accordance with Practical Guide of Korean Standards on Auditing 2016-1. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and we do not provide a separate opinion on this matter. We have considered the results from audit procedures for these key audit matters in forming our audit opinion on the 2016 consolidated financial statements.

When the outcome of a construction contract can be estimated reliably, the Company recognizes contract revenue and costs based on the percentage-of-completion method at the end of the reporting period. Also, the gross amount due from customers for contract work is presented for all contracts in which costs incurred plus recognized profits exceed progress billings. The gross amount due to customers for contract work is presented for all contracts in which progress billings exceed costs incurred plus recognized profits.

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Total contract revenue is measured based on an agreed contract price; however, it may fluctuate due to the variation of construction work. The measurement of contract revenue is affected by various uncertainties resulting from unexpected future events. Total contract costs are estimated based on the estimates of future costs such as material costs, labor costs and construction period. The uncertainty of estimated total contract costs and changes in such estimates have an impact on the completion progress and contract revenue.

Considering the impacts from these uncertainty and changes in estimates on profit or loss for the current or future periods, we identified the Company's revenue recognition accounting policy utilizing the input method, uncertainty of estimated total contract costs, assessment of the percentage-of-completion and accounting for the variation of construction works as significant risks.

We conducted the following audit procedures regarding the Company's accounting policy of revenue recognition utilizing the input method as of and for the year ended December 31, 2016:

Review of the appropriateness of accounting policy of revenues recognition by the input method

Inquiry and analytical review of current progress and significant changes in major projects as of period end

Inquiry and analytical review of financial indicators such as contract price, estimated contract costs, cost ratio, ratio of amounts due from customers for contract work, major components of total contract costs by the reporting period, accumulated contract costs, fluctuations in total contract costs and others

Testing of design and operating effectiveness of internal controls over construction contracts with changed terms and conditions

Testing of design and operating effectiveness of internal controls over new construction contracts

Recalculation of the percentage of completion independently for the contracts in which the percentage of completion was significantly changed

Independent testing of appropriateness of input costs, cut-off, and attribution of costs to each construction contract

Review of whether financial statement disclosures on changes in constructions are disclosed appropriately

KPMG Samjong Accounting Corp.

Seoul, Korea

March 6, 2017

This report is effective as of March 6, 2017, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2016 and 2015

| <i>In millions of won</i> | <i>Note</i> | 2016 | 2015 |
|--|--------------------|---------------|-------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5,6,7,45 | ₩ 3,051,353 | 3,783,065 |
| Current financial assets, net | 5,10,11,12,45 | 2,671,989 | 5,335,621 |
| Trade and other receivables, net | 5,8,14,20,45,46,47 | 7,788,876 | 7,473,548 |
| Inventories, net | 13 | 5,479,443 | 4,946,413 |
| Income tax refund receivables | 41 | 19,163 | 9,081 |
| Current non-financial assets | 15 | 631,860 | 397,950 |
| Assets held-for-sale | 42 | 65,842 | 79,647 |
| Total current assets | | 19,708,526 | 22,025,325 |
| Non-current assets | | | |
| Non-current financial assets, net | 5,6,9,10,11,12,45 | 2,657,494 | 2,495,554 |
| Non-current trade and other receivables, net | 5,8,14,45,46,47 | 1,903,515 | 1,798,419 |
| Property, plant and equipment, net | 18,27,49 | 145,743,056 | 141,361,351 |
| Investment properties, net | 19,27 | 353,680 | 269,910 |
| Goodwill | 16 | 2,582 | 2,582 |
| Intangible assets other than goodwill, net | 21,27,46 | 980,821 | 855,832 |
| Investments in associates | 4,17 | 4,092,252 | 4,405,668 |
| Investments in joint ventures | 4,17 | 1,418,196 | 1,287,862 |
| Deferred tax assets | 41 | 795,131 | 623,623 |
| Non-current non-financial assets | 15 | 181,789 | 131,233 |
| Total non-current assets | | 158,128,516 | 153,232,034 |
| Total Assets | 4 | ₩ 177,837,042 | 175,257,359 |

(Continued)

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Financial Position, Continued

As of December 31, 2016 and 2015

| <i>In millions of won</i> | <i>Note</i> | 2016 | 2015 |
|---|---------------|---------------|-------------|
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables, net | 5,22,24,45,47 | ₩ 5,585,411 | 4,735,697 |
| Current financial liabilities, net | 5,11,23,45,47 | 8,942,329 | 7,857,198 |
| Income tax payables | 41 | 1,843,288 | 2,218,060 |
| Current non-financial liabilities | 20,28,29 | 6,368,210 | 6,320,711 |
| Current provisions | 26,45 | 1,999,988 | 1,579,176 |
| Total current liabilities | | 24,739,226 | 22,710,842 |
| Non-current liabilities | | | |
| Non-current trade and other payables, net | 5,22,24,45,47 | 3,558,175 | 3,718,435 |
| Non-current financial liabilities, net | 5,11,23,45,47 | 44,835,562 | 51,062,811 |
| Non-current non-financial liabilities | 28,29 | 7,591,605 | 7,092,252 |
| Employee benefits liabilities, net | 25,45 | 1,686,258 | 1,503,107 |
| Deferred tax liabilities | 41 | 8,948,520 | 8,362,683 |
| Non-current provisions | 26,45 | 13,427,151 | 12,864,754 |
| Total non-current liabilities | | 80,047,271 | 84,604,042 |
| Total Liabilities | 4 | ₩ 104,786,497 | 107,314,884 |
| Equity | | | |
| Contributed capital | 1,30,45 | | |
| Share capital | | ₩ 3,209,820 | 3,209,820 |
| Share premium | | 843,758 | 843,758 |
| | | 4,053,578 | 4,053,578 |
| Retained earnings | 31 | | |
| Legal reserves | | 1,604,910 | 1,604,910 |
| Voluntary reserves | | 31,847,275 | 23,720,167 |
| Unappropriated retained earnings | | 19,721,686 | 22,862,164 |
| | | 53,173,871 | 48,187,241 |
| Other components of equity | 34 | | |
| Other capital surplus | | 1,235,146 | 1,197,388 |
| Accumulated other comprehensive loss | | (33,875) | (98,713) |
| Other equity | | 13,294,973 | 13,294,973 |

| | | | |
|--|--------|----------------------|--------------------|
| | | 14,496,244 | 14,393,648 |
| Equity attributable to owners of the controlling company | | 71,723,693 | 66,634,467 |
| Non-controlling interests | 16, 33 | 1,326,852 | 1,308,008 |
| Total Equity | | ₩ 73,050,545 | 67,942,475 |
| Total Liabilities and Equity | | ₩ 177,837,042 | 175,257,359 |

See accompanying notes to the consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

| <i>In millions of won, except per share information</i> | <i>Note</i> | 2016 | 2015 |
|--|-------------|--------------|--------------|
| Sales | 4,35,45,47 | | |
| Sales of goods | | ₩ 55,379,487 | 54,367,036 |
| Sales of services | | 356,743 | 453,487 |
| Sales of construction services | 20 | 4,026,857 | 3,761,204 |
| Revenue related to transfer of assets from customers | | 427,297 | 375,995 |
| | | 60,190,384 | 58,957,722 |
| Cost of sales | 13,25,43,47 | | |
| Cost of sales of goods | | (41,237,372) | (41,348,917) |
| Cost of sales of services | | (557,037) | (545,692) |
| Cost of sales of construction services | | (3,755,144) | (3,563,120) |
| | | (45,549,553) | (45,457,729) |
| Gross profit | | 14,640,831 | 13,499,993 |
| Selling and administrative expenses | 25,36,43,47 | (2,639,232) | (2,153,261) |
| Operating profit | 4 | 12,001,599 | 11,346,732 |
| Other non-operating income | 37 | 412,887 | 432,219 |
| Other non-operating expense | 37 | (188,624) | (108,848) |
| Other gains, net | 38 | 70,498 | 8,610,773 |
| Finance income | 5,11,39 | 791,543 | 1,182,988 |
| Finance expenses | 5,11,40 | (2,437,087) | (3,015,457) |
| Profit related to associates, joint ventures and subsidiaries | 4,17 | | |
| Share in profit of associates and joint ventures | | 224,435 | 280,794 |
| Gain on disposal of investments in associates and joint ventures | | 52 | 4,731 |
| Gain on disposal of investments in subsidiaries | 16 | | 8,376 |
| Share in loss of associates and joint ventures | | (243,361) | (86,522) |
| Loss on disposal of investments in associates and joint ventures | | (2,935) | |
| Impairment loss on investments in associates and joint ventures | 17 | (115,539) | |
| | | (137,348) | 207,379 |
| Profit before income tax | | 10,513,468 | 18,655,786 |
| Income tax expense | 41 | (3,365,141) | (5,239,413) |
| Profit for the period | | ₩ 7,148,327 | 13,416,373 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income, Continued

For the years ended December 31, 2016 and 2015

| <i>In millions of won, except per share information</i> | <i>Note</i> | 2016 | 2015 |
|---|---------------|-------------|-------------|
| Other comprehensive income (loss) | 5,11,25,31,34 | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurements of defined benefit liability, net of tax | 25,31 | ₩ (75,926) | (87,861) |
| Share in other comprehensive loss of associates and joint ventures, net of tax | 31 | (2,515) | (283) |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax | 34 | 61,279 | 9,648 |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | 5,11,34 | 28,414 | 4,409 |
| Foreign currency translation of foreign operations, net of tax | 34 | 41,360 | 18,535 |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax | 34 | (54,914) | 89,558 |
| Other comprehensive income (loss), net of tax | | (2,302) | 34,006 |
| Total comprehensive income for the period | | ₩ 7,146,025 | 13,450,379 |
| Profit or loss attributable to: | | | |
| Owners of the controlling company | 44 | ₩ 7,048,581 | 13,289,127 |
| Non-controlling interests | | 99,746 | 127,246 |
| | | ₩ 7,148,327 | 13,416,373 |
| Total comprehensive income attributable to: | | | |
| Owners of the controlling company | | ₩ 7,041,557 | 13,308,132 |
| Non-controlling interests | | 104,468 | 142,247 |
| | | ₩ 7,146,025 | 13,450,379 |
| Earnings per share | 44 | | |
| Basic and diluted earnings per share | | ₩ 10,980 | 20,701 |

See accompanying notes to the consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

| <i>In millions of won</i> | Equity attributable to owners of the controlling company | | | | | Non-controlling interests | Total equity |
|---|--|-------------------|----------------------------|------------|-----------|---------------------------|--------------|
| | Contributed capital | Retained earnings | Other components of equity | Subtotal | | | |
| Balance at January 1, 2015 | ₩ 4,053,578 | 35,303,647 | 14,244,106 | 53,601,331 | 1,223,679 | 54,825,010 | |
| Total comprehensive income (loss) for the period | | | | | | | |
| Profit for the period | | 13,289,127 | | 13,289,127 | 127,246 | 13,416,373 | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | |
| Remeasurements of defined benefit liability, net of tax | | (84,271) | | (84,271) | (3,590) | (87,861) | |
| Share in other comprehensive loss of associates and joint ventures, net of tax | | (280) | | (280) | (3) | (283) | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax | | | 9,744 | 9,744 | (96) | 9,648 | |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | | | 3,157 | 3,157 | 1,252 | 4,409 | |
| Foreign currency translation of foreign operations, net of tax | | | 1,179 | 1,179 | 17,356 | 18,535 | |
| Share in other comprehensive income of associates and joint ventures, net of tax | | | 89,476 | 89,476 | 82 | 89,558 | |
| Transactions with owners of the Company, recognized directly in | | | | | | | |

equity

| | | | | | | |
|---|--------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Dividends paid | (320,982) | | | (320,982) | (86,071) | (407,053) |
| Issuance of shares of capital by subsidiaries and others | | 2,536 | | 2,536 | 12,329 | 14,865 |
| Equity transaction within consolidation scope other than issuance of share capital | | 44,166 | | 44,166 | 9,046 | 53,212 |
| Changes in consolidation scope | | (716) | | (716) | 23,229 | 22,513 |
| Dividends paid (hybrid securities) | | | | | (16,455) | (16,455) |
| Others | | | | | 4 | 4 |
| Balance at December 31, 2015 | ₩ 4,053,578 | 48,187,241 | 14,393,648 | 66,634,467 | 1,308,008 | 67,942,475 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity, Continued

For the years ended December 31, 2016 and 2015

| <i>In millions of won</i> | Equity attributable to owners of the controlling company | | | | | Non-controlling interests | Total equity |
|---|--|-------------------|----------------------------|------------|-----------|---------------------------|--------------|
| | Contributed capital | Retained earnings | Other components of equity | Subtotal | | | |
| Balance at January 1, 2016 | ₩ 4,053,578 | 48,187,241 | 14,393,648 | 66,634,467 | 1,308,008 | 67,942,475 | |
| Total comprehensive income (loss) for the period | | | | | | | |
| Profit for the period | | 7,048,581 | | 7,048,581 | 99,746 | 7,148,327 | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | |
| Remeasurements of defined benefit liability, net of tax | | (69,330) | | (69,330) | (6,596) | (75,926) | |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax | | (2,532) | | (2,532) | 17 | (2,515) | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | |
| Net change in the unrealized fair value of available-for-sale financial assets, net of tax | | | 61,275 | 61,275 | 4 | 61,279 | |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | | | 27,075 | 27,075 | 1,339 | 28,414 | |
| Foreign currency translation of foreign operations, net of tax | | | 31,406 | 31,406 | 9,954 | 41,360 | |
| Share in other comprehensive income (loss) of associates and joint ventures, net of tax | | | (54,918) | (54,918) | 4 | (54,914) | |
| Transactions with owners of the Company, recognized directly in | | | | | | | |

equity

| | | | | | | |
|---|--------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Dividends paid | (1,990,089) | | (1,990,089) | (99,982) | (2,090,071) | |
| Issuance of shares of capital by subsidiaries and others | | 1,750 | 1,750 | 14,809 | 16,559 | |
| Equity transaction within consolidation scope other than issuance of share capital | | 36,008 | 36,008 | 12,299 | 48,307 | |
| Changes in consolidation scope | | | | 3,705 | 3,705 | |
| Dividends paid (hybrid securities) | | | | (16,455) | (16,455) | |
| Balance at December 31, 2016 | ₩ 4,053,578 | 53,173,871 | 14,496,244 | 71,723,693 | 1,326,852 | 73,050,545 |

See accompanying notes to the consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Cash flows from operating activities | | |
| Profit for the period | ₩ 7,148,327 | 13,416,373 |
| Adjustments for: | | |
| Income tax expense | 3,365,141 | 5,239,413 |
| Depreciation | 8,881,273 | 8,269,118 |
| Amortization | 79,715 | 72,266 |
| Employee benefit expense | 373,753 | 314,692 |
| Bad debt expense | 37,815 | 18,350 |
| Interest expense | 1,752,868 | 2,015,684 |
| Loss on sale of financial assets | 9 | 3,008 |
| Loss on disposal of property, plant and equipment | 4,996 | 1,933 |
| Loss on abandonment of property, plant, and equipment | 426,519 | 365,056 |
| Impairment loss on property, plant and equipment | | 30,344 |
| Impairment loss on intangible assets | 3,945 | 22 |
| Loss on disposal of intangible assets | 158 | 16 |
| Accretion expense to provisions, net | 1,782,732 | 1,602,724 |
| Loss on foreign currency translation, net | 253,468 | 617,224 |
| Valuation and transaction gain on derivative instruments, net | (231,630) | (708,120) |
| Share in loss (income) of associates and joint ventures, net | 18,926 | (194,272) |
| Gain on disposal of financial assets | (1,482) | (4) |
| Gain on disposal of property, plant and equipment | (74,035) | (8,637,508) |
| Gain on disposal of intangible assets | | (32) |
| Gain on disposal of investments in associates and joint ventures | (52) | (4,731) |
| Loss on disposal of investments in associates and joint ventures | 2,935 | |
| Gain on disposal of investments in subsidiaries | | (8,376) |
| Impairment loss on investments in associates and joint ventures | 115,539 | |
| Interest income | (241,778) | (241,585) |
| Dividend income | (9,446) | (14,069) |
| Impairment loss on available-for-sale securities | 86,703 | 84,370 |
| Others, net | 66,260 | (35,107) |
| | 16,694,332 | 8,790,416 |
| Changes in: | | |
| Trade receivables | 200,529 | 715,498 |
| Non-trade receivables | (68,322) | (17,102) |
| Accrued income | 69,151 | 17,051 |
| Other receivables | 10,093 | (9,441) |
| Other current assets | (259,492) | 67,520 |

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| | | |
|--|-------------|-------------|
| Inventories | (1,439,545) | (1,190,188) |
| Other non-current assets | (2,792) | (31,465) |
| Trade payables | 141,994 | (1,577,551) |
| Non-trade payables | (8,379) | 38,223 |
| Accrued expenses | (153,172) | (410,744) |
| Other payables | | 964 |
| Other current liabilities | 284,417 | 870,945 |
| Other non-current liabilities | 809,699 | 377,617 |
| Investments in associates and joint ventures | 75,407 | 114,708 |
| Provisions | (1,527,129) | (1,033,502) |
| Payments of employee benefit obligations | (53,477) | (43,100) |
| Plan assets | (312,125) | (214,449) |
| | (2,233,143) | (2,325,016) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2016 and 2015

| <i>In millions of won</i> | 2016 | 2015 |
|---|--------------------|--------------------|
| Cash generated from operating activities | ₩ 21,609,516 | 19,881,773 |
| Dividends received | 10,294 | 38,565 |
| Interest paid | (2,041,379) | (2,176,040) |
| Interest received | 240,878 | 133,875 |
| Income taxes paid | (3,298,757) | (935,068) |
| Net cash from operating activities | 16,520,552 | 16,943,105 |
| Cash flows from investing activities | | |
| Proceeds from disposals of associates and joint ventures | 46,644 | 22,058 |
| Acquisition of associates and joint ventures | (113,222) | (116,114) |
| Proceeds from disposals of property, plant and equipment | 207,960 | 9,843,796 |
| Acquisition of property, plant and equipment | (12,028,789) | (14,049,887) |
| Proceeds from disposals of intangible assets | 430 | 467 |
| Acquisition of intangible assets | (124,422) | (87,946) |
| Proceeds from disposals of financial assets | 10,876,017 | 242,856 |
| Acquisition of financial assets | (8,130,621) | (5,326,151) |
| Increase in loans | (206,092) | (153,570) |
| Collection of loans | 117,561 | 111,714 |
| Increase in deposits | (468,734) | (352,669) |
| Decrease in deposits | 161,166 | 185,154 |
| Receipt of government grants | 32,878 | 52,696 |
| Usage of government grants | (33,516) | (13,372) |
| Net cash inflow (outflow) from changes in consolidation scope | 3,754 | (968) |
| Other cash inflow (outflow) from investing activities, net | 13,116 | (132,034) |
| Net cash used in investing activities | (9,645,870) | (9,773,970) |
| Cash flows from financing activities | | |
| Repayment of short-term borrowings, net | (49,604) | (65,355) |
| Proceeds from long-term borrowings and debt securities | 2,302,060 | 4,178,454 |
| Repayment of long-term borrowings and debt securities | (7,750,047) | (8,960,706) |
| Payment of finance lease liabilities | (118,215) | (110,040) |
| Settlement of derivative instruments, net | 73,246 | 73,348 |
| Change in non-controlling interest | 10,538 | 104,019 |
| Dividends paid (hybrid bond) | (16,455) | (16,455) |
| Dividends paid | (2,088,429) | (409,884) |
| Other cash outflow from financing activities, net | (570) | |

| | | |
|---|-------------|-------------|
| Net cash used in financing activities | (7,637,476) | (5,206,619) |
| Net increase (decrease) in cash and cash equivalents before effect of exchange rate fluctuations | (762,794) | 1,962,516 |
| Effect of exchange rate fluctuations on cash held | 31,082 | 24,249 |
| Net increase (decrease) in cash and cash equivalents | (731,712) | 1,986,765 |
| Cash and cash equivalents at January 1 | 3,783,065 | 1,796,300 |
| Cash and cash equivalents at December 31 | ₩ 3,051,353 | 3,783,065 |

See accompanying notes to the consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2016**1. Reporting Entity (Description of the controlling company)**

Korea Electric Power Corporation (KEPCO), the controlling company as defined in Korean International Financial Reporting Standards (K-IFRS) 1110 Consolidated Financial Statements , was incorporated on January 1, 1982 in accordance with the Korea Electric Power Corporation Act (the KEPCO Act) to engage in the generation, transmission and distribution of electricity and development of electric power resources in the Republic of Korea. KEPCO also provides power plant construction services. KEPCO s stock was listed on the Korea Stock Exchange on August 10, 1989 and KEPCO listed its Depository Receipts (DR) on the New York Stock Exchange on October 27, 1994. KEPCO s head office is located in Naju, Jeollanam-do.

As of December 31, 2016, KEPCO s share capital amounts to ₩3,209,820 million and KEPCO s shareholders are as follows:

| | Number of shares | Percentage of ownership |
|-------------------------------------|------------------|-------------------------|
| Government of the Republic of Korea | 116,841,794 | 18.20% |
| Korea Development Bank | 211,235,264 | 32.90% |
| Other (*) | 313,887,019 | 48.90% |
| | 641,964,077 | 100.00% |

(*) The number of shares held by foreign shareholders are 197,308,414 shares (30.74%) as of December 31, 2016.

In accordance with the Restructuring Plan enacted on January 21, 1999 by the Ministry of Trade, Industry and Energy, KEPCO spun off its power generation divisions on April 2, 2001, resulting in the establishment of six power generation subsidiaries.

2. Basis of Preparation

The consolidated financial statements of Korea Electric Power Corporation and subsidiaries (the Company) were authorized for issuance by the Board of Directors on February 17, 2017, which will be submitted for approval at the shareholders meeting held on March 21, 2017.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with K-IFRS, as prescribed in the Act on External Audits of Corporations in the Republic of Korea.

(2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements of financial position:

derivative financial instruments are measured at fair value

available-for-sale financial assets are measured at fair value

liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

(3) Functional and presentation currency

These consolidated financial statements are presented in Korean won (Won), which is KEPCO's functional currency and the currency of the primary economic environment in which the Company operates.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

2. Basis of Preparation, Continued

(4) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment, estimations on provision for decommissioning costs
The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated economic useful lives.

The Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company incurs a legal obligation associated with the retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. The Company is required to record a liability for the dismantling (demolition) of nuclear power plants and disposal of spent fuel and low and intermediate radioactive wastes.

(ii) Deferred tax
The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities of each consolidated taxpaying entity. However, the amount of deferred tax assets may be different if the Company does not realize estimated future taxable income during the carryforward periods.

(iii) Valuations of financial instruments at fair values
The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the

measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(iv) Defined employee benefit liabilities

The Company offers its employees defined benefit plans. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. For actuarial valuations, certain inputs such as discount rates and future salary increases are estimated. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature (refer to note 25).

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

2. Basis of Preparation, Continued

(4) Use of estimates and judgments, continued

(v) Unbilled revenue

Energy delivered but not yet metered nor billed are estimated at the reporting date are estimated based on consumption statistics and selling price estimates. Determination of the unbilled revenues at the end of the reporting period is sensitive to the estimated consumptions and prices based on statistics. Unbilled revenue recognized as of December 31, 2016 and 2015 are ₩1,615,322 million and ₩1,599,592 million, respectively.

(vi) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized based on the stage of completion of the contract activity utilizing the cost-based input method at the end of the reporting period. In applying the cost-based input method, it is necessary to use estimates and assumptions related to the total estimated costs expected to be incurred in the future, costs incurred which are not related to construction progress, changes in costs due to change of contract or design, etc. Total contract revenue is measured based on an agreed contract price; however, it may fluctuate due to the variation of construction work. The measurement of contract revenue is affected by various uncertainties resulting from unexpected future events.

(vii) Wolsung unit 1 nuclear power plant of the Company commenced operations on November 21, 1982 and ended its operations on November 20, 2012 pursuant to its 30-year operating license. On February 27, 2015, the Nuclear Safety and Security Commission (NSSC) evaluated the safety of operation on the Wolsung Unit 1 nuclear power plant and approved to continue its operation until November 20, 2022. As described in note 50, the lawsuit related to the validity of the approval of NSSC is currently ongoing. The consolidated financial statements were prepared based on the judgment of the Company that the approval of NSSC is valid and Wolsung Unit 1 nuclear power plant will be operating until 2022.

(5) Changes in accounting policies

(i) Amendments to K-IFRS 1016, Property, Plant and Equipment

The Company has adopted amendments to K-IFRS 1016, Property, Plant and Equipment, since January 1, 2016. Amendments to K-IFRS 1016, Property, Plant and Equipment, specify that the use of revenue-based methods to

calculate the depreciation of an asset is not appropriate.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(ii) Amendments to K-IFRS 1038, Intangible Assets

The Company has adopted amendments to K-IFRS 1038, Intangible Assets, since January 1, 2016. Amendments to K-IFRS 1038, Intangible Assets, introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be rebutted only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated, or when the intangible asset is expressed as a measure of revenue.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(iii) Amendments to K-IFRS 1111, Joint Arrangement

The Company has adopted amendments to K-IFRS 1111, Joint Arrangement, since January 1, 2016. Amendments to K-IFRS 1111, Joint Arrangement, require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business as defined in K-IFRS 1103, Business Combinations.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(iv) Amendments to K-IFRS 1011, Construction Contracts

The Company has adopted amendments to K-IFRS 1011, Construction Contracts, since January 1, 2016. Amendments to K-IFRS 1011, Construction Contracts, require the Company to disclose the construction contracts by each project or operating segment (refer to note 20).

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

2. Basis of Preparation, Continued

(5) Changes in accounting policies, continued

There are certain amendments to K-IFRS 1105, *Non-current Assets Held for Sale and Discontinued Operation*, that provides guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), K-IFRS 1107, *Financial Instruments: Disclosures*, K-IFRS 1019, *Employee Benefits*, and K-IFRS 1034, *Interim Financial Reporting*.

Upon adoption of the amendments, there is no significant impact on the Company's consolidated financial statements.

(6) New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published for mandatory application for annual periods beginning after January 1, 2016.

(i) K-IFRS 1109, *Financial Instruments*

K-IFRS 1109, published on September 25, 2015, is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. It replaces existing guidance in K-IFRS 1039, *Financial Instruments: Recognition and Measurement*. The Company plans to adopt K-IFRS 1109 for the year beginning on January 1, 2018. K-IFRS 1109 will generally be applied retrospectively; however the Company plans to take advantage of the exemption allowing it not to restate the comparative information for prior periods with respect to classification and measurement including impairment changes. New hedge accounting requirements will generally be applied prospectively except for certain exemptions including the accounting for the time value of options.

Key features of the new standard, K-IFRS 1109, are 1) classification and measurement of financial assets that reflects the business model in which the assets are managed and their cash flow characteristics, 2) impairment methodology that reflects expected credit loss (ECL) model for financial assets, and 3) expanded scope of hedged items and hedging instruments which qualify for hedge accounting and changes in assessment method for effect of hedging relationships.

K-IFRS 1109 will require the Company to assess the financial impact from application of K-IFRS 1109 and revise its accounting processes and internal controls related to financial instruments. Actual impact of adopting K-IFRS 1109 will be dependent on the financial instruments the Company holds and economic conditions at that time as well as accounting policy elections and judgment that it will make in the future.

The Company has not initiated any changes in internal controls processes or accounting processing systems, and has not performed an assessment of the impact resulting from the application of K-IFRS 1109. The Company is currently performing a detailed assessment of the potential impact from the application of K-IFRS 1109 and plans to complete the assessment in advance of its effective date. Expected impacts on the consolidated financial statements are generally categorized as follows:

Classification and measurement of financial assets

Under K-IFRS 1109, financial assets are classified into three principal categories; measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) based on the business model in which assets are managed and their cash flow characteristics. Under K-IFRS 1109, derivatives embedded in hybrid contracts where the host is a financial asset are not bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

As there are additional requirements for a financial asset to be classified as measured at amortized costs or FVOCI under K-IFRS 1109 compared to the existing guidance in K-IFRS 1039, the adoption of K-IFRS 1109 would potentially increase the proportion of financial assets that are measured at FVTPL, increasing volatility in the Company's profit or loss.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

2. Basis of Preparation, Continued

(6) New standards and interpretations not yet adopted, continued

The criteria for classification and measurement of financial assets under K-IFRS 1109 are as follows:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and 2) the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, and will not reclassify(recycle) the those items in OCI to profit or loss subsequently.

A financial asset is measured at FVTPL if the contractual terms of the financial asset give rise to specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding, the debt instrument is held within a business model whose objective is to sell the asset, or the equity instruments that are not elected to be designated as measured at FVOCI.

As of December 31, 2016, the Company has loans and receivables amounting to ₩16,273,877 million, available-for-sale financial assets amounting to ₩1,014,732 million, and financial assets at fair value through profit or loss amounting to ₩367,477 million.

Classification and measurement of financial liabilities

Under K-IFRS 1109, the amount of change in the fair value attributable to the changes in the credit risk of the financial liabilities is presented in OCI, not recognized in profit or loss, and the OCI amount will not be reclassified (recycled) to profit or loss. However, if doing so creates or increase an accounting mismatch, the amount of change in the fair value is recognized in profit or loss.

As a portion of fair value change which was recognized in profit or loss under the existing standard, K-IFRS 1039, will be presented in OCI under K-IFRS 1109, profit or loss related to valuation of the same financial liabilities is likely to decrease.

The Company does not have any financial liability designated as at FVTPL as of December 31, 2016.

Impairment: Financial assets and contract assets

K-IFRS 1109 replaces the incurred loss model in the existing standard with a forward-looking expected credit loss (ECL) model for debt instruments, lease receivables, contractual assets, loan commitments, financial guarantee contracts.

Under K-IFRS 1109, impairment losses are likely to be recognized earlier than using the incurred loss model under the existing guidance in K-IFRS 1039 as loss allowances will be measured on either of the 12-month or lifetime ECL based on the extent of increase in credit risk since inception as shown in the below table.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**2. Basis of Preparation, Continued****(6) New standards and interpretations not yet adopted, continued**

| Classification | Loss allowances |
|---|---|
| Stage 1 Credit risk has not increased significantly since the initial recognition | 12-month ECL: ECLs that resulted from possible default events within the 12 months after the reporting date |
| Stage 2 Credit risk has increase significantly since the intial recognition | Lifetime ECL: ECL that resulted from all possible default events over the expected life of a financial instrument |
| Stage 3 Credit-impaired | |

Under K-IFRS 1109, financial assets of which the credit was impaired at the initial recognition, cumulative changes in lifetime ECL since the initial recognition are recognized as loss allowances.

As of December 31, 2016, the Company has debt instruments in financial assets measured at amortized cost amounting to ₩16,438,054 million (loans and receivables) and has recognized loss allowances for ₩164,177 million.

Hedge accounting

K-IFRS 1109 retains the mechanics of hedge accounting (fair value hedge, cash flow hedge, hedging on net investment in a foreign operation) which was defined in the existing guidance in K-IFRS 1109, but provides principle-based and less complex guidance in hedging which focuses on the risk management activities. More hedged items and hedging instruments would qualify for hedge accounting, more qualitative and forward-looking approach will be taken to assessing hedge effectiveness, and qualitative threshold (80~125%) is removed under K-IFRS 1109.

Certain transactions which were not qualified for hedge accounting under the existing standard will likely quality for hedge accounting under K-IFRS 1109, decreasing volatility in the Company's profits or loss.

As of December 31, 2016, the Company has asset and liabilities designated as hedged items amounting to ₩413,897 million and ₩117,157 million, respectively.

When initially applying K-IFRS 1109, the Company may choose as its accounting policy to continue to apply the hedge accounting requirements of K-IFRS 1039.

(ii) K-IFRS 1115, Revenue from Contracts with Customers

K-IFRS 1115, Revenue from Contracts from Customers , published on November 6, 2015, is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

It replaces existing revenue recognition guidance, including K-IFRS 1018, Revenue , K-IFRS 1011, Construction Contracts , K-IFRS 2031, Revenue-Barter transactions involving advertising services , K-IFRS, 2113 Customer Loyalty Programs , K-IFRS 2115, Agreements for the construction of real estate , K-IFRS 2118, Transfers of assets from customers .

Existing K-IFRS standards and interpretations including K-IFRS 1018 provide revenue recognition guidance by transaction types such as sales of goods, rendering of services, interest income, royalty income, dividend income and construction revenue; however, under the new standard, K-IFRS 1115, the five-step approach (Step 1: Identify the contract(s) with a customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price to the performance obligations in the contract, Step 5: Recognize revenue when the entity satisfied a performance obligation) is applied for all types of contracts or agreements.

The Company is currently performing a detailed assessment of the impact resulting from the application of K-IFRS 1115 and plans to complete the assessment in advance of its effective date.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

2. Basis of Preparation, Continued

(6) New standards and interpretations not yet adopted, continued

(iii) Amendments to K-IFRS 1102, Share-based Payment

The amendments include: 1) when measuring the fair value of share-based payment, the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment should be consistent with the measurement of equity-settled share-based payment, 2) Share-based payment transaction in which the company settles the share-based payment arrangement net by withholding a specified portion of the equity instruments per statutory tax withholding requirements would be classified as equity-settled in its entirety, if otherwise would be classified as equity-settled without the net settlement feature, and 3) when a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognized is derecognized and the equity-settled share-based payment is recognized at the modification date fair value. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately. The amendments are effective for annual periods beginning on or after January 1, 2018.

The adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

(iv) Amendments to K-IFRS 1007, Statement of Cash Flows

The amendments require changes in liabilities arising from financing activities to be disclosed. The amendments are effective for annual periods beginning on or after January 1, 2017.

The adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

(v) Amendments to K-IFRS 1012, Income Taxes

The amendments clarify that unrealized losses on fixed-rate debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the holder expects to recover the carrying amount of the debt instrument by sale or by use and that the estimate of probable future taxable profit may include the recovery of some of assets for more than their carrying amount. When the Company assesses whether there will be sufficient taxable profit, the Company should compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. The

amendments are effective for annual periods beginning on or after January 1, 2017.

The adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

3. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its consolidated financial statements are included below. Except as described in note 2.(5), the accounting policies applied by the Company in these consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2015.

(1) Basis of consolidation

The consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity. Subsidiaries are controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(1) Basis of consolidation, continued

Income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company.

Transactions within the Company are eliminated during the consolidation.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the income or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to income or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1039, Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(2) Business combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in income or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012, *Income Taxes* and K-IFRS 1019, *Employee Benefits*, respectively;

assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105, *Non-current Assets Held for Sale* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in income or loss as a bargain purchase gain.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(2) Business combinations, continued

Non-controlling interest that is present on acquisition day and entitles the holder to a proportionate share of the entity's net assets in an event of liquidation, may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement can be elected on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in other K-IFRSs.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, or with K-IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in income or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in income or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to income or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is recognized as part of share premium.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(3) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. If the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105, *Non-current Assets Held for Sale*, any retained portion of an investment in associates that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. If the Company holds 20% ~ 50% of the voting power of the investee, it is presumed that the Company has significant influence.

After the disposal takes place, the Company shall account for any retained interest in associates in accordance with K-IFRS 1039, *Financial Instruments: Recognition and Measurement* unless the retained interest continues to be an associates, in which case the entity uses the equity method.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the income or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in income or loss. The requirements of K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(3) Investments in associates, continued

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1036. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to income or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to income or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When the Company transacts with its associate, incomes and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

(4) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are classified into two types: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement.

If the Company is a joint operator, the Company is to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRS applicable to the particular assets, liabilities, revenues and expenses. If the joint arrangement is a joint venture, the Company is to account for that investment using the equity method accounting in accordance with K-IFRS 1028, Investment in Associates and Joint Ventures (refer to note 3.(3)), except when the Company is applying K-IFRS 1105, Non-current Assets Held for Sale.

(5) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(6) Goodwill

The Company measures goodwill which is acquired in a business combination at the amount recognized at the date on which it obtains control of the acquiree (acquisition date) less any accumulated impairment losses. Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the business acquired.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(6) Goodwill, continued

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(7) Revenue recognition

Revenue from the sale of goods, rendering of services or use of the Company assets is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, which are recognized as a reduction of revenue. Revenue is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(i) Sales of goods

The Korean government approves the utility rates charged to customers by the Company's power transmission and distribution division. The Company's utility rates are designed to recover the Company's reasonable costs plus a fair investment return.

The Company recognize revenue from electricity sales revenue based on power sold (transferred to the customer) up to the reporting date. To determine the amount of power sold, the Company estimates daily power volumes of electricity for residential, commercial, general, etc. The differences between the current month's estimated amount and actual (meter-read) amount, is adjusted for (trued-up) during the subsequent month.

(ii) Sales of other services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed or services performed to date as a percentage of total services to be performed or the proportion that costs incurred to date bear to the estimated total costs of the transaction or other methods that reliably measures the services performed.

(iii) Dividend income and interest income

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income is recognized as it accrues in profit or loss, using the effective interest method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Rental income

The Company's policy for recognition of revenue from operating leases is described in note 3. (9) below.

(v) Deferral of revenue – Transfer of Assets from Customers

The Company recovers a substantial amount of the cost related to its electric power distribution facilities from customers through the transfer of assets, while the remaining portion is recovered through electricity sales from such customers in the future. As such, the Company believes there exists a continued service obligation to the customers in accordance with K-IFRS 2118, 'Transfer of Assets from Customers', when the Company receives an item of property, equipment, or cash for constructing or acquiring an item of property or equipment, in exchange for supplying electricity to customers. The Company defers the amounts received, which are subsequently recognized as revenue on a straight-line basis over the estimated service period which does not exceed the transferred asset's useful life.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(8) Construction services revenue

The Company provides services related to the construction of power plants related to facilities of its customers, mostly in foreign countries.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized based on the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred when it is probable the revenue will be realized. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized income less recognized losses exceed progress billings, the surplus is presented as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized income less recognized losses, the surplus is presented as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advance received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position as accounts and other receivables.

(9) Leases

The Company classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(i) The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(ii) The Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in income or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(9) Leases, continued

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset.

(10) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to note 3.(25) Derivative financial instruments, including hedge accounting); and

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to income or loss on disposal or partial disposal of the net investment.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the gain or loss on disposal.

(11) Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in income or loss in the period in which they are incurred.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(12) Government grants

Government grants are not recognized unless there is reasonable assurance that the Company will comply with the grant's conditions and that the grant will be received.

Benefit from a government loan at a below-market interest rate is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(i) If the Company received grants related to assets

Government grants whose primary condition is that the Company purchase, construct or otherwise acquire long-term assets are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(ii) If the Company received grants related to income

Government grants which are intended to compensate the Company for expenses incurred are recognized as other income (government grants) in profit or loss over the periods in which the Company recognizes the related costs as expenses.

(13) Employee benefits

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense).

For defined benefit pension plans and other post-employment benefits, the net periodic pension expense is actuarially determined by Pension Actuarial System developed by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. However, if there is not a deep market, market yields on government bonds are used.

Net defined benefit liability's measurement is composed of actuarial gains and losses, return on plan assets excluding net interest on net defined benefit liability, and any change in the effect of the asset ceiling, excluding net interest, which will immediately recognized in other comprehensive income. The actuarial gains or losses recognized in other

comprehensive income which will not be reclassified into net profit or loss for later periods are immediately recognized in retained earnings. Past service cost will be recognized as expenses upon the earlier of the date of change or reduction to the plan, or the date of recognizing termination benefits.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(14) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(ii) Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets or deferred tax liabilities on investment properties measured at fair value, unless any contrary evidence exists, are measured using the assumption that the carrying amount of the property will be recovered entirely through sale.

The Company recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Company recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be

utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

(iii) Current and deferred tax for the year

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**3. Significant Accounting Policies, Continued****(15) Property, plant and equipment**

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. For loaded nuclear fuel related to long-term raw materials and spent nuclear fuels related to asset retirement costs, the Company uses the production method to measure and recognizes as expense the economic benefits of the assets.

The estimated useful lives of the Company's property, plant and equipment are as follows:

| | Useful lives (years) |
|------------------------|-----------------------------|
| Buildings | 8 ~ 40 |
| Structures | 8 ~ 50 |
| Machinery | 2 ~ 32 |
| Vehicles | 3 ~ 8 |
| Loaded heavy water | 30 |
| Asset retirement costs | 18, 30, 40, 60 |
| Finance lease assets | 6 ~ 32 |
| Ships | 9 |
| Others | 4 ~ 15 |

A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Depreciation methods, residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and if change is deemed appropriate, it is treated as a change in accounting estimate.

Accordingly, useful lives of certain machinery were changed during 2016 and as a result, depreciation expenses increased by ₩160,985 million for the year ended December 31, 2016. Depreciation expenses are expected to increase by ₩130,514 million and ₩91,197 million for the years ending December 31, 2017 and 2018, respectively, and to decrease by ₩382,696 million for the years after December 31, 2018.

Property, plant and equipment are derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in income or loss when the asset is derecognized.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(16) Investment property

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is initially measured at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Investment property except for land, are depreciated on a straight-line basis over 8 ~ 40 years as estimated useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income or loss in the period in which the property is derecognized.

(17) Intangible assets

(i) Intangible assets acquired separately

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

(ii) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

The technical feasibility of completing the intangible asset so that it will be available for use or sale;

The intention to complete the intangible asset and use or sell it;

The ability to use or sell the intangible asset;

How the intangible asset will generate probable future economic benefits;

The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. When the development expenditure does not meet the criteria listed above, an internally-generated intangible asset cannot be recognized and the expenditure is recognized in income or loss in the period in which it is incurred.

Internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**3. Significant Accounting Policies, Continued****(17) Intangible assets, continued**

The estimated useful lives and amortization methods of the Company's intangible assets with finite useful lives are as follows:

| | Useful lives (years) | Amortization methods |
|---------------------------------|-----------------------------|-----------------------------|
| Usage rights for donated assets | 10 ~ 20 | Straight |
| Software | 4, 5 | Straight |
| Industrial rights | 5, 10 | Straight |
| Development expenses | 5 | Straight |
| Leasehold rights | 10 | Straight |
| Others | 3 ~ 50 or Indefinite | Straight |
| Mining right | - | Unit of production |

(iii) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

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

(iv) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in income or loss when the asset is derecognized.

(18) Greenhouse gas emissions rights (allowances) and obligations

In connection with Enforcement of Allocation and Trading of Greenhouse Gas Emissions Allowances, the Company applies the following accounting policies for greenhouse gas emissions rights and obligations.

(i) Greenhouse gas emissions rights

Greenhouse gas emissions rights consist of the allowances received free of charge from the government and the ones purchased. The cost of the greenhouse gas emissions rights includes expenditures arising directly from the acquisition and any other costs incurred during normal course of the acquisition.

Greenhouse gas emissions rights are held by the Company to fulfill the legal obligation and recorded as intangible assets. To the extent that the portion to be submitted to the government within one year from the end of reporting period, the greenhouse gas emissions rights are classified as current assets. Greenhouse gas emissions rights recorded as intangible assets are initially measured at cost and substantially remeasured at cost less accumulated impairment losses.

Greenhouse gas emissions rights are derecognized on submission to the government or when no future economic benefits are expected from its use or disposal.

(ii) Greenhouse gas emissions obligations

Greenhouse gas emissions obligations are the Company's present legal obligation to submit the greenhouse gas emissions allowances to the government and recognized when an outflow of resources is probable and a reliable estimate can be made of the amount of the obligation. Greenhouse gas emissions obligations are measured as the sum of the carrying amount of the allocated rights that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of the reporting period for any excess emission.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(19) Impairment of non-financial assets other than goodwill

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(20) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories for inventories in transit are measured by using specific identification method. Cost of inventories, except for those in transit, are measured under the weighted average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(21) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(21) Provisions, continued

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(i) Provision for employment benefits

The Company determines the provision for employment benefits as the incentive payments based on the results of the individual performance evaluation or management assessment.

(ii) Provision for decommissioning costs of nuclear power plants

The Company records the fair value of estimated decommissioning costs as a liability in the period in which the Company incurs a legal obligation associated with retirement of long-lived assets that result from acquisition, construction, development and/or normal use of the assets. Accretion expense consists of period-to-period changes in the liability for decommissioning costs resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

(iii) Provision for disposal of spent nuclear fuel

Under the Radioactive Waste Management Act, the Company is levied to pay the spent nuclear fuel fund for the management of spent nuclear fuel. The Company recognizes the provision of present value of the payments.

(iv) Provision for low and intermediate radioactive wastes

Under the Radioactive Waste Management Act, the Company recognizes the provision for the disposal of low and intermediate radioactive wastes in best estimate of the expenditure required to settle the present obligation.

(v) Provision for Polychlorinated Biphenyls (PCBs)

Under the regulation of Persistent Organic Pollutants Management Act, enacted in 2007, the Company is required to remove PCBs, a toxin, from the insulating oil of its transformers by 2025. As a result of the enactments, the Company is required to inspect the PCBs contents of transformers and dispose of PCBs in excess of safety standards under the legally settled procedures. The Company's estimates and assumptions used to determine fair value can be affected by many factors, such as the estimated costs of inspection and disposal, inflation rate, discount rate, regulations and the general economy.

(vi) Provisions for power plant regional support program

Power plant regional support programs consist of scholarship programs to local students, local economy support programs, local culture support programs, environment development programs, and local welfare programs. The Company recognizes the provision in relation to power plant regional support program.

(vii) Provisions for transmission and transformation facilities-neighboring areas support program

The Company has present obligation to conduct transmission and transformation facilities-neighboring areas support program under Act on assistance to transmission and transformation facilities-neighboring areas. The Company recognizes the provision of estimated amount to fulfill the obligation.

(viii) Renewable Portfolio Standard (RPS) provisions

RPS program is recognized for the governmental regulations to require the production of energies from renewable energy sources such as solar, wind and biomass.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(22) Non-derivative financial assets

The Company recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company recognizes financial assets in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

(i) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as financial assets at fair value through profit or loss.

(ii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. A financial assets its acquired principally for the purpose of selling it in the near term are classified as a short-term financial assets held for trading and also all the derivatives including an embedded derivate that is not designated and effective as a hedging instrument are classified at the short-term trading financial asset as well. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

A financial asset is classified as held for trading if:

It has been acquired principally for the purpose of selling it in the near term; or

On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking; or

It is derivative, including an embedded derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at financial assets at fair value through profit or loss upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

It forms a part of a contract containing one or more embedded derivatives, and with K-IFRS 1039, Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(22) Non-derivative financial assets, continued

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognized in income or loss. The net gain or loss recognized in income or loss incorporates any dividend or interest earned on the financial asset and is included in the `finance income and finance expenses` line item in the consolidated statement of comprehensive income.

(iii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Company has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the valuation reserve. However, impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets are recognized in income or loss. Unquoted equity investments which are not traded in an active market, whose fair value cannot be measured reliably are carried at cost.

When a financial asset is derecognized or impairment losses are recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in income or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

(v) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

(vi) Impairment of financial assets

Financial assets, other than those at financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial asset, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment in addition to the criteria mentioned below.

For all other financial assets, objective evidence of impairment could include:

Significant financial difficulty of the issuer or counterparty; or

Breach of contract, such as a default or delinquency in interest or principal payments, or

It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

The disappearance of an active market for that financial asset because of financial difficulties.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(22) Non-derivative financial assets, continued

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets recorded at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in income or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to income or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(vii) De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. If the Company retains substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in income or loss.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(22) Non-derivative financial assets, continued

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in income or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(23) Non-derivative financial liabilities and equity instruments issued by the Company

(i) Classification as debt or equity

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

(ii) Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in income or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate,

on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

(iv) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

It has been acquired principally for the purpose of repurchasing it in the near term; or

On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

It is a derivative that is not designated and effective as a hedging instrument.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(23) Non-derivative financial liabilities and equity instruments issued by the Company, continued

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

The financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

It forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039, Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognized in income or loss. The net gain or loss recognized in income or loss incorporates any interest paid on the financial liability and is included in finance income and finance expenses.

(v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(vi) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: (a) the amount of the obligation under the contract, as determined in accordance with K-IFRS 1037, Provisions, Contingent Liabilities and Contingent Assets; or (b) the amount initially recognized less, cumulative amortization recognized in accordance with K-IFRS 1018, Revenue.

(vii) De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income or loss.

(24) Service Concession Arrangements

The Company recognizes revenues from construction services and operating services related to service concession arrangements in accordance with K-IFRS 1011, Construction Contracts and K-IFRS 1018, Revenue, respectively. If the Company performs more than one service under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Company recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset for the construction services and an intangible asset to the extent that it receives a right (license) to charge users of the public service. Borrowing costs attributable to the arrangement are recognized as an expense in the period in which they are incurred unless the Company has a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(25) Derivative financial instruments, including hedge accounting

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps and others.

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value.

The resulting gain or loss is recognized in income or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in income or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(i) Separable embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative is part of, is more than 12 months and it is not expected to be realized or settled within 12 months. All other embedded derivatives are presented as current assets or current liabilities.

(ii) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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

(iii) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in income or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk relating to the hedged items are recognized in the consolidated statements of comprehensive income.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized as income or loss as of that date.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

3. Significant Accounting Policies, Continued

(24) Derivative financial instruments, including hedge accounting, continued

(iv) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in income or loss, and is included in the finance income and expense .

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to income or loss in the periods when the hedged item is recognized in income or loss, in the same line of the consolidated statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

4. Segment, Geographic and Other Information

(1) Segment determination and explanation of the measurements

The Company's operating segments are its business components that generate discrete financial information that is reported to and regularly reviewed by the Company's the chief operating decision maker, the Chief Executive Officer, for the purpose of resource allocation and assessment of segment performance. The Company's reportable segments are Transmission and distribution, Electric power generation (Nuclear), Electric power generation (Non-nuclear), Plant maintenance & engineering service and Others; others mainly represent the business unit that manages the Company's foreign operations.

Segment operating profit (loss) is determined the same way that consolidated operating profit is determined under K-IFRS without any adjustment for corporate allocations. The accounting policies used by each segment are consistent with the accounting policies used in the preparation of the consolidated financial statements. Segment assets and liabilities are determined based on separate financial statements of the entities instead of on a consolidated basis. There are various transactions between the reportable segments, including sales of property, plant and equipment and so on, that are conducted on an arms-length basis at market prices that would be applicable to an independent third-party. For subsidiaries which are in a different segment from that of its immediate parent company, their carrying amount in separate financial statements is eliminated in the consolidating adjustments in the tables below. In addition, consolidation adjustments in the table below include adjustments of the amount of investment in associates and joint ventures from the cost basis amount reflected in segment assets to that determined using equity method in the consolidated financial statements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**4. Segment, Geographic and Other Information, Continued****(2) Financial information of the segments for the years ended December 31, 2016 and 2015, respectively, are as follows:***In millions of won*

| Segment | 2016 | | | | | | | |
|---|-----------------------|----------------------|---------------------------------|------------------|-------------------------------|-----------------|------------------|--|
| | Total segment revenue | Intersegment revenue | Revenue from external customers | Operating profit | Depreciation and amortization | Interest income | Interest expense | Profit related associates, joint ventures and subsidiaries |
| Transmission and distribution | ₩ 60,289,581 | 1,890,489 | 58,399,092 | 4,881,540 | 3,226,700 | 80,882 | 844,200 | (128,402) |
| Electric power generation (Nuclear) | 11,168,579 | 11,129,385 | 39,194 | 3,819,778 | 3,130,820 | 33,111 | 474,590 | (1,082) |
| Electric power generation (Non-nuclear) | 21,394,223 | 20,561,044 | 833,179 | 3,211,318 | 2,523,306 | 24,171 | 359,607 | (8,342) |
| Plant maintenance & engineering service | 2,618,388 | 2,190,207 | 428,181 | 196,989 | 98,843 | 10,672 | 2,156 | 478 |
| Others | 567,836 | 77,098 | 490,738 | 89,301 | 26,817 | 115,928 | 97,926 | |
| Consolidation adjustments | (35,848,223) | (35,848,223) | | (197,327) | (45,498) | (22,986) | (25,611) | |
| | ₩ 60,190,384 | | 60,190,384 | 12,001,599 | 8,960,988 | 241,778 | 1,752,868 | (137,348) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**4. Segment, Geographic and Other Information, Continued**

(2) Financial information of the segments for the years ended December 31, 2016 and 2015, respectively, are as follows, continued:

In millions of won

| Segment | 2015 | | | | | | | |
|---|-----------------------|----------------------|---------------------------------|-------------------------|-------------------------------|-----------------|------------------|--|
| | Total segment revenue | Intersegment revenue | Revenue from external customers | Operating profit (loss) | Depreciation and amortization | Interest income | Interest expense | Profit related associates, joint ventures and subsidiaries |
| Transmission and distribution | ₩ 58,540,389 | 1,230,975 | 57,309,414 | 4,425,361 | 2,859,037 | 132,809 | 1,092,594 | 220,406 |
| Electric power generation (Nuclear) | 10,642,352 | 10,596,189 | 46,163 | 3,784,990 | 3,070,828 | 24,612 | 532,490 | (595) |
| Electric power generation (Non-nuclear) | 21,469,345 | 20,906,081 | 563,264 | 2,732,497 | 2,337,353 | 22,171 | 319,647 | (10,686) |
| Plant maintenance & engineering service | 2,533,887 | 2,016,699 | 517,188 | 285,786 | 85,662 | 12,293 | 542 | (1,746) |
| Others | 672,250 | 150,557 | 521,693 | 42,629 | 27,491 | 108,104 | 127,684 | |
| Consolidation adjustments | (34,900,501) | (34,900,501) | | 75,469 | (38,987) | (58,404) | (57,273) | |
| | ₩ 58,957,722 | | 58,957,722 | 11,346,732 | 8,341,384 | 241,585 | 2,015,684 | 207,379 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**4. Segment, Geographic and Other Information, Continued****(3) Information related to segment assets and segment liabilities as of and for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

| Segment | Segment assets | 2016 | | Segment liabilities |
|---|----------------------|--|-----------------------------------|---------------------|
| | | Investments in associates and joint ventures | Acquisition of non-current assets | |
| Transmission and distribution | ₩ 105,321,129 | 4,121,462 | 6,345,004 | 49,854,420 |
| Electric power generation (Nuclear) | 52,782,915 | 15,384 | 1,945,610 | 27,366,938 |
| Electric power generation (Non-nuclear) | 47,427,642 | 1,320,203 | 3,508,313 | 26,205,049 |
| Plant maintenance & engineering service | 3,106,909 | 53,399 | 180,715 | 1,218,047 |
| Others | 7,423,132 | | 365,470 | 2,761,262 |
| Consolidation adjustments | (38,224,685) | | (191,901) | (2,619,219) |
| Consolidated totals | ₩ 177,837,042 | 5,510,448 | 12,153,211 | 104,786,497 |

In millions of won

| Segment | Segment assets | 2015 | | Segment liabilities |
|---|----------------|--|-----------------------------------|---------------------|
| | | Investments in associates and joint ventures | Acquisition of non-current assets | |
| Transmission and distribution | ₩ 106,306,250 | 4,338,888 | 5,885,919 | 53,125,589 |
| Electric power generation (Nuclear) | 51,043,890 | 16,385 | 2,647,304 | 27,386,113 |
| Electric power generation (Non-nuclear) | 44,453,545 | 1,283,432 | 5,063,195 | 25,587,071 |
| Plant maintenance & engineering service | 2,990,862 | 54,825 | 249,627 | 1,172,351 |

| | | | | |
|---------------------------|---------------|-----------|------------|-------------|
| Others | 5,962,546 | | 144,846 | 2,312,658 |
| Consolidation adjustments | (35,499,734) | | 146,942 | (2,268,898) |
| Consolidated totals | ₩ 175,257,359 | 5,693,530 | 14,137,833 | 107,314,884 |

(4) Geographic information

The following information on revenue from external customers and non-current assets is determined by the location of the customers and the assets:

| <i>In millions of won</i> Geographical unit | Revenue from external customers | | Non-current assets (*2) | |
|--|---------------------------------|------------|-------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Domestic | ₩ 55,737,308 | 54,727,071 | 148,297,677 | 143,788,043 |
| Overseas (*1) | 4,453,076 | 4,230,651 | 4,474,699 | 4,526,395 |
| | ₩ 60,190,384 | 58,957,722 | 152,772,376 | 148,314,438 |

(*1) Middle East and other Asian countries make up the majority of overseas revenue and non-current assets.

(*2) Amount excludes financial assets and deferred tax assets.

(5) Information on significant customers

There is no individual customer comprising more than 10% of the Company's revenue for the years ended December 31, 2016 and 2015.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**5. Classification of Financial Instruments****(1) Classification of financial assets as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | 2016 | | | | | | |
|-------------------------------------|--|------------|----------------------------------|---|--|---|--------------|
| | Financial assets at fair value through profit or loss | | Loans and receivables | Available- for-sale financial assets | Held-to- maturity investments | Derivative assets (using hedge accounting) | Total |
| Current assets | | | | | | | |
| Cash and cash equivalents | ₩ | | 3,051,353 | | | | 3,051,353 |
| Current financial assets | | | | | | | |
| Held-to-maturity investments | | | | | 114 | | 114 |
| Derivative assets | 79,709 | | | | | 113,574 | 193,283 |
| Other financial assets | | | 2,478,592 | | | | 2,478,592 |
| Trade and other receivables | | | 7,788,876 | | | | 7,788,876 |
| | 79,709 | 13,318,821 | | | 114 | 113,574 | 13,512,218 |
| Non-current assets | | | | | | | |
| Non-current financial assets | | | | | | | |
| Available-for-sale financial assets | | | | 1,014,732 | | | 1,014,732 |
| Held-to-maturity investments | | | | | 3,130 | | 3,130 |
| Derivative assets | 287,768 | | | | | 300,323 | 588,091 |
| Other financial assets | | | 1,051,541 | | | | 1,051,541 |
| Trade and other receivables | | | 1,903,515 | | | | 1,903,515 |
| | 287,768 | 2,955,056 | | 1,014,732 | 3,130 | 300,323 | 4,561,009 |
| | ₩ 367,477 | 16,273,877 | | 1,014,732 | 3,244 | 413,897 | 18,073,227 |

In millions of won

| | 2015 | | | | | |
|--|---|----------------------------------|---|--|---|--------------|
| | Financial assets at fair value | Loans and receivables | Available- for-sale financial assets | Held-to- maturity investments | Derivative assets (using hedge | Total |

| | through profit or loss | | assets | | accounting) | |
|-------------------------------------|------------------------------|------------|---------|-------|-------------|------------|
| Current assets | | | | | | |
| Cash and cash equivalents | ₩ | 3,783,065 | | | | 3,783,065 |
| Current financial assets | | | | | | |
| Held-to-maturity investments | | | | 381 | | 381 |
| Derivative assets | 1,498 | | | | 95,759 | 97,257 |
| Other financial assets | | 5,237,983 | | | | 5,237,983 |
| Trade and other receivables | | 7,473,548 | | | | 7,473,548 |
| | 1,498 | 16,494,596 | | 381 | 95,759 | 16,592,234 |
| Non-current assets | | | | | | |
| Non-current financial assets | | | | | | |
| Available-for-sale financial assets | | | 584,479 | | | 584,479 |
| Held-to-maturity investments | | | | 3,242 | | 3,242 |
| Derivative assets | 253,510 | | | | 266,383 | 519,893 |
| Other financial assets | | 1,387,940 | | | | 1,387,940 |
| Trade and other receivables | | 1,798,419 | | | | 1,798,419 |
| | 253,510 | 3,186,359 | 584,479 | 3,242 | 266,383 | 4,293,973 |
| | ₩ 255,008 | 19,680,955 | 584,479 | 3,623 | 362,142 | 20,886,207 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

5. Classification of Financial Instruments, Continued

(2) Classification of financial liabilities as of December 31, 2016 and 2015 are as follows:

*In millions of won***2016**

| | Financial liabilities at fair value through profit or loss | Financial liabilities recognized at amortized cost | Derivative liabilities (using hedge accounting) | Total |
|--------------------------------|---|---|--|--------------|
| Current liabilities | | | | |
| Borrowings | ₩ | 1,115,521 | | 1,115,521 |
| Debt securities | | 7,823,557 | | 7,823,557 |
| Derivative liabilities | 3,251 | | | 3,251 |
| Trade and other payables | | 5,585,411 | | 5,585,411 |
| | 3,251 | 14,524,489 | | 14,527,740 |
| Non-current liabilities | | | | |
| Borrowings | | 1,773,891 | | 1,773,891 |
| Debt securities | | 42,926,236 | | 42,926,236 |
| Derivative liabilities | 18,278 | | 117,157 | 135,435 |
| Trade and other payables | | 3,558,175 | | 3,558,175 |
| | 18,278 | 48,258,302 | 117,157 | 48,393,737 |
| | ₩ 21,529 | 62,782,791 | 117,157 | 62,921,477 |

*In millions of won***2015**

| | Financial liabilities at fair value through profit or loss | Financial liabilities recognized at amortized cost | Derivative liabilities (using hedge accounting) | Total |
|----------------------------|---|---|--|--------------|
| Current liabilities | | | | |

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| | | | | |
|--------------------------------|----------|------------|---------|------------|
| Borrowings | ₩ | 1,144,027 | | 1,144,027 |
| Debt securities | | 6,702,926 | | 6,702,926 |
| Derivative liabilities | 9,487 | | 758 | 10,245 |
| Trade and other payables | | 4,735,697 | | 4,735,697 |
| | 9,487 | 12,582,650 | 758 | 12,592,895 |
| Non-current liabilities | | | | |
| Borrowings | | 1,932,259 | | 1,932,259 |
| Debt securities | | 48,974,287 | | 48,974,287 |
| Derivative liabilities | 39,524 | | 116,741 | 156,265 |
| Trade and other payables | | 3,718,435 | | 3,718,435 |
| | 39,524 | 54,624,981 | 116,741 | 54,781,246 |
| | ₩ 49,011 | 67,207,631 | 117,499 | 67,374,141 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

5. Classification of Financial Instruments, Continued**(3) Classification of comprehensive income from financial instruments for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | | 2016 | 2015 |
|---|--|-------------|-------------|
| Cash and cash equivalents | Interest income | ₩ 61,380 | 54,687 |
| Available-for-sale financial assets | Dividends income | 9,446 | 14,069 |
| | Impairment loss on available-for-sale financial assets | (86,703) | (84,370) |
| | Gain (loss) on disposal of available-for-sale financial assets | 1,473 | (3,004) |
| | Interest income | | 29 |
| Held-to-maturity investments | Interest income | 97 | 99 |
| Loans and receivables | Interest income | 25,106 | 28,586 |
| Trade and other receivables | Interest income | 102,237 | 100,771 |
| Short-term financial instruments | Interest income | 45,763 | 46,921 |
| Long-term financial instruments | Interest income | 7,195 | 10,492 |
| Financial assets at fair value through profit or loss | Gain on valuation of derivatives | 113,671 | 220,285 |
| | Gain (loss) on transaction of derivatives | (8,039) | 8,605 |
| Derivative assets (using hedge accounting) | Gain on valuation of derivatives (profit or loss) | 145,458 | 244,020 |
| | Gain (loss) on valuation of derivatives (equity, before tax) (*) | 50,047 | (12,572) |
| | Gain (loss) on transaction of derivatives | (13,994) | 2,818 |
| | Interest expense of borrowings and debt securities | (1,202,065) | (1,392,477) |
| Financial liabilities carried at amortized cost | Loss on retirement of financial liabilities | (23,000) | (33) |
| | Interest expense of trade and other payables | (68,375) | (84,527) |
| | Interest expense of others | (482,428) | (538,680) |
| | Loss on foreign currency transactions and translations | (290,485) | (708,178) |

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| | | | |
|--|--|----------|---------|
| Financial liabilities at fair value through profit or loss | Gain on valuation of derivatives | 23,225 | 35,312 |
| | Gain on transaction of derivatives | 17,045 | 107,454 |
| Derivative liabilities (using hedge accounting) | Gain on valuation of derivatives (profit or loss) | 5,714 | 93,914 |
| | Gain (loss) on valuation of derivatives (equity, before tax) (*) | (3,297) | 9,728 |
| | Loss on transaction of derivatives | (51,450) | (4,288) |

(*) Items are included in other comprehensive income or loss. All other income and gain listed above are included in finance income, and all expense and losses listed above are included in finance expenses in the consolidated statements of comprehensive income.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**6. Restricted Deposits****Restricted deposits as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | | 2016 | 2015 |
|--|--|-------------|-------------|
| Cash and cash equivalents | Escrow accounts | ₩ 91 | 4,828 |
| | Deposits for government project | 16,457 | 5,839 |
| | Collateral provided for borrowings | 80,327 | 6,839 |
| | Collateral provided for lawsuit | 241 | 641 |
| | Deposits for transmission regional support program | 2,137 | 204 |
| | Pledge | | 740 |
| Non-current available-for-sale financial asset | Decommissioning costs of nuclear power plants | 437,015 | |
| Short-term financial instruments | Bidding guarantees | 118 | |
| | Restriction on withdrawal related to win-win growth program for small and medium enterprises | 33,000 | 18,000 |
| Other current receivables | Deposit for lawsuit | 16,000 | |
| Long-term financial instruments | Guarantee deposits for checking account | 2 | 2 |
| | Guarantee deposits for banking accounts at overseas branches | 342 | 333 |
| | Decommissioning costs of nuclear power plants | 214,121 | 652,700 |
| | Collateral provided for borrowings | | 20 |
| | Funds for developing small and medium enterprises (*1) | 200,000 | 100,000 |
| | | ₩ 999,851 | 790,146 |

(*1) Deposits for small and medium enterprise at IBK for construction of Bitgaram Energy Valley and support for the high potential businesses as of December 31, 2016.

7. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Cash | ₩ 119 | 109 |
| Other demand deposits | 1,725,785 | 1,309,396 |
| Short-term deposits classified as cash equivalents | 120,594 | 374,575 |
| Short-term investments classified as cash equivalents | 1,204,855 | 2,098,985 |
| | ₩ 3,051,353 | 3,783,065 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**8. Trade and Other Receivables****(1) Trade and other receivables as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | | 2016 | | |
|---------------------------|---------------------|--|-------------------------------|-------------------|
| | Gross amount | Allowance for doubtful accounts | Present value discount | Book value |
| Current assets | | | | |
| Trade receivables | ₩ 7,260,227 | (71,985) | | 7,188,242 |
| Other receivables | 652,782 | (50,071) | (2,077) | 600,634 |
| | 7,913,009 | (122,056) | (2,077) | 7,788,876 |
| Non-current assets | | | | |
| Trade receivables | 491,509 | | | 491,509 |
| Other receivables | 1,455,860 | (37,590) | (6,264) | 1,412,006 |
| | 1,947,369 | (37,590) | (6,264) | 1,903,515 |
| | ₩ 9,860,378 | (159,646) | (8,341) | 9,692,391 |

In millions of won

| | | 2015 | | |
|---------------------------|---------------------|--|-------------------------------|-------------------|
| | Gross amount | Allowance for doubtful accounts | Present value discount | Book value |
| Current assets | | | | |
| Trade receivables | ₩ 6,862,762 | (51,956) | (14) | 6,810,792 |
| Other receivables | 718,717 | (52,778) | (3,183) | 662,756 |
| | 7,581,479 | (104,734) | (3,197) | 7,473,548 |
| Non-current assets | | | | |
| Trade receivables | 447,010 | | | 447,010 |
| Other receivables | 1,396,107 | (38,968) | (5,730) | 1,351,409 |
| | 1,843,117 | (38,968) | (5,730) | 1,798,419 |
| | ₩ 9,424,596 | (143,702) | (8,927) | 9,271,967 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

8. Trade and Other Receivables, Continued

(2) Other receivables as of December 31, 2016 and 2015 are as follows:

In millions of won

| | | 2016 | | |
|---------------------------|--------------|---------------------------------|------------------------|------------|
| | Gross amount | Allowance for doubtful accounts | Present value discount | Book value |
| Current assets | | | | |
| Non-trade receivables | ₩ 360,021 | (50,071) | | 309,950 |
| Accrued income | 62,063 | | | 62,063 |
| Deposits | 193,720 | | (2,077) | 191,643 |
| Finance lease receivables | 12,225 | | | 12,225 |
| Others | 24,753 | | | 24,753 |
| | 652,782 | (50,071) | (2,077) | 600,634 |
| Non-current assets | | | | |
| Non-trade receivables | 80,393 | (26,942) | | 53,451 |
| Accrued income | 174 | | | 174 |
| Deposits | 320,935 | | (6,264) | 314,671 |
| Finance lease receivables | 960,649 | | | 960,649 |
| Others | 93,709 | (10,648) | | 83,061 |
| | 1,455,860 | (37,590) | (6,264) | 1,412,006 |
| | ₩ 2,108,642 | (87,661) | (8,341) | 2,012,640 |

In millions of won

| | | 2015 | | |
|-----------------------|--------------|---------------------------------|------------------------|------------|
| | Gross amount | Allowance for doubtful accounts | Present value discount | Book value |
| Current assets | | | | |
| Non-trade receivables | ₩ 330,669 | (52,778) | | 277,891 |
| Accrued income | 88,256 | | | 88,256 |
| Deposits | 235,745 | | (3,183) | 232,562 |

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| | | | | |
|---------------------------|-------------|----------|---------|-----------|
| Finance lease receivables | 12,098 | | | 12,098 |
| Others | 51,949 | | | 51,949 |
| | 718,717 | (52,778) | (3,183) | 662,756 |
| Non-current assets | | | | |
| Non-trade receivables | 93,782 | (31,829) | | 61,953 |
| Accrued income | 582 | | | 582 |
| Deposits | 256,745 | | (5,730) | 251,015 |
| Finance lease receivables | 941,710 | | | 941,710 |
| Others | 103,288 | (7,139) | | 96,149 |
| | 1,396,107 | (38,968) | (5,730) | 1,351,409 |
| | ₩ 2,114,824 | (91,746) | (8,913) | 2,014,165 |

- (3) Trade and other receivables are classified as loans and receivables, and are measured using the effective interest method. No interest is accrued for trade receivables related to electricity for the duration between the billing date and the payment due dates. But once trade receivables are overdue, the Company imposes a monthly interest rate of 1.5% on the overdue trade receivables. The Company holds deposits of three-months expected electricity usage for customers requesting temporary usage and customers with past defaulted payments.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**8. Trade and Other Receivables, Continued****(4) Aging analysis of trade receivables as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Trade receivables: (not overdue, not impaired) | ₩ 7,592,363 | 7,198,403 |
| Trade receivables: (overdue, not impaired) | 820 | 891 |
| Less than 60 days | 820 | 891 |
| Trade receivables: (impairment reviewed) | 158,553 | 110,478 |
| 60 ~ 90 days | 44,277 | 31,973 |
| 90 ~ 120 days | 18,917 | 11,010 |
| 120 days ~ 1 year | 42,534 | 35,097 |
| Over 1 year | 52,825 | 32,398 |
| | 7,751,736 | 7,309,772 |
| Less: allowance for doubtful accounts | (71,985) | (51,956) |
| Less: present value discount | | (14) |
| | ₩ 7,679,751 | 7,257,802 |

The Company assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired, and provides allowances for doubtful accounts which includes impairment for trade receivables that are individually significant. The Company considers receivables as overdue if the receivables are outstanding 60 days after the maturity and sets an allowance based on past experience of collection.

(5) Aging analysis of other receivables as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Other receivables: (not overdue, not impaired) | ₩ 1,887,620 | 1,918,132 |
| Other receivables: (overdue, not impaired) | 46,887 | 20,249 |

| | | |
|--|-------------|-----------|
| Less than 60 days | 46,887 | 20,249 |
| Other receivables: (impairment reviewed) | 174,135 | 176,443 |
| 60 ~ 90 days | 7,352 | 2,409 |
| 90 ~ 120 days | 2,160 | 10,097 |
| 120 days ~ 1year | 17,613 | 21,433 |
| Over 1 year | 147,010 | 142,504 |
| | 2,108,642 | 2,114,824 |
| Less: allowance for doubtful accounts | (87,661) | (91,746) |
| Less: present value discount | (8,341) | (8,913) |
| | ₩ 2,012,640 | 2,014,165 |

(6) **Changes in the allowance for doubtful accounts for the years ended December 31, 2016 and 2015 are as follows:**

In millions of won

| | 2016 | | 2015 | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | Trade receivables | Other receivables | Trade receivables | Other receivables |
| Beginning balance | ₩ 51,956 | 91,746 | 80,644 | 67,932 |
| Bad debt expense | 38,719 | 233 | 1,308 | 18,473 |
| Write-off | (18,939) | (928) | (28,978) | (888) |
| Reversal | | (5,489) | (1,018) | (413) |
| Others | 249 | 2,099 | | 6,642 |
| Ending balance | ₩ 71,985 | 87,661 | 51,956 | 91,746 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

| | 2016 | | | | | Ending | |
|---|-----------|-------------|----------|-----------|------------|--------|---------|
| | Beginning | Acquisition | Disposal | Valuation | Impairment | Others | balance |
| | balance | | | | | | |
| Listed: | | | | | | | |
| Korea District Heating Corp. | ₩ 130,410 | | | 23,773 | | | 154,183 |
| Kwanglim Co., Ltd. (*1) | 262 | | (214) | 598 | | (646) | |
| Ssangyong Motor Co., Ltd. | 299 | | | 5 | | | 304 |
| Sungjee Construction. Co., Ltd. | 5 | | | 16 | | | 21 |
| Korea Line Corp. | | | | | | | |
| Namkwang Engineering & Construction Co., Ltd. | 1 | | | (1) | | | |
| Pumyang Construction Co., Ltd. | | | | | | | |
| ELCOMTEC Co., Ltd. | 53 | | | 21 | | | 74 |
| PAN ocean Co., Ltd. | 6 | | | 1 | | | 7 |
| Borneo International Furniture Co., Ltd. | 103 | | | | | | 103 |
| TONGYANG Inc. (*1) | 217 | | (44) | 25 | | (198) | |
| TONGYANG networks Inc. (*1) | 6 | | (3) | | | (3) | |
| Nexolon Co., Ltd. (*1) | 3,196 | | (3,137) | 569 | | (628) | |
| Dongbu Corporation, | | | | | | 12 | 12 |
| PT Adaro Energy Tbk | 21,012 | | | 52,049 | | | 73,061 |
| Energy Fuels Inc. | 5,926 | | | (2,775) | (3,273) | 3,507 | 3,385 |
| Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited) | 42 | | | | (5,849) | 7,896 | 42 |
| Denison Mines Corp. | 34,457 | | | | | | 36,504 |
| Fission 3.0 | 30 | | | (16) | | 2 | 16 |
| Fission Uranium Corp. | 554 | | | (126) | | 31 | 459 |
| | 196,579 | | (3,398) | 74,139 | (9,122) | 9,973 | 268,171 |
| Unlisted: | | | | | | | |
| K&C Gyeongnam youth job creation Investment Fund | 1,207 | | | | | | 1,207 |

| | | | | |
|--|-------|---------|---------|---------|
| Korea investment Korea EXIM Bank CERs Private Special Asset Investment Trust I | 571 | | | 571 |
| Troika Overseas Resource Development Private Equity Firm | 1,553 | | | 1,553 |
| IBK-AUCTUS Green Growth Private Equity firm (*1) | 855 | (814) | | 41 |
| Global Dynasty Overseas Resource Development Private Equity Firm | 2,233 | | | 2,233 |
| Intellectual Discovery, Ltd. | 1,375 | | | 1,375 |
| Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 (*1) | 1,069 | 3,685 | (365) | 4,389 |
| Construction Guarantee | 805 | | 14 | 819 |
| Plant & Mechanical Contractors Financial Cooperative of Korea | 36 | | | 36 |
| Fire Guarantee | 20 | | | 20 |
| Korea Software Financial Cooperative | 301 | 3,000 | | 3,301 |
| Engineering Financial Cooperative | 60 | | | 60 |
| Electric Contractors Financial Cooperative | 152 | | | 152 |
| Korea Specialty Contractor Financial Cooperative | 417 | | | 417 |
| Information & Communication Financial Cooperative | 10 | | | 10 |
| Korea Electric Engineers Association | 40 | | | 40 |
| Korea investment Investment Pool for Public funds 10 | | 142,470 | (1,155) | 141,315 |
| Samsung investment Investment Pool for Public funds 2 | | 213,710 | (1,790) | 211,920 |
| Samsung investment Investment Pool for Public funds 1 | | 53,220 | (8) | 53,212 |
| Korea investment Hanwha KT Mater Lease Private Special Investment Trust (*1) | | 31,200 | (640) 8 | 30,568 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued**

(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:

In millions of won

| | Beginning balance | Acquisition | Disposal | 2016 Valuation | Impairment | Others | Ending balance |
|---|----------------------|-------------|----------|-------------------|------------|--------|-------------------|
| Hwan Young Steel Co., Ltd. | ₩ 97 | | | | | | 97 |
| Woobang ENC Co., Ltd. | 22 | | | | (22) | | |
| Dongnam Co., Ltd. | 72 | | | | (72) | | |
| SAMBO AUTO. Co., Ltd. | 38 | | | | | | 38 |
| Mobo Co., Ltd. | 14 | | | | | | 14 |
| Poonglim Industrial Co., Ltd. | 93 | | | | (93) | | |
| HANKOOK Silicon Co., Ltd. | 7,513 | | | | (6,018) | | 1,495 |
| Kun Young Engineering & Construction Co., Ltd. | 5 | | | | (3) | (2) | |
| Pumyang Asset Management Co., Ltd. | 3 | | | | (3) | | |
| Dae Kwang Semiconductor Co., Ltd. | 6 | | | | | | 6 |
| Sanbon Department Store | 3 | | | | | | 3 |
| Woori Ascon Co., Ltd. | 10 | | | | | (10) | |
| Miju Steel Mfg. Co., Ltd. | 51 | | | | | | 51 |
| BnB Sungwon Co., Ltd. | 15 | | | | | | 15 |
| Hana Civil Engineering Co., Ltd. | 1 | | | | | | 1 |
| KC Development Co., Ltd. | 6 | | | | | | 6 |
| IMHWA Corp. | 5 | | | | | | 5 |
| DALIM Special Vehicle Co., Ltd. | 10 | | | | | | 10 |
| ASA JEONJU Co., Ltd. | 69 | | | | | | 69 |
| KYUNGWON Co., Ltd. | 14 | | | | (14) | | |
| Moonkyung Silica Co., Ltd. | | | | | | | |
| Yousung Remicon Co., Ltd. | 4 | | | | (4) | | |
| Sungkwang Timber Co., Ltd. | 4 | | | | | | 4 |
| Yongbo Co., Ltd. | 3 | | | | | | 3 |
| HJ Steel Co., Ltd. | 2 | | | | | | 2 |
| KS Remicon Co., Ltd. | 3 | | | | | | 3 |
| Sewoong Heavy Industries Co., Ltd. | 40 | | | | (40) | | |
| SIN-E Steel Co., Ltd. | 33 | | | | | | 33 |
| Joongang Platec Co., Ltd. | 72 | | | | (37) | | 35 |

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| | | |
|--|----|------|
| Pyungsan SI Ltd. | 9 | 9 |
| Samgong Development Co., Ltd. | 7 | 7 |
| Joongang Development Co., Ltd. | 8 | 8 |
| AJS Co., Ltd. | 32 | 32 |
| SHIN-E B&P Co., Ltd. | 10 | 10 |
| MSE Co., Ltd. | 9 | 9 |
| Iirim Nano Tec Co., Ltd. | 15 | 15 |
| Kwang Myeong Electronics Technology Co., Ltd. | 11 | (11) |
| Youngjin Hi-Tech Co., Ltd. | 21 | 21 |
| Dong Woo International Co., Ltd. | 18 | 18 |
| Bench Mark Construction Co., Ltd. | | |
| Buyoung Co., Ltd. | 3 | 3 |
| Ilsuk Co., Ltd. | 10 | 10 |
| Dongyang Telecom Co., Ltd. | 11 | 11 |
| Han Young Construction Co., Ltd. | 3 | 3 |
| Jongwon Remicon Co., Ltd. | 13 | 13 |
| Ace Heat Treating Co., Ltd. | 72 | 72 |
| Zyle Daewoo Motor Sales Co., Ltd. | | |
| Daewoo Development Co., Ltd. | | |
| Seyang Inc. | 27 | 27 |
| Seungri Enterprise Co., Ltd. | 3 | 3 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | 2016 | | | | Ending | |
|---------------------------------------|-----------|-------------|----------|----------------------|--------|---------|
| | Beginning | Acquisition | Disposal | Valuation Impairment | Others | balance |
| | balance | | | | | |
| Onggane Food Co., Ltd. | ₩ 1 | | | | | 1 |
| Shin-E P&C Co., Ltd. | 1 | | | | | 1 |
| Ejung Ad Co., Ltd. | 3 | | | | | 3 |
| Solvus Co., Ltd. | 3 | | | | | 3 |
| Myung Co., Ltd. | 2 | | | | | 2 |
| Emotion Co., Ltd. | 8 | | | | | 8 |
| Youngdong Concrete Co., Ltd. | 7 | | | | | 7 |
| Shinil Engineering Co., Ltd. | 3 | | | | | 3 |
| Korea Castiron Industrial Co., Ltd. | 22 | | | (22) | | |
| FFG DMC Co., Ltd. | 17 | | | (68) | 51 | |
| Daeseong Metal Co., Ltd. | 47 | | | | (47) | |
| Biwang Industry Co., Ltd. | 2 | | | | | 2 |
| Huimun Co., Ltd. | 4 | | | | | 4 |
| Sunun IT F Co., Ltd. | 8 | | | | (8) | |
| Young Sung Co., Ltd. | 27 | | | | | 27 |
| Yuil Industrial Electronics Co., Ltd. | 16 | | | | | 16 |
| DN TEK Inc. | 62 | | | (56) | | 6 |
| Daeyang F.M.S Corporation | 3 | | | | 20 | 23 |
| Kwang Jin Structure Co., Ltd. | 31 | | | | | 31 |
| Woojin Industry Corporation | 16 | | | | | 16 |
| Kwang Sung Industry Co., Ltd. | 7 | | | | | 7 |
| Matsaeng Food Co., Ltd. | 6 | | | | (6) | |
| Futech Mold Co., Ltd. | 14 | | | | | 14 |
| Samcheonri Industrial Co., Ltd. | 13 | | | | | 13 |
| Woojoo Environment Ind. Co., Ltd. | 13 | | | | | 13 |
| Cheongatti Co., Ltd. | 4 | | | | | 4 |
| Hyungji Esquire Co., Ltd. | 21 | | | | 1 | 22 |
| Kolmar Pharma Co., Ltd. | 52 | | | (49) | | 3 |
| Morado Co., Ltd. | 2 | | | | | 2 |
| Myung Sung Tex Co., Ltd. | 2 | | | | | 2 |

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| | | | |
|--------------------------------|-------|-----|----|
| Kwang Sung Co., Ltd. | | 31 | 31 |
| EverTechno. Co.,Ltd. | (140) | 147 | 7 |
| Autowel Co.,Ltd. | | 13 | 13 |
| Woobang Constructon Co., Ltd. | | 8 | 8 |
| Shin Pyung Co., Ltd. | | 3 | 3 |
| JMC Heavy Industries Co., Ltd. | | 27 | 27 |
| Najin Steel Co., Ltd. | | 5 | 5 |
| Kunyang Food Co., Ltd. | (1) | 1 | |
| Sinkwang Industry Co., Ltd. | | 5 | 5 |
| Join Land Co., Ltd. | | 1 | 1 |
| Crystal Co., Ltd. | | 2 | 2 |
| Elephant & Friends Co., Ltd. | | 3 | 3 |
| Mireco Co., Ltd. | | 11 | 11 |
| L&K Industry Co., Ltd. | | 24 | 24 |
| JO Tech Co., Ltd. | | 25 | 25 |
| Samwoo EMC Co., Ltd. | (117) | 117 | |
| Kendae Printing Co., Ltd. | | 21 | 21 |
| Golden Tech Co., Ltd. | (114) | 114 | |
| Dauning Co., Ltd. | | 6 | 6 |
| Korea Trecision Co., Ltd. | | 5 | 5 |
| Buhmwoo Chemical Corp. | (20) | 20 | |
| Ace Track Co., Ltd. | (160) | 219 | 59 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | 2016 | | | | | |
|-----------------------------------|----------------------|-------------|----------|----------------------|--------|-------------------|
| | Beginning balance | Acquisition | Disposal | Valuation Impairment | Others | Ending balance |
| Taebok Machinery Co., Ltd. | ₩ | | | | 11 | 11 |
| Yooah Industry Co., Ltd. | | | | | 13 | 13 |
| Yoo-A Construction Co., Ltd. | | | | | 11 | 11 |
| Dung Hwan Co., Ltd. | | | | | 5 | 5 |
| Dongjin Metal Co., Ltd. | | | | (27) | 27 | |
| Hurim Biocell Co., Ltd. | | | | | 5 | 5 |
| P. J, Trading Co., LTd. | | | | | | |
| Sunjin Power Tech Co., Ltd. | | | | (157) | 247 | 90 |
| Smart Power Co.,Ltd. | | 200 | | | | 200 |
| Sunjin Inprecision Co.,Ltd. | | | | (169) | 169 | |
| Haseung Industries Co.,Ltd. | | | | | 28 | 28 |
| Beer Yeast Korea Inc. | | | | | 7 | 7 |
| Daeryung Corporation | | | | | 10 | 10 |
| Korea Bio Red Ginseng Co.,Ltd. | | | | | 10 | 10 |
| ESGI Co.,Ltd. | | | | (120) | 120 | |
| ENH Co.,Ltd. | | | | (55) | 55 | |
| HS Development Co.,Ltd. | | | | | 54 | 54 |
| OCO Co.,Ltd. | | | | | 11 | 11 |
| B CON Co.,Ltd. | | | | | 6 | 6 |
| Doosun Co.,Ltd. | | | | (62) | 62 | |
| CheonIl Metal Co., Ltd. | | | | | 4 | 4 |
| Teakwang Tech Co., Ltd. | | | | | 12 | 12 |
| SsangMa Machine Co., Ltd. | | | | | 1 | 1 |
| SinJin Co., Ltd. | | | | | 9 | 9 |
| Ace Integration Co., Ltd | | | | | 21 | 21 |
| AceInti Agricultural Co., Ltd. | | | | | 1 | 1 |
| KyungDong Co., Ltd. | | | | | 1 | 1 |
| ChunWon Development Co., Ltd. | | | | | 39 | 39 |

| | | | | | | | |
|-------------------------------|----------|---------|---------|----------|----------|---------|-----------|
| WonIl Co., Ltd. | | | | | | 50 | 50 |
| SungLim Industrial Co., Ltd. | | | | | | 1 | 1 |
| DaeHa Co., Ltd. | | | | | | 11 | 11 |
| Korea Minerals Co., Ltd. | | | | | | 135 | 135 |
| HyoDong Development Co., Ltd. | | | | | | 24 | 24 |
| Haspe Tech Co., Ltd. | | | | | | 20 | 20 |
| JoHyun Co., Ltd. | | | | | | 18 | 18 |
| KC Co., Ltd. | | | | | | 3 | 3 |
| SeongJi Industrial Co.,Ltd. | | | | | | 1 | 1 |
| SsangYong E&C Co., Ltd. (*1) | | | (9) | | | 9 | |
| Areva nc Expansion | 170,118 | | | | (69,927) | (1,719) | 98,472 |
| Navanakorn Electric Co., Ltd. | 17,951 | | | | | 558 | 18,509 |
| PT. Kedap Saayq | | | | | | | |
| Set Holding | 179,585 | | | | (9,415) | | 170,170 |
| PT. Cirebon Energi Prasarana | 635 | 1,999 | | | | 75 | 2,709 |
| | 387,900 | 449,484 | (1,828) | (12,346) | (77,581) | 932 | 746,561 |
| | ₩584,479 | 449,484 | (5,226) | 61,793 | (86,703) | 10,905 | 1,014,732 |

(*1) The Company recognized gain and loss on disposal of available-for-sale financial assets amounted to ₩1,482 million and ₩9 million, respectively, from the sales of shares of Kwanglim Co., Ltd., TONGYANG Inc., TONGYANG networks Inc., Nexolon Co., Ltd. and SsangYong E&C Co., Ltd. and from the partial sales of IBK-AUCTUS Green Growth Private Equity Firm, Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 and Korea investment Hanwha KT Mater Lease Private Special Investment Trust for the year ended December 31, 2016.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | Beginning balance | Acquisition | Disposal | 2015 Valuation | Impairment | Others | Ending Balance |
|---|----------------------|-------------|----------|-------------------|------------|--------|-------------------|
| Listed: | | | | | | | |
| Korea District Heating Corp. | ₩ 127,241 | | | 3,169 | | | 130,410 |
| Kwanglim Co., Ltd. | 128 | | | 134 | | | 262 |
| Ssangyong Motor Co., Ltd. | 357 | | | (58) | | | 299 |
| Sungjee Construction. Co., Ltd. | 5 | | | | | | 5 |
| Korea Line Corp. | | | | | | | |
| Namkwang Engineering & Construction Co., Ltd. | 2 | | | (3) | | 2 | 1 |
| Pumyang Construction Co., Ltd. | | | | | | | |
| ELCOMTEC Co., Ltd. | 48 | | | 5 | | | 53 |
| PAN ocean Co., Ltd. | 5 | | | 1 | | | 6 |
| Borneo International Furniture Co., Ltd. | 4 | | | 7 | | 92 | 103 |
| TONGYANG Inc. | 66 | | | 140 | | 11 | 217 |
| TONGYANG networks Inc. | 3 | | | 3 | | | 6 |
| Nexolon Co., Ltd | | | | 59 | | 3,137 | 3,196 |
| PT Adaro Energy Tbk | 44,109 | | | (23,097) | (23,206) | 23,206 | 21,012 |
| Energy Fuels Inc. | 11,568 | | | (4,866) | (9,391) | 8,615 | 5,926 |
| Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited) | 628 | | | (572) | (572) | 558 | 42 |
| Denison Mines Corp. | 62,339 | | | (22,187) | (20,154) | 14,459 | 34,457 |
| Fission 3.0 (*1) | 61 | | (57) | 11 | | 15 | 30 |
| Fission Uranium Corp. | 651 | | | (28) | | (69) | 554 |
| | 247,215 | | (57) | (47,282) | (53,323) | 50,026 | 196,579 |
| Unlisted: | | | | | | | |
| K&C Gyeongnam youth job creation Investment Fund (*1) | 1,340 | | (133) | | | | 1,207 |

| | | | | |
|---|--------|---------|----------|-------|
| Hanwha Electric Power Venture Fund(*1) | 1,804 | (1,804) | | |
| Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust I (*1) | 4,752 | (3,000) | (1,181) | 571 |
| Troika Overseas Resource Development Private Equity Firm | 13,340 | | (11,787) | 1,553 |
| IBK-AUCTUS Green Growth Private Equity firm (*1) | 2,325 | (1,470) | | 855 |
| Global Dynasty Overseas Resource Development Private Equity Firm | 2,233 | | | 2,233 |
| Intellectual Discovery, Ltd. | 5,000 | | (3,625) | 1,375 |
| Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 (*1) | 498 | 802 | (231) | 1,069 |
| Construction Guarantee | 795 | | 10 | 805 |
| Plant & Mechanical Contractors Financial Cooperative of Korea | 36 | | | 36 |
| Fire Guarantee | 20 | | | 20 |
| Korea Software Financial Cooperative | 301 | | | 301 |
| Engineering Financial Cooperative | 60 | | | 60 |
| Electric Contractors Financial Cooperative | 152 | | | 152 |
| Korea Specialty Contractor Financial Cooperative | 417 | | | 417 |
| Information & Communication Financial Cooperative | 10 | | | 10 |
| Korea Electric Engineers Association | 40 | | | 40 |
| Hwan Young Steel Co., Ltd. | 97 | | | 97 |
| Woobang ENC Co., Ltd | 22 | | | 22 |
| Dongnam Co., Ltd. | 72 | | | 72 |
| SAMBO AUTO. Co., Ltd. | 38 | | | 38 |
| Mobo Co., Ltd. | 14 | | | 14 |
| Poonglim Industrial Co., Ltd. | 78 | | 15 | 93 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued**

(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:

| <i>In millions of won</i> | 2015 | | | | | Ending Balance |
|--|----------------------|-------------|----------|-------------------------|--------|-------------------|
| | Beginning balance | Acquisition | Disposal | Valuation Impairment | Others | |
| HANKOOK Silicon Co., Ltd. | ₩ 7,513 | | | | | 7,513 |
| Kun Young Engineering & Construction Co., Ltd. | 5 | | | | | 5 |
| Pumyang Asset Management Co., Ltd. | 3 | | | | | 3 |
| Dae Kwang Semiconductor Co., Ltd. | 6 | | | | | 6 |
| Sanbon Department Store | 124 | | | (121) | | 3 |
| Woori Ascon Co., Ltd. | 10 | | | | | 10 |
| Miju Steel Mfg. Co., Ltd. | 51 | | | | | 51 |
| BnB Sungwon Co., Ltd. | 15 | | | | | 15 |
| Hana Civil Engineering Co., Ltd. | 1 | | | | | 1 |
| KC Development Co., Ltd. | 6 | | | | | 6 |
| IMHWA Corp. | 5 | | | | | 5 |
| IXELON Co., Ltd. | 23 | | | (23) | | 10 |
| DALIM Special Vehicle Co., Ltd. | 10 | | | | | 10 |
| ASA KIMJE Co., Ltd. | 465 | | | (465) | | 69 |
| ASA JEONJU Co., Ltd. | 697 | | | (628) | | 14 |
| KYUNGWON Co., Ltd. | 14 | | | | | 14 |
| Moonkyung Silica Co., Ltd. | | | | | | 4 |
| Yousung Remicon Co., Ltd. | 4 | | | | | 4 |
| Sungkwang Timber Co., Ltd. | 4 | | | | | 4 |
| Yongbo Co., Ltd. | 3 | | | | | 3 |
| HJ Steel Co., Ltd. | | | | | 2 | 2 |
| Ildong Air Conditioning Co., Ltd. | | | | (2) | 2 | 3 |
| KS Remicon Co., Ltd. | | | | | 3 | 40 |
| Sewoong Heavy Industries Co., Ltd. | | | | | 40 | 33 |
| SIN-E Steel Co., Ltd. | | | | | 33 | 72 |
| Joongang Platec Co., Ltd. | | | | | 72 | (116) |
| Hangjin Steel Co., Ltd. | | | | (116) | 116 | |

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| | | | |
|---|-------|-----|----|
| Pyungsan SI Ltd. | | 9 | 9 |
| Samgong Development Co., Ltd. | | 7 | 7 |
| Joongang Development Co., Ltd. | | 8 | 8 |
| AJS Co., Ltd. | | 32 | 32 |
| SHIN-E B&P Co., Ltd. | | 10 | 10 |
| MSE Co., Ltd. | | 9 | 9 |
| Ilim Nano Tec Co., Ltd. | | 15 | 15 |
| Kwang Myeong Electronics Technology Co., Ltd. | | 11 | 11 |
| Youngjin Hi-Tech Co., Ltd. | (105) | 126 | 21 |
| Dong Woo International Co., Ltd. | | 18 | 18 |
| Bench Mark Construction Co., Ltd. | | | |
| Buyoung Co., Ltd. | | 3 | 3 |
| Ilsuk Co., Ltd. | | 10 | 10 |
| Dongyang Telecom Co., Ltd. | | 11 | 11 |
| Han Young Construction Co., Ltd. | | 3 | 3 |
| Jongwon Remicon Co., Ltd. | | 13 | 13 |
| Ace Heat Treating Co., Ltd. | | 72 | 72 |
| Zyle Daewoo Motor Sales Co., Ltd. | | | |
| Daewoo Development Co., Ltd. | | | |
| Daewoo Songdo Development Co., Ltd. | (2) | 2 | |
| Seyang Inc. | | 27 | 27 |
| Seungri Enterprise Co., Ltd. | | 3 | 3 |
| Onggane Food Co., Ltd | | 1 | 1 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(1) Changes in available-for-sale financial assets for the years ended December 31, 2016 and 2015 are as follows, continued:**

In millions of won

| | 2015 | | | | Ending | |
|---------------------------------------|-----------|-------------|----------|----------------------|--------|---------|
| | Beginning | Acquisition | Disposal | Valuation Impairment | Others | Balance |
| | balance | | | | | |
| Shin-E P&C Co., Ltd. | ₩ | | | | 1 | 1 |
| Montista Telecom Co., Ltd. | | | | (3) | 3 | |
| Ejung Ad Co., Ltd. | | | | | 3 | 3 |
| Solvus Co., Ltd. | | | | | 3 | 3 |
| Myung Co., Ltd. | | | | | 2 | 2 |
| Emotion Co., Ltd. | | | | | 8 | 8 |
| Youngdong Concrete Co., Ltd. | | | | | 7 | 7 |
| Shinil Engineering Co., Ltd. | | | | | 3 | 3 |
| Korea Castiron Industrial Co., Ltd. | | | | | 22 | 22 |
| FFG DMC Co., Ltd. | | | | | 17 | 17 |
| Daeseong Metal Co., Ltd. | | | | | 47 | 47 |
| Biwang Industry Co., Ltd. | | | | | 2 | 2 |
| Huimun Co., Ltd. | | | | | 4 | 4 |
| Sunun IT F Co., Ltd. | | | | | 8 | 8 |
| Young Sung Co., Ltd. | | | | | 27 | 27 |
| Yuil Industrial Electronics Co., Ltd. | | | | | 16 | 16 |
| DN TEK Inc. | | | | | 62 | 62 |
| Daeyang F.M.S Corporation | | | | | 3 | 3 |
| Kwang Jin Structure Co., Ltd. | | | | | 31 | 31 |
| Woojin Industry Corporation | | | | | 16 | 16 |
| Kwang Sung Industry Co., Ltd. | | | | | 7 | 7 |
| Matsaeng Food Co., Ltd. | | | | | 6 | 6 |
| Futech Mold Co., Ltd. | | | | | 14 | 14 |
| Samcheonri Industrial Co., Ltd. | | | | | 13 | 13 |
| Woojoo Environment Ind. Co., Ltd. | | | | | 13 | 13 |
| Cheongatti Co., Ltd. | | | | | 4 | 4 |
| Hyungji Esquire Co., Ltd. | | | | | 21 | 21 |

| | | | | | | | |
|-------------------------------|-----------------|--------------|----------------|-----------------|-----------------|----------------|----------------|
| Kolmar Pharma Co., Ltd. | | | | | | 52 | 52 |
| Morado Co., Ltd. | | | | | | 2 | 2 |
| Myung Sung Tex Co., Ltd. | | | | | | 2 | 2 |
| Areva nc Expansion | 227,876 | | | | | (57,758) | 170,118 |
| Navanakorn Electric Co., Ltd. | 16,836 | | | | | 1,115 | 17,951 |
| PT. Kedap Saayq | 12,989 | | | | | (12,989) | |
| Set Holding | 167,832 | | | 11,753 | | | 179,585 |
| PT. Cirebon Energi Prasarana | | 635 | | | | | 635 |
| | 467,936 | 1,437 | (6,638) | 11,763 | (31,047) | (55,551) | 387,900 |
| | ₩715,151 | 1,437 | (6,695) | (35,519) | (84,370) | (5,525) | 584,479 |

(*1) The Company recognized gain and loss on disposal of available-for-sale financial assets amounted to ~~₩~~4 million and ~~₩~~3,008 million, respectively, from the sales of shares of Fission 3.0, K&C- Gyeongnam Youth Job Creation Investment Fund, Korea Investment Korea EXIM Bank CERs Private Special Asset Investment Trust 1, IBK-AUCTUS Green Growth Private Equity Firm and others and from the liquidation of Hanwha Electric Power Venture fund for the year ended December 31, 2015.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | Shares | Ownership | 2016 Acquisition cost | Book value | Fair value |
|--|----------------|-----------|--------------------------|------------|------------|
| Listed | | | | | |
| Korea District Heating Corp. | 2,264,068 | 19.55% | ₩ 173,201 | 154,183 | 154,183 |
| Ssangyong Motor Co., Ltd. | 38,568 | 0.03% | 428 | 304 | 304 |
| Sungjee Construction. Co., Ltd. | 10,530 | 0.01% | 49 | 21 | 21 |
| Korea Line Corp. | 18 | 0.00% | 1 | | |
| Namkwang Engineering & Construction Co., Ltd. | 46 | 0.00% | 15 | | |
| Pumyang Construction Co., Ltd. | 7 | 0.00% | 2 | | |
| ELCOMTEC Co., Ltd. | 32,875 | 0.04% | 217 | 74 | 74 |
| PAN ocean Co., Ltd. | 1,492 | 0.00% | 14 | 7 | 7 |
| Borneo International Furniture Co., Ltd. | 64,037 | 0.28% | 97 | 103 | 103 |
| Dongbu Corporation, | 1,229 | 0.02% | 12 | 12 | 12 |
| PT Adaro Energy Tbk | 480,000,000 | 1.50% | 71,554 | 73,061 | 73,061 |
| Energy Fuels Inc. | 1,711,814 | 2.59% | 16,819 | 3,385 | 3,385 |
| Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited) (*6) | 99,763 | 0.07% | 18,445 | 42 | 42 |
| Denison Mines Corp. | 58,284,000 | 10.93% | 84,134 | 36,504 | 36,504 |
| Fission 3.0 | 300,000 | 0.17% | | 16 | 16 |
| Fission Uranium Corp. | 800,000 | 0.17% | 785 | 459 | 459 |
| | | | 365,773 | 268,171 | 268,171 |
| Unlisted (*1) | | | | | |
| K&C Gyeongnam youth job creation Investment Fund | 24 | 10.00% | 1,207 | 1,207 | |
| Korea investment Korea EXIM Bank CERs Private Special Asset Investment Trust I | 1,758,731,002 | 14.18% | 1,752 | 571 | |
| Troika Overseas Resource Development Private Equity Firm | 13,340,012,100 | 3.66% | 13,340 | 1,553 | |

| | | | | | |
|--|---------------|--------|---------|---------|---------|
| IBK-AUCTUS Green Growth Private Equity firm | 152 | 6.29% | 41 | 41 | |
| Global Dynasty Overseas Resource Development Private Equity Firm | 2,233,407,439 | 7.46% | 2,233 | 2,233 | |
| Intellectual Discovery, Ltd. | 1,000,000 | 8.81% | 5,000 | 1,375 | |
| Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 | 4,256,096,329 | 5.00% | 4,389 | 4,389 | |
| Construction Guarantee (*2) Plant & Mechanical Contractors | 571 | 0.02% | 601 | 819 | 819 |
| Financial Cooperative of Korea | 50 | 0.01% | 36 | 36 | |
| Fire Guarantee | 40 | 0.02% | 20 | 20 | |
| Korea Software Financial Cooperative | 5,186 | 1.39% | 3,301 | 3,301 | |
| Engineering Financial Cooperative | 486 | 0.05% | 60 | 60 | |
| Electric Contractors Financial Cooperative | 800 | 0.03% | 152 | 152 | |
| Korea Specialty Contractor Financial Cooperative | 476 | 0.01% | 417 | 417 | |
| Information & Communication Financial Cooperative | 70 | 0.01% | 10 | 10 | |
| Korea Electric Engineers Association | 400 | 0.24% | 40 | 40 | |
| Korea investment Investment Pool for Public funds 10 (*5) | | | 142,470 | 141,315 | 141,315 |
| Samsung investment Investment Pool for Public funds 2 (*5) | | | 213,710 | 211,920 | 211,920 |
| Samsung investment Investment Pool for Public funds 1 (*5) | | | 53,220 | 53,212 | 53,212 |
| Korea investment Hanwha KT Mater Lease Private Special Investment Trust (*5) | | | 30,560 | 30,568 | 30,568 |
| Hwan Young Steel Co., Ltd. | 10,916 | 0.14% | 1,092 | 97 | |
| SAMBO AUTO. Co., Ltd. | 15,066 | 0.02% | 38 | 38 | |
| Mobo Co., Ltd. | 504 | 0.00% | 14 | 14 | |
| HANKOOK Silicon Co., Ltd. | 3,005,208 | 10.44% | 7,513 | 1,495 | |
| Dae Kwang Semiconductor Co., Ltd. | 589 | 0.07% | 6 | 6 | |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued :***In millions of won*

| | Shares | Ownership | 2016 | | |
|-----------------------------------|--------|-----------|------------------|------------|------------|
| | | | Acquisition cost | Book value | Fair value |
| Sanbon Department Store | 828 | 0.01% | ₩ 124 | 3 | |
| Miju Steel Mfg. Co., Ltd. | 99,804 | 0.23% | 51 | 51 | |
| BnB Sungwon Co., Ltd. | 589 | 0.07% | 15 | 15 | |
| Hana Civil Engineering Co., Ltd. | 23 | 0.00% | 1 | 1 | |
| KC Development Co., Ltd. | 839 | 0.02% | 6 | 6 | |
| IMHWA Corp. | 329 | 0.11% | 5 | 5 | |
| DALIM Special Vehicle Co., Ltd. | 58 | 0.08% | 10 | 10 | |
| ASA JEONJU Co., Ltd. | 34,846 | 1.34% | 697 | 69 | |
| Moonkyung Silica Co., Ltd. | 42 | 0.56% | | | |
| Sungkwang Timber Co., Ltd. | 9 | 0.34% | 4 | 4 | |
| Yongbo Co., Ltd. | 61 | 0.20% | 3 | 3 | |
| HJ Steel Co., Ltd. | 218 | 0.07% | 2 | 2 | |
| KS Remicon Co., Ltd. | 12 | 0.04% | 3 | 3 | |
| SIN-E Steel Co., Ltd. | 109 | 0.08% | 33 | 33 | |
| Joongang Platec Co., Ltd. | 3,591 | 0.75% | 72 | 35 | |
| Pyungsan SI Ltd. | 434 | 0.01% | 9 | 9 | |
| Samgong Development Co., Ltd. | 12 | 0.01% | 7 | 7 | |
| Joongang Development Co., Ltd. | 540 | 0.12% | 8 | 8 | |
| AJS Co., Ltd. | 12,906 | 0.23% | 32 | 32 | |
| SHIN-E B&P Co., Ltd. | 119 | 0.13% | 10 | 10 | |
| MSE Co., Ltd. | 429 | 0.13% | 9 | 9 | |
| Ilim Nano Tec Co., Ltd. | 1,520 | 0.07% | 15 | 15 | |
| Youngjin Hi-Tech Co., Ltd. | 2,512 | 0.25% | 126 | 21 | |
| Dong Woo International Co., Ltd. | 90 | 0.37% | 18 | 18 | |
| Buyoung Co., Ltd. | 270 | 0.00% | 3 | 3 | |
| Ilsuk Co., Ltd. | 152 | 0.17% | 10 | 10 | |
| Dongyang Telecom Co., Ltd. | 1,760 | 0.01% | 11 | 11 | |
| Han Young Construction Co., Ltd. | 35 | 0.03% | 3 | 3 | |
| Jongwon Remicon Co., Ltd. | 31 | 0.18% | 13 | 13 | |
| Ace Heat Treating Co., Ltd. | 477 | 1.43% | 72 | 72 | |
| Zyle Daewoo Motor Sales Co., Ltd. | 22 | 0.00% | | | |
| Daewoo Development Co., Ltd. | 8 | 0.00% | | | |

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| | | | | |
|---------------------------------------|--------|-------|----|----|
| Seyang Inc. | 537 | 0.05% | 27 | 27 |
| Seungri Enterprise Co., Ltd. | 93 | 0.05% | 3 | 3 |
| Onggane Food Co., Ltd | 5 | 0.07% | 1 | 1 |
| Shin-E P&C Co., Ltd. | 12 | 0.00% | 1 | 1 |
| Ejung Ad Co., Ltd. | 132 | 0.09% | 3 | 3 |
| Solvus Co., Ltd. | 1,056 | 0.04% | 3 | 3 |
| Myung Co., Ltd. | 89 | 0.05% | 2 | 2 |
| Emotion Co., Ltd. | 167 | 0.61% | 8 | 8 |
| Youngdong Concrete Co., Ltd. | 32 | 0.32% | 7 | 7 |
| Shinil Engineering Co., Ltd. | 887 | 0.06% | 3 | 3 |
| Biwang Industry Co., Ltd | 406 | 0.04% | 2 | 2 |
| Huimun Co., Ltd. | 263 | 0.26% | 4 | 4 |
| Young Sung Co., Ltd. | 89 | 0.40% | 27 | 27 |
| Yuil Industrial Electronics Co., Ltd. | 804 | 0.32% | 16 | 16 |
| DN TEK Inc. | 12,401 | 0.29% | 62 | 6 |
| Daeyang F.M.S Corporation | 593 | 0.40% | 23 | 23 |
| Kwang Jin Structure Co., Ltd. | 3,072 | 0.60% | 31 | 31 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued :***In millions of won*

| | | | 2016 | |
|-----------------------------------|--------|-----------|------------------|-----------------------|
| | Shares | Ownership | Acquisition cost | Book value Fair value |
| Woojin Industry Corporation | 3 | 0.00% | ₩ 16 | 16 |
| Kwang Sung Industry Co., Ltd. | 325 | 0.35% | 7 | 7 |
| Futech Mold Co., Ltd. | 274 | 0.27% | 14 | 14 |
| Samcheonri Industrial Co., Ltd. | 533 | 0.98% | 13 | 13 |
| Woojoo Environment Ind. Co., Ltd. | 101 | 0.11% | 13 | 13 |
| Cheongatti Co., Ltd. | 57 | 0.10% | 4 | 4 |
| Hyungji Esquire Co., Ltd. | 55 | 0.02% | 22 | 22 |
| Kolmar Pharma Co., Ltd. | 1,426 | 0.01% | 52 | 3 |
| Morado Co., Ltd. | 209 | 0.04% | 2 | 2 |
| Myung Sung Tex Co., Ltd. | 20 | 0.00% | 2 | 2 |
| Kwang Sung Co., Ltd. | 610 | 0.53% | 31 | 31 |
| EverTechno. Co.,Ltd. | 29,424 | 0.73% | 147 | 7 |
| Autowel Co.,Ltd. | 260 | 0.38% | 13 | 13 |
| Woobang Construction Co., Ltd. | 8 | 0.00% | 8 | 8 |
| Shin Pyung Co., Ltd. | 6 | 0.03% | 3 | 3 |
| JMC Heavy Industries Co., Ltd. | 2,724 | 0.10% | 27 | 27 |
| Najin Steel Co., Ltd. | 37 | 0.06% | 5 | 5 |
| Sinkwang Industry Co., Ltd. | 1,091 | 1.68% | 5 | 5 |
| Join Land Co., Ltd. | 33 | 0.00% | 1 | 1 |
| Crystal Co., Ltd. | 22 | 0.07% | 2 | 2 |
| Elephant & Friends Co., Ltd. | 563 | 0.61% | 3 | 3 |
| Mireco Co., Ltd. | 109 | 0.25% | 11 | 11 |
| L&K Industry Co., Ltd. | 1,615 | 0.60% | 24 | 24 |
| JO Tech Co., Ltd. | 1,263 | 0.62% | 25 | 25 |
| Kendae Printing Co., Ltd. | 422 | 0.60% | 21 | 21 |
| Dauning Co., Ltd. | 231 | 0.41% | 6 | 6 |
| Korea Trecision Co., Ltd. | 22 | 0.45% | 5 | 5 |
| Ace Track Co., Ltd. | 3,130 | 1.08% | 219 | 59 |
| Taebok Machinery Co., Ltd. | 109 | 1.08% | 11 | 11 |
| Yooah Industry Co., Ltd. | 130 | 0.02% | 13 | 13 |
| Yoo-A Construction Co., Ltd. | 105 | 0.20% | 11 | 11 |
| Dung Hwan Co., Ltd. | 531 | 0.02% | 5 | 5 |

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| | | | | |
|--------------------------------|---------|-------|-----|-----|
| Hurim Biocell Co., Ltd. | 113 | 0.00% | 5 | 5 |
| P. J, Trading Co., LTd. | 12 | 0.04% | | |
| Sunjin Power Tech Co., Ltd. | 4,941 | 0.92% | 247 | 90 |
| Smart Power Co.,Ltd. | 133,333 | 5.55% | 200 | 200 |
| Haseung Industries Co.,Ltd. | 55 | 0.62% | 28 | 28 |
| Beer Yeast Korea Inc. | 1,388 | 0.43% | 7 | 7 |
| Daeryung Corporation | 207 | 0.19% | 10 | 10 |
| Korea Bio Red Ginseng Co.,Ltd. | 194 | 0.09% | 10 | 10 |
| ENH Co.,Ltd. | 1,086 | 0.19% | 54 | 54 |
| OCO Co.,Ltd. | 123 | 0.37% | 11 | 11 |
| B CON Co.,Ltd. | 96 | 1.16% | 6 | 6 |
| Teakwang Tech Co., Ltd. | 11 | 0.15% | 4 | 4 |
| SsangMa Machine Co., Ltd. | 2,460 | 0.11% | 12 | 12 |
| SinJin Co., Ltd. | 4 | 0.05% | 1 | 1 |
| Ace Integration Co., Ltd | 233 | 0.30% | 9 | 9 |
| AceInti Agricultural Co., Ltd. | 93 | 0.09% | 21 | 21 |
| Teakwang Tech Co., Ltd. | 3 | 0.00% | 1 | 1 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued :***In millions of won*

| | | | 2016 | | |
|------------------------------------|-----------|-----------|------------------|------------|------------|
| | Shares | Ownership | Acquisition cost | Book value | Fair value |
| KyungDong Co., Ltd. | 130 | 0.01% | ₩ 1 | 1 | |
| ChunWon Development Co., Ltd. | 193 | 0.19% | 39 | 39 | |
| WonIl Co., Ltd. | 999 | 0.15% | 50 | 50 | |
| SungLim Industrial Co., Ltd. | 29 | 0.03% | 1 | 1 | |
| DaeHa Co., Ltd. | 141 | 0.54% | 11 | 11 | |
| Korea Minerals Co., Ltd. | 191 | 0.05% | 135 | 135 | |
| HyoDong Development Co., Ltd. | 119 | 0.15% | 24 | 24 | |
| Haspe Tech Co., Ltd. | 652 | 0.55% | 20 | 20 | |
| JoHyun Co., Ltd. | 350 | 1.56% | 18 | 18 | |
| KC Co., Ltd. | 5,107 | 0.17% | 3 | 3 | |
| SeongJi Industrial Co.,Ltd. | 41 | 0.05% | 1 | 1 | |
| Areva nc Expansion | 1,077,124 | 13.49% | 288,443 | 98,472 | 98,472 |
| Navanakorn Electric Co., Ltd. (*3) | 8,885,600 | 26.93% | 17,216 | 18,509 | |
| PT. Kedap Saayq | 671 | 10.00% | 18,540 | | |
| Set Holding (*4) | 1,100,220 | 2.50% | 229,255 | 170,170 | 170,170 |
| PT. Cirebon Energi Prasarana | 22,420 | 10.00% | 2,612 | 2,709 | |
| | | | 1,040,553 | 746,561 | 706,476 |
| | | | ₩ 1,406,326 | 1,014,732 | 974,647 |

(*1) Book values of unlisted equity securities held by the Company for which a quoted market price does not exist in an active market and fair value cannot be measured reliably were measured at cost.

(*2) The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2016.

(*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.

- (*4) The Company has estimated the fair value of Set Holding by using the discounted cash flow method and has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2016.
- (*5) As of December 31, 2016, the Company invested in ₩437,015 million as beneficiary securities exclusively for payment of decommissioning cost of nuclear power plants. The Company has measured the fair value of the beneficiary securities based on its net asset value.
- (*6) The number of shares has changed due to the merger of shares (500:1) during the year ended December 31, 2016.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | | | 2015 | 2015 | 2015 |
|--|----------------|-----------|------------------|------------|------------|
| | Shares | Ownership | Acquisition cost | Book value | Fair value |
| Listed | | | | | |
| Korea District Heating Corp. | 2,264,068 | 19.55% | ₩ 173,201 | 130,410 | 130,410 |
| Kwanglim Co., Ltd. | 84,515 | 0.44% | 386 | 262 | 262 |
| Ssangyong Motor Co., Ltd. | 38,568 | 0.03% | 428 | 299 | 299 |
| Sungjee Construction. Co., Ltd. | 1,053 | 0.01% | 49 | 5 | 5 |
| Korea Line Corp. | 18 | 0.00% | 1 | | |
| Namkwang Engineering & Construction Co., Ltd. | 232 | 0.00% | 15 | 1 | 1 |
| Pumyang Construction Co., Ltd. | 7 | 0.00% | 2 | | |
| ELCOMTEC Co., Ltd. | 32,875 | 0.04% | 217 | 53 | 53 |
| PAN ocean Co., Ltd. | 1,492 | 0.00% | 14 | 6 | 6 |
| Borneo International Furniture Co., Ltd. | 64,037 | 0.28% | 97 | 103 | 103 |
| TONGYANG Inc. | 78,511 | 0.03% | 45 | 217 | 217 |
| TONGYANG networks Inc. | 4,422 | 0.01% | 3 | 6 | 6 |
| Nexolon Co., Ltd | 3,665,367 | 2.59% | 3,138 | 3,196 | 3,196 |
| PT Adaro Energy Tbk | 480,000,000 | 1.50% | 71,554 | 21,012 | 21,012 |
| Energy Fuels Inc. | 1,711,814 | 3.79% | 16,819 | 5,926 | 5,926 |
| Baralaba Coal Company Limited (formerly, Cockatoo Coal Limited) | 49,881,423 | 0.07% | 18,445 | 42 | 42 |
| Denison Mines Corp. | 58,284,000 | 11.24% | 84,134 | 34,457 | 34,457 |
| Fission 3.0 | 300,000 | 0.17% | | 30 | 30 |
| Fission Uranium Corp. | 800,000 | 0.21% | 785 | 554 | 554 |
| | | | 369,333 | 196,579 | 196,579 |
| Unlisted (*1) | | | | | |
| K&C - Gyeongnam youth job creation Investment Fund | 24 | 10.00% | 1,207 | 1,207 | |
| Korea Investment - Korea EXIM Bank CERs Private Special Asset InvestmentTrust I | 1,758,731,002 | 14.18% | 1,752 | 571 | |
| Troika Overseas Resource Development Private Equity Firm | 13,340,012,100 | 3.66% | 13,340 | 1,553 | |
| IBK-AUCTUS Green Growth Private Equity firm | 233 | 6.30% | 855 | 855 | |
| Global Dynasty Overseas Resource Development Private Equity Firm | 2,233,407,439 | 7.46% | 2,233 | 2,233 | |

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| | | | | | |
|---|---------------|--------|-------|-------|-----|
| Intellectual Discovery, Ltd. | 1,000,000 | 8.81% | 5,000 | 1,375 | |
| Hanwha-KOSEP New Renewable Energy Private Special Assets Investment Trust 1 | 1,069,432,095 | 5.00% | 1,069 | 1,069 | |
| Construction Guarantee (*2) | 571 | 0.02% | 601 | 805 | 805 |
| Plant & Mechanical Contractors Financial Cooperative of Korea | 50 | 0.01% | 36 | 36 | |
| Fire Guarantee | 40 | 0.02% | 20 | 20 | |
| Korea Software Financial Cooperative | 301 | 0.15% | 301 | 301 | |
| Engineering Financial Cooperative | 528 | 0.10% | 60 | 60 | |
| Electric Contractors Financial Cooperative | 800 | 0.03% | 152 | 152 | |
| Korea Specialty Contractor Financial Cooperative | 476 | 0.01% | 417 | 417 | |
| Information & Communication Financial Cooperative | 70 | 0.01% | 10 | 10 | |
| Korea Electric Engineers Association | 400 | 0.26% | 40 | 40 | |
| Hwan Young Steel Co., Ltd. | 10,916 | 0.14% | 1,092 | 97 | |
| Woobang ENC Co., Ltd | 14 | 0.00% | 22 | 22 | |
| Dongnam Co., Ltd. | 2,070 | 0.46% | 72 | 72 | |
| SAMBO AUTO. Co., Ltd. | 15,066 | 0.02% | 38 | 38 | |
| Mobo Co., Ltd. | 504 | 0.00% | 14 | 14 | |
| Poonglim Industrial Co., Ltd. | 1,915 | 0.01% | 93 | 93 | |
| HANKOOK Silicon Co., Ltd. | 7,513,022 | 10.44% | 7,513 | 7,513 | |
| Kun Young Engineering & Construction Co., Ltd. | 100 | 0.00% | 5 | 5 | |
| Pumyang Asset Management Co., Ltd. | 13 | 0.00% | 3 | 3 | |
| Dae Kwang Semiconductor Co., Ltd. | 589 | 0.07% | 6 | 6 | |
| Sanbon Department Store | 828 | 0.01% | 124 | 3 | |
| Woori Ascon Co., Ltd. | 25 | 0.34% | 10 | 10 | |
| Miju Steel Mfg. Co., Ltd. | 99,804 | 0.23% | 51 | 51 | |
| BnB Sungwon Co., Ltd. | 589 | 0.07% | 15 | 15 | |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued**

(2) Available-for-sale financial assets as of December 31, 2016 and 2015 are as follows, continued:

In millions of won

| | Shares | Ownership | 2015 Acquisition cost | Book value | Fair value |
|---|--------|-----------|--------------------------|------------|------------|
| Hana Civil Engineering Co., Ltd. | 23 | 0.00% | ₩ 1 | 1 | |
| KC Development Co., Ltd. | 839 | 0.02% | 6 | 6 | |
| IMHWA Corp. | 329 | 0.11% | 5 | 5 | |
| IXELON Co., Ltd. | 2,292 | 0.02% | 23 | | |
| DALIM Special Vehicle Co., Ltd. | 58 | 0.08% | 10 | 10 | |
| ASA KIMJE Co., Ltd. | 23,245 | 1.11% | 465 | | |
| ASA JEONJU Co., Ltd. | 34,846 | 1.34% | 697 | 69 | |
| KYUNGWON Co., Ltd. | 2,812 | 0.17% | 14 | 14 | |
| Moonkyung Silica Co., Ltd. | 42 | 0.56% | | | |
| Yousung Remicon Co., Ltd. | 8 | 0.26% | 4 | 4 | |
| Sungkwang Timber Co., Ltd. | 9 | 0.34% | 4 | 4 | |
| Yongbo Co., Ltd. | 61 | 0.20% | 3 | 3 | |
| HJ Steel Co., Ltd. | 218 | 0.07% | 2 | 2 | |
| Ildong Air Conditioning Co., Ltd. | 218 | 0.16% | 3 | | |
| KS Remicon Co., Ltd. | 12 | 0.04% | 3 | 3 | |
| Sewoong Heavy Industries Co., Ltd. | 7,931 | 0.10% | 40 | 40 | |
| SIN-E Steel Co., Ltd. | 109 | 0.08% | 33 | 33 | |
| Joongang Platec Co., Ltd. | 3,591 | 0.75% | 72 | 72 | |
| Hangjin Steel Co., Ltd. | 116 | 1.08% | 116 | | |
| Pyungsan SI Ltd. | 434 | 0.01% | 9 | 9 | |
| Samgong Development Co., Ltd. | 12 | 0.01% | 7 | 7 | |
| Joongang Development Co., Ltd. | 540 | 0.12% | 8 | 8 | |
| AJS Co., Ltd. | 12,906 | 0.23% | 32 | 32 | |
| SHIN-E B&P Co., Ltd. | 119 | 0.13% | 10 | 10 | |
| MSE Co., Ltd. | 429 | 0.13% | 9 | 9 | |
| Ilim Nano Tec Co., Ltd. | 1,520 | 0.07% | 15 | 15 | |
| Kwang Myeong Electronics Technology Co., Ltd. | 113 | 0.37% | 11 | 11 | |
| Youngjin Hi-Tech Co., Ltd. | 2,512 | 0.25% | 126 | 21 | |
| Dong Woo International Co., Ltd. | 90 | 0.37% | 18 | 18 | |
| Bench Mark Construction Co., Ltd. | 2 | 0.00% | | | |
| Buyoung Co., Ltd. | 270 | 0.00% | 3 | 3 | |

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| | | | | |
|-------------------------------------|-------|-------|----|----|
| Ilsuk Co., Ltd. | 152 | 0.17% | 10 | 10 |
| Dongyang Telecom Co., Ltd. | 1,760 | 0.01% | 11 | 11 |
| Han Young Construction Co., Ltd. | 35 | 0.03% | 3 | 3 |
| Jongwon Remicon Co., Ltd. | 31 | 0.18% | 13 | 13 |
| Ace Heat Treating Co., Ltd. | 477 | 1.43% | 72 | 72 |
| Zyle Daewoo Motor Sales Co., Ltd. | 22 | 0.00% | | |
| Daewoo Development Co., Ltd. | 8 | 0.00% | | |
| Daewoo Songdo Development Co., Ltd. | 301 | 0.00% | 2 | |
| Seyang Inc. | 537 | 0.05% | 27 | 27 |
| Seungri Enterprise Co., Ltd. | 93 | 0.05% | 3 | 3 |
| Onggane Food Co., Ltd | 5 | 0.07% | 1 | 1 |
| Shin-E P&C Co., Ltd. | 12 | 0.00% | 1 | 1 |
| Montista Telecom Co., Ltd. | 5,409 | 0.00% | 3 | |
| Ejung Ad Co., Ltd. | 132 | 0.09% | 3 | 3 |
| Solvus Co., Ltd. | 1,056 | 0.04% | 3 | 3 |
| Myung Co., Ltd. | 89 | 0.05% | 2 | 2 |
| Emotion Co., Ltd. | 167 | 0.61% | 8 | 8 |
| Youngdong Concrete Co., Ltd. | 32 | 0.32% | 7 | 7 |
| Shinil Engineering Co., Ltd. | 887 | 0.06% | 3 | 3 |
| Korea Castiron Industrial Co., Ltd. | 617 | 1.86% | 22 | 22 |
| FFG DMC Co., Ltd. | 12 | 0.00% | 17 | 17 |
| Daeseong Metal Co., Ltd. | 518 | 2.37% | 47 | 47 |
| Biwang Industry Co., Ltd | 406 | 0.04% | 2 | 2 |
| Huimun Co., Ltd. | 263 | 0.26% | 4 | 4 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**9. Available-for-sale Financial Assets, Continued****(2) Available-for sale financial assets as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | Shares | Ownership | 2015 Acquisition cost | Book value | Fair value |
|---------------------------------------|-----------|-----------|--------------------------|------------|------------|
| Sunun IT F Co., Ltd. | 133 | 0.52% | ₩ 8 | 8 | |
| Young Sung Co., Ltd. | 89 | 0.40% | 27 | 27 | |
| Yuil Industrial Electronics Co., Ltd. | 804 | 0.32% | 16 | 16 | |
| DN TEK Inc. | 12,401 | 0.29% | 62 | 62 | |
| Daeyang F.M.S Corporation | 84 | 0.05% | 3 | 3 | |
| Kwang Jin Structure Co., Ltd. | 3,072 | 0.60% | 31 | 31 | |
| Woojin Industry Corporation | 3 | 0.00% | 16 | 16 | |
| Kwang Sung Industry Co., Ltd. | 325 | 0.35% | 7 | 7 | |
| Matsaeng Food Co., Ltd. | 277 | 0.56% | 6 | 6 | |
| Futech Mold Co., Ltd. | 274 | 0.27% | 14 | 14 | |
| Samcheonri Industrial Co., Ltd. | 533 | 0.98% | 13 | 13 | |
| Woojoo Environment Ind. Co.,Ltd. | 101 | 0.11% | 13 | 13 | |
| Cheongatti Co., Ltd. | 57 | 0.10% | 4 | 4 | |
| Hyungji Esquire Co., Ltd. | 52 | 0.02% | 21 | 21 | |
| Kolmar Pharma Co., Ltd. | 1,426 | 0.01% | 52 | 52 | |
| Morado Co., Ltd. | 209 | 0.04% | 2 | 2 | |
| Myung Sung Tex Co., Ltd. | 20 | 0.00% | 2 | 2 | |
| Areva nc Expansion | 1,077,124 | 13.49% | 288,443 | 170,118 | |
| Navanakorn Electric Co., Ltd. (*3) | 4,442,800 | 29.00% | 17,216 | 17,951 | |
| PT. Kedap Saayq | 671 | 10.00% | 18,540 | | |
| Set Holding (*4) | 1,100,220 | 2.50% | 229,255 | 179,585 | 179,585 |
| PT. Cirebon Energi Prasarana | 420 | 10.00% | 635 | 635 | |
| | | | 592,550 | 387,900 | 180,390 |
| | | | ₩ 961,883 | 584,479 | 376,969 |

(*1) Book values of unlisted equity securities held by the Company for which a quoted market price does not exist in an active market and fair value cannot be measured reliably were measured at cost.

(*2)

The Company has estimated the fair value of the investment in Construction Guarantee based upon the price which would be applied when the investment is returned. The Company has recognized the difference between its fair value and book value as a gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2015.

- (*3) Although the Company holds more than 20% of the equity shares of these investments, the Company cannot exercise significant influence.
- (*4) The Company has estimated the fair value of Set Holding by using the discounted cash flow method and has recognized the difference between its fair value and book value as gain or loss on valuation of available-for-sale financial assets in other comprehensive income or loss during the year ended December 31, 2015.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**10. Held-to-maturity Investments****Held-to-maturity investments as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | Beginning balance | Acquisition | 2016 Disposal | Others | Ending balance |
|---------------------------|--------------------------|--------------------|--------------------------|---------------|-----------------------|
| Government bonds | ₩ 3,623 | 149 | (528) | | 3,244 |
| | ₩ 3,623 | 149 | (528) | | 3,244 |
| Current | ₩ 380 | | (380) | 114 | 114 |
| Non-current | 3,243 | 149 | (148) | (114) | 3,130 |

| <i>In millions of won</i> | Beginning balance | Acquisition | 2015 Disposal | Others | Ending balance |
|---------------------------|------------------------------|--------------------|--------------------------|---------------|---------------------------|
| Government bonds | ₩ 3,601 | 432 | (410) | | 3,623 |
| Corporate bonds | 13 | | | (13) | |
| | ₩ 3,614 | 432 | (410) | (13) | 3,623 |
| Current | ₩ 265 | | (186) | 301 | 380 |
| Non-current | 3,349 | 432 | (224) | (314) | 3,243 |

11. Derivatives**(1) Derivatives as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|----------------|--------------------|----------------|--------------------|
| | Current | Non-current | Current | Non-current |
| Derivative assets | | | | |
| Currency forward | ₩ 8,370 | 32,806 | 1,498 | 24,896 |
| Currency swap | 184,913 | 540,057 | 95,759 | 491,219 |
| Interest rate swap | | 4,705 | | 3,778 |
| Others (*1) | | 10,523 | | |

| | | | | |
|--|-----------|---------|--------|---------|
| | ₩ 193,283 | 588,091 | 97,257 | 519,893 |
|--|-----------|---------|--------|---------|

Derivative liabilities

| | | | | |
|--------------------|---------|---------|--------|---------|
| Currency forward | ₩ 1,153 | 34 | 1,142 | |
| Currency swap | | 56,612 | 758 | 66,976 |
| Interest rate swap | 2,098 | 78,789 | 8,345 | 89,289 |
| | ₩ 3,251 | 135,435 | 10,245 | 156,265 |

(*1) The Company has a put option to sell shares of DS POWER Co., Ltd, a related party of the Company, and the fair value of the option is recorded in Others . (Note 17)

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**11. Derivatives, Continued**

(2) **Currency forward contracts which are not designated as hedge instruments as of December 31, 2016 are as follows:**

In millions of won and thousands of foreign currencies

| Counterparty | Contract Date | Maturity date | Contract amounts | | Contract exchange rate |
|--------------------|---------------|---------------|------------------|-------------|------------------------|
| | | | Pay | Receive | |
| KEB Hana Bank | 2014.04.10 | 2021.07.12 | ₩ 55,120 | USD 52,000 | 1,060.00 |
| KEB Hana Bank | 2014.04.28 | 2021.07.12 | 50,784 | USD 48,000 | 1,058.00 |
| Bank of America | 2014.04.29 | 2021.07.12 | 105,400 | USD 100,000 | 1,054.00 |
| KEB Hana Bank | 2014.05.09 | 2021.07.12 | 104,600 | USD 100,000 | 1,046.00 |
| JP Morgan | 2016.12.09 | 2017.01.09 | 35,215 | USD 30,219 | 1,165.31 |
| Woori Bank | 2016.12.08 | 2017.01.09 | 59,657 | USD 51,411 | 1,160.40 |
| Standard Chartered | 2016.12.06 | 2017.01.03 | 11,712 | USD 10,000 | 1,171.20 |
| Nova Scotia | 2016.12.08 | 2017.01.09 | 11,590 | USD 10,000 | 1,159.00 |
| BNP Paribas | 2016.12.13 | 2017.01.17 | 2,681 | USD 2,300 | 1,165.65 |
| BNP Paribas | 2016.12.14 | 2017.01.17 | 4,673 | USD 4,000 | 1,168.20 |
| BTMU | 2016.12.08 | 2017.01.12 | 11,594 | USD 10,000 | 1,159.40 |
| BTMU | 2016.12.12 | 2017.01.17 | 11,704 | USD 10,000 | 1,170.40 |
| BTMU | 2016.12.14 | 2017.01.17 | 2,330 | USD 2,000 | 1,165.10 |
| Mizuho Bank | 2016.12.08 | 2017.01.12 | 11,594 | USD 10,000 | 1,159.35 |
| Nonghyup Bank | 2016.12.12 | 2017.01.17 | 5,852 | USD 5,000 | 1,170.40 |
| Societe Generale | 2016.12.12 | 2017.01.17 | 3,979 | USD 3,400 | 1,170.40 |
| Societe Generale | 2016.12.15 | 2017.01.19 | 14,160 | USD 12,000 | 1,180.00 |
| Societe Generale | 2016.12.28 | 2017.01.31 | 8,212 | USD 6,800 | 1,207.60 |
| BNP Paribas | 2016.11.22 | 2017.01.25 | 2,351 | USD 2,000 | 1,175.40 |
| BNP Paribas | 2016.11.25 | 2017.01.31 | 2,353 | USD 2,000 | 1,176.40 |
| Citibank | 2016.11.25 | 2017.01.31 | 1,029 | USD 874 | 1,177.85 |
| Mizuho Bank | 2016.12.30 | 2017.03.03 | 9,596 | USD 8,000 | 1,199.45 |
| HSBC | 2016.11.18 | 2017.05.22 | 4,717 | USD 4,000 | 1,179.35 |
| HSBC | 2016.11.22 | 2017.01.25 | 7,046 | USD 6,000 | 1,174.32 |
| HSBC | 2016.12.07 | 2017.02.09 | 4,669 | USD 4,000 | 1,167.15 |
| HSBC | 2016.12.15 | 2017.01.25 | USD 2,489 | 2,923 | 1,174.32 |
| HSBC | 2016.12.28 | 2017.02.09 | USD 3,424 | 3,997 | 1,167.15 |
| HSBC | 2016.12.29 | 2017.01.25 | USD 2,693 | 3,162 | 1,174.32 |
| HSBC | 2016.12.30 | 2017.03.03 | 3,605 | USD 3,000 | 1,201.55 |
| HSBC | 2016.12.30 | 2017.03.03 | 8,396 | USD 7,000 | 1,199.45 |

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| | | | | | |
|--------------------|------------|------------|---------|------------|----------|
| Standard Chartered | 2016.12.13 | 2017.02.15 | 871 | USD 748 | 1,163.60 |
| Nova Scotia | 2016.11.22 | 2017.01.23 | 7,080 | USD 6,000 | 1,180.03 |
| Nova Scotia | 2016.11.24 | 2017.01.31 | 3,004 | USD 2,540 | 1,182.55 |
| Nova Scotia | 2016.12.26 | 2017.02.28 | 2,397 | USD 2,000 | 1,198.70 |
| Nova Scotia | 2016.12.30 | 2017.03.03 | 6,017 | USD 5,000 | 1,203.30 |
| Nova Scotia | 2016.12.30 | 2017.03.03 | 9,597 | USD 8,000 | 1,199.60 |
| Nonghyup Bank | 2016.11.22 | 2017.01.25 | 2,446 | USD 2,083 | 1,174.73 |
| Nonghyup Bank | 2016.12.27 | 2017.02.28 | 2,410 | USD 2,000 | 1,205.20 |
| Credit Agricole | 2016.11.21 | 2017.01.23 | 1,182 | USD 1,000 | 1,181.55 |
| Credit Agricole | 2016.12.26 | 2017.02.28 | 2,397 | USD 2,000 | 1,198.25 |
| Societe Generale | 2016.11.22 | 2017.01.25 | 2,352 | USD 2,000 | 1,175.90 |
| Societe Generale | 2016.11.30 | 2017.02.02 | 1,167 | USD 1,000 | 1,166.70 |
| Societe Generale | 2016.12.29 | 2017.02.02 | USD 913 | 1,065 | 1,166.70 |
| Societe Generale | 2016.12.06 | 2017.02.08 | 1,168 | USD 1,000 | 1,167.65 |
| Societe Generale | 2016.12.23 | 2017.02.27 | 4,807 | USD 4,000 | 1,201.78 |
| Mizuho Bank | 2016.12.12 | 2017.01.10 | 19,887 | USD 17,000 | 1,169.83 |
| Credit Agricole | 2016.12.19 | 2017.01.13 | 8,302 | USD 7,000 | 1,186.05 |
| Standard Chartered | 2016.12.15 | 2017.01.13 | 16,503 | USD 14,000 | 1,178.76 |
| KEB Hana Bank | 2016.12.29 | 2017.01.05 | 341 | EUR 270 | 1,262.26 |
| KEB Hana Bank | 2016.08.26 | 2017.02.16 | 4,812 | EUR 3,800 | 1,266.30 |
| KEB Hana Bank | 2016.09.07 | 2017.09.06 | 3,121 | EUR 2,500 | 1,248.20 |
| KEB Hana Bank | 2016.08.26 | 2017.08.09 | 1,280 | CNY 7,800 | 164.13 |
| KEB Hana Bank | 2016.09.07 | 2017.09.06 | 834 | CNY 5,200 | 160.48 |
| Societe Generale | 2016.12.14 | 2017.06.16 | 2,245 | USD 1,929 | 1,163.90 |
| Nova Scotia | 2016.12.13 | 2017.06.15 | 2,328 | USD 2,000 | 1,164.20 |
| Nomura | 2016.12.07 | 2017.06.12 | 1,000 | USD 858 | 1,165.10 |
| Nova Scotia | 2016.11.16 | 2017.05.18 | 23 | USD 20 | 1,166.50 |
| Societe Generale | 2016.11.30 | 2017.06.02 | 771 | USD 661 | 1,166.70 |
| Nova Scotia | 2016.12.07 | 2017.06.09 | 737 | USD 631 | 1,167.70 |
| Nomura | 2016.12.01 | 2017.06.05 | 5,839 | USD 5,000 | 1,167.80 |
| Credit Suisse | 2016.11.29 | 2017.06.01 | 5,840 | USD 5,000 | 1,167.90 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**11. Derivatives, Continued**

(2) **Currency forward contracts which are not designated as hedge instruments, as of December 31, 2016 are as follows, continued:**

In millions of won and thousands of foreign currencies

| Counterparty | Contract Date | Maturity date | Contract amounts | | Contract exchange rate |
|------------------|---------------|---------------|------------------|-----------|------------------------|
| | | | Pay | Receive | |
| Nova Scotia | 2016.12.07 | 2017.06.09 | 3,505 | USD 3,000 | 1,168.20 |
| Societe Generale | 2016.11.28 | 2017.05.31 | 2,047 | USD 1,751 | 1,168.50 |
| BNP Paribas | 2016.12.29 | 2017.07.03 | 4,241 | USD 3,513 | 1,207.40 |
| Nova Scotia | 2016.12.15 | 2017.03.20 | USD 15,000 | 17,678 | 1,178.50 |
| Nova Scotia | 2016.12.16 | 2017.03.20 | USD 3,000 | 3,552 | 1,184.00 |
| Nova Scotia | 2016.12.20 | 2017.03.22 | USD 3,000 | 3,571 | 1,190.40 |
| Nova Scotia | 2016.12.23 | 2017.03.27 | USD 3,000 | 3,606 | 1,202.00 |
| KEB Hana Bank | 2015.08.26 | 2017.07.31 | JPY 630,000 | 6,377 | 10.12 |
| BNP Paribas | 2015.02.12 | 2017.01.10 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.02.10 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.03.10 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.04.10 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.05.10 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.06.12 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.07.10 | IDR 6,567,882 | USD 486 | 13,525.00 |
| BNP Paribas | 2015.02.12 | 2017.08.10 | IDR 2,889,868 | USD 214 | 13,525.00 |

(3) **Currency swap contracts which are not designated as hedge instruments as of December 31, 2016 are as follows:**

In millions of won and thousands of foreign currencies

| Counterparty | Contract year | Contract amount | | Contract interest rate | | Contract exchange rate |
|-----------------|---------------|-----------------|----------------|------------------------|---------|------------------------|
| | | Pay | Receive | Pay | Receive | |
| Deutsche Bank | 2013~2018 | ₩ 110,412 | JPY 10,000,000 | 6.21% | 4.19% | 11.04 |
| IBK | 2013~2018 | 111,800 | USD 100,000 | 3.16% | 2.79% | 1,118.00 |
| Bank of America | 2013~2018 | 103,580 | JPY 10,000,000 | 7.05% | 4.19% | 10.36 |
| Credit Suisse | 2014~2019 | 118,632 | CHF 100,000 | 2.98% | 1.50% | 1,186.32 |

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| | | | | | | |
|------------------------|-----------|---------|-------------|-------|------------------|----------|
| Standard Chartered | 2014~2019 | 114,903 | CHF 100,000 | 4.00% | 1.50% | 1,149.03 |
| Standard Chartered | 2014~2029 | 102,470 | USD 100,000 | 3.14% | 3.57% | 1,024.70 |
| Standard Chartered | 2014~2017 | 51,215 | USD 50,000 | 2.24% | 3M Libor + 0.55% | 1,024.30 |
| Mizuho Bank | 2014~2017 | 153,645 | USD 150,000 | 2.35% | 3M Libor + 0.65% | 1,024.30 |
| Societe Generale | 2014~2024 | 105,017 | USD 100,000 | 4.92% | 5.13% | 1,050.17 |
| KEB Hana Bank | 2015~2024 | 107,970 | USD 100,000 | 4.75% | 5.13% | 1,079.70 |
| Credit Agricole | 2015~2024 | 94,219 | USD 86,920 | 4.85% | 5.13% | 1,083.97 |
| Citibank | 2012~2022 | 112,930 | USD 100,000 | 2.79% | 3.00% | 1,129.30 |
| JP Morgan | 2012~2022 | 112,930 | USD 100,000 | 2.79% | 3.00% | 1,129.30 |
| Bank of America | 2012~2022 | 112,930 | USD 100,000 | 2.79% | 3.00% | 1,129.30 |
| Shinhan Bank | 2016~2022 | 112,930 | USD 100,000 | 2.79% | 3.00% | 1,129.30 |
| HSBC | 2012~2022 | 111,770 | USD 100,000 | 2.89% | 3.00% | 1,117.70 |
| KEB Hana Bank | 2012~2022 | 111,770 | USD 100,000 | 2.87% | 3.00% | 1,117.70 |
| Standard Chartered | 2012~2022 | 111,770 | USD 100,000 | 2.89% | 3.00% | 1,117.70 |
| Deutsche Bank | 2012~2022 | 55,885 | USD 50,000 | 2.79% | 3.00% | 1,117.70 |
| DBS | 2013~2018 | 108,140 | USD 100,000 | 2.63% | 3M Libor+0.84% | 1,081.40 |
| DBS | 2013~2018 | 108,140 | USD 100,000 | 2.57% | 3M Libor+0.84% | 1,081.40 |
| DBS | 2013~2018 | 108,140 | USD 100,000 | 2.57% | 3M Libor+0.84% | 1,081.40 |
| HSBC | 2013~2018 | 107,450 | USD 100,000 | 3.41% | 2.88% | 1,074.50 |
| Standard Chartered | 2013~2018 | 107,450 | USD 100,000 | 3.44% | 2.88% | 1,074.50 |
| JP Morgan | 2013~2018 | 107,450 | USD 100,000 | 3.48% | 2.88% | 1,074.50 |
| Bank of America | 2014~2018 | 107,450 | USD 100,000 | 3.09% | 2.88% | 1,074.50 |
| Citibank | 2014~2018 | 107,450 | USD 100,000 | 3.09% | 2.88% | 1,074.50 |
| JP Morgan | 2014~2017 | 102,670 | USD 100,000 | 2.89% | 3M Libor+0.78% | 1,026.70 |
| Deutsche Bank | 2014~2017 | 102,670 | USD 100,000 | 2.89% | 3M Libor+0.78% | 1,026.70 |
| HSBC | 2014~2019 | 105,260 | USD 100,000 | 2.48% | 2.38% | 1,052.60 |
| Standard Chartered | 2014~2019 | 105,260 | USD 100,000 | 2.48% | 2.38% | 1,052.60 |
| Korea Development Bank | 2016~2019 | 105,260 | USD 100,000 | 2.48% | 2.38% | 1,052.60 |
| Nomura | 2015~2025 | 111,190 | USD 100,000 | 2.60% | 3.25% | 1,111.90 |
| Korea Development Bank | 2015~2025 | 111,190 | USD 100,000 | 2.62% | 3.25% | 1,111.90 |
| Woori Bank | 2015~2025 | 55,595 | USD 50,000 | 2.62% | 3.25% | 1,111.90 |
| KEB Hana Bank | 2015~2025 | 55,595 | USD 50,000 | 2.62% | 3.25% | 1,111.90 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**11. Derivatives, Continued**

(4) Currency swap contracts which are designated as hedge instruments as of December 31, 2016 are as follows:

In millions of won and thousands of foreign currencies

| Counterparty | Contract year | Contract amount | | Contract interest rate | | Contract exchange rate |
|-----------------|---------------|-----------------|-------------|------------------------|----------------|------------------------|
| | | Pay | Receive | Pay | Receive | |
| Standard | | | | | | |
| Chartered | 2011~2017 | ₩ 105,260 | USD 100,000 | 3.99% | 3.63% | 1,052.60 |
| Barclays Bank | | | | | | |
| PLC | 2011~2017 | 105,260 | USD 100,000 | 3.99% | 3.63% | 1,052.60 |
| Citibank | 2011~2017 | 105,260 | USD 100,000 | 3.99% | 3.63% | 1,052.60 |
| Citibank | 2013~2018 | 54,570 | USD 50,000 | 2.90% | 3M Libor+1.01% | 1,091.40 |
| Standard | | | | | | |
| Chartered | 2013~2018 | 54,570 | USD 50,000 | 2.90% | 3M Libor+1.01% | 1,091.40 |
| Credit Suisse | 2013~2018 | 111,410 | USD 100,000 | 3.22% | 3M Libor+1.50% | 1,114.10 |
| HSBC | 2014~2020 | 99,901 | AUD 100,000 | 3.52% | 5.75% | 999.01 |
| HSBC | 2014~2020 | 100,482 | AUD 100,000 | 3.48% | 5.75% | 1,004.82 |
| Standard | | | | | | |
| Chartered | 2013~2020 | USD 117,250 | AUD 125,000 | 3M Libor+1.25% | 5.75% | 0.94 |
| Standard | | | | | | |
| Chartered | 2014~2020 | 126,032 | USD 117,250 | 3.55% | 3M Libor+1.25% | 1,074.90 |
| JP Morgan | 2014~2019 | 107,190 | USD 100,000 | 3M Libor+3.25% | 2.75% | 1,071.90 |
| Morgan Stanley | 2014~2019 | 107,190 | USD 100,000 | 3M Libor+3.25% | 2.75% | 1,071.90 |
| Deutsche Bank | 2014~2019 | 107,190 | USD 100,000 | 3M Libor+3.25% | 2.75% | 1,071.90 |
| Korea | | | | | | |
| Development | | | | | | |
| Bank | 2016~2021 | 121,000 | USD 100,000 | 2.15% | 2.50% | 1,210.00 |
| Morgan Stanley | 2016~2021 | 121,000 | USD 100,000 | 3M Libor+2.10% | 2.50% | 1,210.00 |
| BNP Paribas | 2016~2021 | 121,000 | USD 100,000 | 3M Libor+2.10% | 2.50% | 1,210.00 |
| Morgan Stanley | 2012~2017 | 285,000 | USD 250,000 | 3.76% | 3.13% | 1,140.00 |
| Credit Agricole | 2012~2017 | 142,500 | USD 125,000 | 3.83% | 3.13% | 1,140.00 |
| JP Morgan | 2012~2017 | 142,500 | USD 125,000 | 3.83% | 3.13% | 1,140.00 |
| Credit Agricole | 2013~2019 | 118,343 | CHF 100,000 | 3.47% | 1.63% | 1,183.43 |
| Morgan Stanley | 2013~2019 | 59,172 | CHF 50,000 | 3.40% | 1.63% | 1,183.43 |
| Nomura | 2013~2019 | 59,172 | CHF 50,000 | 3.47% | 1.63% | 1,183.43 |
| Morgan Stanley | 2013~2018 | 107,360 | USD 100,000 | 3.27% | 2.88% | 1,073.60 |

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| | | | | | | |
|------------------|-----------|---------|-------------|-------|----------------|----------|
| Credit Agricole | 2013~2018 | 107,360 | USD 100,000 | 3.34% | 2.88% | 1,073.60 |
| JP Morgan | 2013~2018 | 161,040 | USD 150,000 | 3.34% | 2.88% | 1,073.60 |
| Standard | | | | | | |
| Chartered | 2013~2018 | 161,040 | USD 150,000 | 3.34% | 2.88% | 1,073.60 |
| Standard | | | | | | |
| Chartered | 2014~2019 | 104,490 | USD 100,000 | 2.77% | 2.63% | 1,044.90 |
| Credit Agricole | 2014~2019 | 104,490 | USD 100,000 | 2.77% | 2.63% | 1,044.90 |
| Morgan Stanley | 2014~2019 | 104,490 | USD 100,000 | 2.70% | 2.63% | 1,044.90 |
| Barclays Bank | | | | | | |
| PLC | 2013~2018 | 81,188 | USD 75,000 | 2.65% | 1.88% | 1,082.50 |
| Credit Agricole | 2013~2018 | 81,188 | USD 75,000 | 2.65% | 1.88% | 1,082.50 |
| Deutsche Bank | 2013~2018 | 81,188 | USD 75,000 | 2.65% | 1.88% | 1,082.50 |
| Citibank | 2013~2018 | 81,188 | USD 75,000 | 2.65% | 1.88% | 1,082.50 |
| Standard | | | | | | |
| Chartered | 2014~2017 | 54,205 | USD 50,000 | 2.93% | 3M Libor+1.05% | 1,084.10 |
| Credit Agricole | 2014~2017 | 54,205 | USD 50,000 | 2.93% | 3M Libor+1.05% | 1,084.10 |
| HSBC | 2012~2017 | 115,140 | USD 100,000 | 3.38% | 2.50% | 1,151.40 |
| BNP Paribas | 2012~2017 | 115,140 | USD 100,000 | 3.38% | 2.50% | 1,151.40 |
| KEB Hana Bank | 2012~2017 | 115,140 | USD 100,000 | 3.38% | 2.50% | 1,151.40 |
| Barclays Bank | | | | | | |
| PLC | 2012~2017 | 57,570 | USD 50,000 | 3.38% | 2.50% | 1,151.40 |
| Standard | | | | | | |
| Chartered | 2012~2017 | 57,570 | USD 50,000 | 3.38% | 2.50% | 1,151.40 |
| Nomura | 2012~2017 | 57,570 | USD 50,000 | 3.38% | 2.50% | 1,151.40 |
| Credit Agricole | 2012~2017 | 57,570 | USD 50,000 | 3.38% | 2.50% | 1,151.40 |
| Societe Generale | 2013~2018 | 106,190 | USD 100,000 | 3.48% | 2.63% | 1,061.90 |
| BNP Paribas | 2013~2018 | 53,095 | USD 50,000 | 3.48% | 2.63% | 1,061.90 |
| KEB Hana Bank | 2013~2018 | 53,095 | USD 50,000 | 3.48% | 2.63% | 1,061.90 |
| Standard | | | | | | |
| Chartered | 2013~2018 | 106,030 | USD 100,000 | 3.48% | 2.63% | 1,060.30 |
| Barclays Bank | | | | | | |
| PLC | 2013~2018 | 53,015 | USD 50,000 | 3.48% | 2.63% | 1,060.30 |
| KEB Hana Bank | 2013~2018 | 31,809 | USD 30,000 | 3.48% | 2.63% | 1,060.30 |
| Societe Generale | 2013~2018 | 21,206 | USD 20,000 | 3.48% | 2.63% | 1,060.30 |
| HSBC | 2013~2018 | 53,015 | USD 50,000 | 3.47% | 2.63% | 1,060.30 |
| Nomura | 2013~2018 | 53,015 | USD 50,000 | 3.47% | 2.63% | 1,060.30 |
| Credit Agricole | 2014~2020 | 110,680 | USD 100,000 | 2.29% | 2.50% | 1,106.80 |
| Societe Generale | 2014~2020 | 55,340 | USD 50,000 | 2.16% | 2.50% | 1,106.80 |
| KEB Hana Bank | 2014~2020 | 55,340 | USD 50,000 | 2.16% | 2.50% | 1,106.80 |
| KEB Hana Bank | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| Standard | | | | | | |
| Chartered | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| HSBC | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| Nomura | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| Barclays Bank | | | | | | |
| PLC | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |
| HSBC | 2014~2020 | 55,340 | USD 50,000 | 2.21% | 2.50% | 1,106.80 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**11. Derivatives, Continued**

(5) Interest rate swap contracts which are not designated as hedge instruments as of December 31, 2016 are as follows:

In millions of won

| Counterparty | Contract year | Contract amount | Contract interest rate per annum | |
|-----------------------------|---------------|-----------------|----------------------------------|----------------|
| | | | Pay | Receive |
| Standard Chartered | 2012~2017 | ₩ 160,000 | 3.57% | 3M CD + 0.32% |
| JP Morgan | 2013~2018 | 150,000 | 3.58% | 3M CD + 0.31% |
| Credit Suisse | 2014~2018 | 200,000 | 2.98% | 1Y CMT + 0.31% |
| Korea Development Bank (*) | 2014~2029 | 40,000 | 3M CD - 0.03% | 4.65% |
| Export-Import Bank of Korea | 2015~2031 | USD 15,893 | 2.67% | 6M USD Libor |
| ING Bank | 2015~2031 | USD 7,861 | 2.67% | 6M USD Libor |
| BNP Paribas | 2015~2031 | USD 7,861 | 2.67% | 6M USD Libor |

(*) The contract is an interest rate swap hedging on Electricity Bonds 885, and the banks would notify the Company of the early termination every year on the early termination notification date (every year on April 28, from 2017 until 2028). The contract will be terminated if the early termination is notified.

(6) Interest rate swap contracts which are designated as hedge instruments as of December 31, 2016 are as follows:

In thousands of U.S. dollars

| Counterparty | Contract year | Contract amount | Contract interest rate per annum | |
|-----------------|---------------|-----------------|----------------------------------|--------------|
| | | | Pay | Receive |
| BNP Paribas | 2009~2027 | USD 94,790 | 4.16% | 6M USD Libor |
| KFW | 2009~2027 | USD 94,790 | 4.16% | 6M USD Libor |
| Credit Agricole | 2016~2033 | USD 99,694 | 3.98% ~ 4.10% | 6M USD Libor |
| SMBC | 2016~2033 | USD 130,369 | 4.05% ~ 4.18% | 6M USD Libor |

(7) Gains and losses on valuation and transaction of derivatives for the years ended December 31, 2016 and 2015 are as follows and included in finance income and costs in the consolidated statements of comprehensive income (loss):

| <i>In millions of won</i> | Net income effects of valuation gain (loss) | | Net income effects of transaction gain (loss) | | Accumulated other comprehensive income (loss) (*) | |
|---------------------------|--|---------|--|---------|--|---------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Currency forward | ₩ 15,993 | 357 | 4,266 | 8,523 | | |
| Currency swap | 253,035 | 431,565 | (68,266) | 75,752 | 40,031 | (6,926) |
| Interest rate swap | 8,517 | 161,609 | 7,562 | 30,314 | 6,719 | 4,082 |
| Other derivatives | 10,523 | | | | | |
| | ₩ 288,068 | 593,531 | (56,438) | 114,589 | 46,750 | (2,844) |

(*) As of December 31, 2016, the net gain on valuation of derivatives using cash flow hedge accounting of ₩28,414 million, net of tax, is included in other comprehensive income or loss.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**12. Other Financial Assets****(1) Other financial assets as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|--|----------------|--------------------|----------------|--------------------|
| | Current | Non-current | Current | Non-current |
| Loans and receivables | ₩ 198,133 | 683,353 | 106,013 | 678,126 |
| Allowance for doubtful accounts | | (4,532) | | |
| Present value discount | (1,001) | (41,746) | (859) | (48,223) |
| Long-term/short-term financial instruments | 2,281,460 | 414,466 | 5,132,829 | 758,037 |
| | ₩ 2,478,592 | 1,051,541 | 5,237,983 | 1,387,940 |

(2) Loans and receivables as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | | |
|---|-------------------|--|-------------------------------|-------------------|
| | Face value | Allowance for doubtful accounts | Present value discount | Book value |
| Short-term loans and receivables | | | | |
| Loans for tuition | ₩ 29,028 | | (1,001) | 28,027 |
| Loans for housing | 12,556 | | | 12,556 |
| Fisheries loan | 352 | | | 352 |
| Other loans | 156,197 | | | 156,197 |
| | 198,133 | | (1,001) | 197,132 |
| Long-term loans and receivables | | | | |
| Loans for tuition | 404,200 | | (41,593) | 362,607 |
| Loans for housing | 125,850 | | | 125,850 |
| Loans for related parties | 91,249 | (4,532) | | 86,717 |
| Fisheries loan | 1,312 | | (153) | 1,159 |
| Other loans | 60,742 | | | 60,742 |
| | 683,353 | (4,532) | (41,746) | 637,075 |

₩ 881,486 (4,532) (42,747) 834,207

In millions of won

| | Face value | 2015 Present value discount | Book value |
|---|-----------------------|--|-------------------|
| Short-term loans and receivables | | | |
| Loans for tuition | ₩ 29,210 | (859) | 28,351 |
| Loans for housing | 11,170 | | 11,170 |
| Fisheries loan | 6,032 | | 6,032 |
| Other loans | 59,601 | | 59,601 |
| | 106,013 | (859) | 105,154 |
| Long-term loans and receivables | | | |
| Loans for tuition | 390,738 | (47,822) | 342,916 |
| Loans for housing | 132,239 | | 132,239 |
| Loans for related parties | 99,768 | | 99,768 |
| Fisheries loan | 1,664 | (401) | 1,263 |
| Other loans | 53,717 | | 53,717 |
| | 678,126 | (48,223) | 629,903 |
| | ₩ 784,139 | (49,082) | 735,057 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**12. Other Financial Assets, Continued****(3) Changes in the allowance for doubtful accounts of Loans and receivables for the the year ended December 31, 2016 is as follows:**

| <i>In millions of won</i> | 2016 |
|---------------------------|---------------|
| Beginning balance | ₩ |
| Bad debt expense | 4,352 |
| Other | 180 |
| Ending balance | ₩4,532 |

(4) Long-term and short-term financial instruments as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|--------------------|--------------------|------------------|--------------------|
| | Current | Non-current | Current | Non-current |
| Time deposits | ₩ 1,820,391 | 30,000 | 2,131,089 | 3 |
| ABCP | 351,800 | 132,600 | 2,598,791 | 5,000 |
| CP | 16,000 | | 48,350 | |
| CD | 60,443 | | 163,649 | |
| RP | | 1,521 | | 652,700 |
| Others | 32,826 | 250,345 | 190,950 | 100,334 |
| | ₩ 2,281,460 | 414,466 | 5,132,829 | 758,037 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**13. Inventories**

Inventories as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | Book value |
|---------------------------|-------------------------|----------------------------|-------------------|
| | Acquisition cost | Valuation allowance | |
| Raw materials | ₩ 3,182,711 | (1,323) | 3,181,388 |
| Merchandise | 20 | | 20 |
| Work-in-progress | 118,640 | | 118,640 |
| Finished goods | 57,659 | | 57,659 |
| Supplies | 1,289,160 | (4,553) | 1,284,607 |
| Inventories in transit | 827,437 | | 827,437 |
| Other inventories | 9,692 | | 9,692 |
| | ₩ 5,485,319 | (5,876) | 5,479,443 |

| <i>In millions of won</i> | 2015 | | Book value |
|---------------------------|-------------------------|----------------------------|-------------------|
| | Acquisition cost | Valuation allowance | |
| Raw materials | ₩ 3,304,220 | (1,238) | 3,302,982 |
| Work-in-progress | 133,226 | | 133,226 |
| Finished goods | 51,073 | | 51,073 |
| Supplies | 1,062,307 | (4,428) | 1,057,879 |
| Inventories in transit | 392,340 | | 392,340 |
| Other inventories | 8,913 | | 8,913 |
| | ₩ 4,952,079 | (5,666) | 4,946,413 |

The reversal of the allowance for loss on inventory valuation due to increase in the net realizable value of inventory deducted from cost of sales was ₩2,473 million for the year ended December 31, 2016. The allowance for loss on inventory valuation due to decrease in the net realizable value of inventory added to cost of sales was ₩533 million for the year ended December 31, 2015. The amounts of loss from inventory valuation included in other gains or losses were ₩2,683 million and ₩1,318 million for the years ended December 31, 2016 and 2015, respectively.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**14. Finance Lease Receivables****(1) Finance lease contracts**

The Company entered into a power purchase agreement (PPA) with Jordan Electric Power Company to provide a 373MW level Qatrana gas combined power plant over a 25 year lease term, and accounts for the PPA as a finance lease. Also, the Company has fly-ash pipe conduit finance leases with an average lease term of 7 years. In addition, the Company entered into a PPA with the Comision Federal de Electricidad in Mexico to provide for 25 years of all electricity generated from the power plant after completion of its construction and collect rates consisting of fixed costs (to recover the capital) and variable costs during the contracted period.

(2) Finance lease receivables as of December 31, 2016 and 2015 are as follows and included in current and non-current trade and other receivables, net, in the consolidated statements of financial position:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|------------------------|---|------------------------|---|
| | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| Less than 1 year | ₩ 55,708 | 12,225 | 98,488 | 12,098 |
| 1 ~ 5 years | 423,152 | 214,176 | 407,426 | 203,699 |
| More than 5 years | 1,690,492 | 746,473 | 1,689,281 | 738,011 |
| | ₩ 2,169,352 | 972,874 | 2,195,195 | 953,808 |

(3) There are no impaired finance lease receivables as of December 31, 2016 and 2015.**15. Non-Financial Assets**

Non-financial assets as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|---------|-------------|---------|-------------|
| | Current | Non-current | Current | Non-current |

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| | | | | |
|------------------|-----------|---------|---------|---------|
| Advance payment | ₩ 93,279 | 71,238 | 102,842 | 25,172 |
| Prepaid expenses | 228,142 | 78,066 | 159,378 | 85,105 |
| Others (*) | 310,439 | 32,485 | 135,730 | 20,956 |
| | ₩ 631,860 | 181,789 | 397,950 | 131,233 |

(*) Details of others as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------------|-----------|-------------|---------|-------------|
| | Current | Non-current | Current | Non-current |
| Tax refund receivables | ₩ 30,959 | 2,188 | 39,158 | 2,658 |
| Greenhouse gas emissions rights | 145,105 | | 51,158 | |
| Others | 134,375 | 30,297 | 45,414 | 18,298 |
| | ₩ 310,439 | 32,485 | 135,730 | 20,956 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

16. Consolidated Subsidiaries

(1) Consolidated subsidiaries as of December 31, 2016 and 2015 are as follows:

| Subsidiaries | Key operation activities | Location | Percentage of ownership (%) | |
|---|--|-------------|-----------------------------|---------|
| | | | 2016 | 2015 |
| Korea Hydro & Nuclear Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| Korea South-East Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| Korea Midland Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| Korea Western Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| Korea Southern Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| Korea East-West Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| KEPCO Engineering & Construction Company, Inc. (*1) | Architectural engineering for utility plant and others | KOREA | 65.77% | 66.32% |
| KEPCO Plant Service & Engineering Co., Ltd. | Utility plant maintenance and others | KOREA | 51.00% | 52.48% |
| KEPCO Nuclear Fuel Co., Ltd. | Nuclear fuel | KOREA | 96.36% | 96.36% |
| KEPCO KDN Co., Ltd. | Electric power information technology and others | KOREA | 100.00% | 100.00% |
| Garolim Tidal Power Plant Co., Ltd. (*2) | Power generation | KOREA | 49.00% | 49.00% |
| KEPCO International HongKong Ltd. | Holding company | HONG KONG | 100.00% | 100.00% |
| KEPCO International Philippines Inc. | Holding company | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Gansu International Ltd. | Holding company | HONG KONG | 100.00% | 100.00% |
| KEPCO Philippines Holdings Inc. | Holding company | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Philippines Corporation | Operation of utility plant | PHILIPPINES | 100.00% | 100.00% |
| KEPCO Ilijan Corporation | Utility plant rehabilitation and operation | PHILIPPINES | 51.00% | 51.00% |
| KEPCO Lebanon SARL | Operation of utility plant | LEBANON | 100.00% | 100.00% |
| KEPCO Neimenggu International Ltd. | Holding company | HONG KONG | 100.00% | 100.00% |
| KEPCO Shanxi International Ltd. | Holding company | HONG KONG | 100.00% | 100.00% |

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| | | | | |
|---|---|-------------|---------|---------|
| KOMIPO Global Pte Ltd. | Holding company | SINGAPORE | 100.00% | 100.00% |
| KEPCO Canada Energy Ltd. | Resources development | CANADA | 100.00% | 100.00% |
| KEPCO Netherlands B.V. | Holding company | NETHERLANDS | 100.00% | 100.00% |
| KOREA Imouraren Uranium Investment Corp. | Resources development | FRANCE | 100.00% | 100.00% |
| KEPCO Australia Pty., Ltd. | Resources development | AUSTRALIA | 100.00% | 100.00% |
| KOSEP Australia Pty., Ltd. | Resources development | AUSTRALIA | 100.00% | 100.00% |
| KOMIPO Australia Pty., Ltd. | Resources development | AUSTRALIA | 100.00% | 100.00% |
| KOWEPO Australia Pty., Ltd. | Resources development | AUSTRALIA | 100.00% | 100.00% |
| KOSPO Australia Pty., Ltd. | Resources development | AUSTRALIA | 100.00% | 100.00% |
| KEPCO Middle East Holding Company | Holding company | BAHRAIN | 100.00% | 100.00% |
| Qatrana Electric Power Company | Construction and operation of utility plant | JORDAN | 80.00% | 80.00% |
| KHNP Canada Energy, Ltd. | Resources development | CANADA | 100.00% | 100.00% |
| KEPCO Bylong Australia Pty., Ltd. | Resources development | AUSTRALIA | 100.00% | 100.00% |
| Korea Waterbury Uranium Limited Partnership | Resources development | CANADA | 79.64% | 79.64% |
| KEPCO Canada Uranium Investment Limited Partnership | Resources development | CANADA | | 100.00% |
| Korea Electric Power Nigeria Ltd. | Operation of utility plant | NIGERIA | 100.00% | 100.00% |
| KEPCO Holdings de Mexico | Holding company | MEXICO | 100.00% | 100.00% |
| KST Electric Power Company | Construction and operation of utility plant | MEXICO | 56.00% | 56.00% |
| KEPCO Energy Service Company | Operation of utility plant | MEXICO | 100.00% | 100.00% |
| KEPCO Netherlands S3 B.V. | Holding company | NETHERLANDS | 100.00% | 100.00% |
| PT. KOMIPO Pembangkitan Jawa Bali | Operation of utility plant | INDONESIA | 51.00% | 51.00% |
| PT. Cirebon Power Service (*2) | Operation of utility plant | INDONESIA | 27.50% | 27.50% |
| KOWEPO International Corporation | Operation of utility plant | PHILIPPINES | 99.99% | 99.99% |
| KOSPO Jordan LLC | Operation of utility plant | JORDAN | 100.00% | 100.00% |
| EWP Philippines Corporation | Operation of utility plant | PHILIPPINES | 100.00% | 100.00% |
| EWP America Inc. | Holding company | USA | 100.00% | 100.00% |
| EWP Renewable Co. | Holding company | USA | 100.00% | 100.00% |
| DG Fairhaven Power, LLC | Power generation | USA | 100.00% | 100.00% |
| DG Kings Plaza, LLC | Power generation | USA | | 100.00% |
| DG Whitefield, LLC | Power generation | USA | 100.00% | 100.00% |
| Springfield Power, LLC | Power generation | USA | 100.00% | 100.00% |
| KNF Canada Energy Limited | Resources development | CANADA | 96.36% | 96.36% |
| PT KEPCO Resource Indonesia | Holding company | INDONESIA | 100.00% | 100.00% |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**16. Consolidated Subsidiaries, Continued**

(1) Consolidated subsidiaries as of December 31, 2016 and 2015 are as follows, continued:

| Subsidiaries | Key operation activities | Location | Percentage of ownership (%) | |
|--|--------------------------------------|-------------|-----------------------------|---------|
| | | | 2016 | 2015 |
| EWP Barbados 1 SRL | Holding company | BARBADOS | 100.00% | 100.00% |
| California Power Holdings, LLC | Power generation | USA | 100.00% | 100.00% |
| Gyeonggi Green Energy Co., Ltd. | Power generation | KOREA | 62.01% | 62.01% |
| PT. Tanggamus Electric Power | Power generation | INDONESIA | 52.50% | 52.50% |
| Gyeongju Wind Power Co., Ltd. | Power generation | KOREA | 70.00% | 70.00% |
| KOMIPO America Inc. | Holding company | USA | 100.00% | 100.00% |
| EWPRC Biomass Holdings, LLC | Holding company | USA | 100.00% | 100.00% |
| KOSEP USA, INC. | Power generation | USA | 100.00% | 100.00% |
| PT. EWP Indonesia | Holding company | INDONESIA | 99.95% | 99.95% |
| KEPCO Netherlands J3 B.V. | Holding company | NETHERLANDS | 100.00% | 100.00% |
| Korea Offshore Wind Power Co., Ltd. | Operation of utility plant | KOREA | 100.00% | 100.00% |
| Global One Pioneer B.V. | Holding company | NETHERLANDS | 100.00% | 100.00% |
| Global Energy Pioneer B.V. | Holding company | NETHERLANDS | 100.00% | 100.00% |
| Mira Power Limited (*3) | Power generation | PAKISTAN | 76.00% | 76.00% |
| KOSEP Material Co., Ltd. (*4) | Power generation | KOREA | 46.22% | 46.22% |
| Commerce and Industry Energy Co., Ltd. (*5) | Power generation | KOREA | 59.03% | 59.03% |
| KEPCO Singapore Holdings Pte., Ltd. | Holding company | SINGAPORE | 100.00% | 100.00% |
| KOWEPO India Private Limited | Holding company | INDIA | 100.00% | 100.00% |
| KEPCO KPS Philippines Corp. | Utility plant maintenance and others | PHILIPPINES | 51.00% | 52.48% |
| KOSPO Chile SpA | Holding company | CHILE | 100.00% | 100.00% |
| PT. KOWEPO Sumsel Operation and Maintenance Services | Utility plant maintenance and others | INDONESIA | 95.00% | 95.00% |
| HeeMang Sunlight Power Co., Ltd. | Power generation | KOREA | 100.00% | 100.00% |
| Fujeij Wind Power Company | Operation of utility plant | JORDAN | 100.00% | 100.00% |
| KOSPO Youngnam Power Co., Ltd. | Operation of utility plant | KOREA | 50.00% | 50.00% |

| | | | |
|---|--------------------------------------|-----------|---------|
| Global One Carbon Private Equity Investment Trust 2 | Holding company | KOREA | 96.67% |
| Chitose Solar Power Plant LLC | Power generation | JAPAN | 80.10% |
| KEPCO Energy Solution Co. Ltd. | Energy service | KOREA | 100.00% |
| Solar School Plant Co., Ltd. | Power generation | KOREA | 100.00% |
| KOSPO Power Services Limitada | Utility plant maintenance and others | CHILE | 65.00% |
| Energy New Industry Specialized Investment Private Investment Trust | Holding company | KOREA | 99.75% |
| KOEN Bylong Pty., Ltd. | Resources development | AUSTRALIA | 100.00% |
| KOMIPO Bylong Pty., Ltd. | Resources development | AUSTRALIA | 100.00% |
| KOWEPO Bylong Pty., Ltd. | Resources development | AUSTRALIA | 100.00% |
| KOSPO Bylong Pty., Ltd. | Resources development | AUSTRALIA | 100.00% |
| EWP Bylong Pty., Ltd. | Resources development | AUSTRALIA | 100.00% |
| KOWEPO Lao International | Utility plant maintenance and others | LAOS | 100.00% |

(*1) Considering treasury stocks, the effective percentage of ownership is 66.08%.

(*2) These subsidiaries are included in the consolidated financial statements as the Company obtained the majority of the voting power through the shareholders' agreement.

(*3) As of reporting date, the reporting period of all subsidiaries is December 31, except for Mira Power Limited which is November 30.

(*4) According to the shareholders' agreement reached in April 2014, Korea South-East Power Co., Ltd. (KOSEP) signed a contract with Long Lasting Value(LLV) to guarantee the principal and certain rate of return on LLV's shares in KOSEP Material Co., Ltd. Moreover, LLV has put options to sell their investment to KOSEP. Therefore, the Company accounted for this agreement as KOSEP acquiring the shares of KOSEP Material from LLV. As such, the effective percentage of ownership is 86.20% as of December 31, 2016.

(*5) The Company guarantees a certain return on investment related to Commerce and Industry Energy Co., Ltd. for the financial investors. The financial investors have a right to sell their shares to the Company which can be exercised 84 months after the date of investment. Accordingly, the purchase price including the return on investment is classified as a liability.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**6. Consolidated Subsidiaries, Continued****(2) Subsidiaries included in and excluded from consolidation for the year ended December 31, 2016 are as follows:**

<Subsidiaries included in consolidation for the year ended December 31, 2016>

| Subsidiary | Reason |
|---|-------------------|
| Global One Carbon Private Equity Investment Trust 2 | Newly Established |
| Chitose Solar Power Plant LLC | Newly Established |
| KEPCO Energy Solution Co. Ltd. | Newly Established |
| Solar School Plant Co., Ltd. | Newly Established |
| KOSPO Power Services Limitada | Newly Established |
| Energy New Industry Specialized Investment Private Investment Trust | Newly Established |
| KOEN Bylong Pty., Ltd. | Newly Established |
| KOMIPO Bylong Pty., Ltd. | Newly Established |
| KOWEPO Bylong Pty., Ltd. | Newly Established |
| KOSPO Bylong Pty., Ltd. | Newly Established |
| EWP Bylong Pty., Ltd. | Newly Established |
| KOWEPO Lao International | Newly Established |

<Subsidiaries excluded from consolidation for the year ended December 31, 2016>

| Subsidiary | Reason |
|---|---------------|
| KEPCO Canada Uranium Investment Limited Partnership | Dissolved |
| DG Kings Plaza, LLC | Liquidated |

(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows:*In millions of won*

| Subsidiaries | 2016 | | | |
|---------------------------------------|---------------------|--------------------------|--------------|-------------------------------------|
| | Total assets | Total liabilities | Sales | Profit (loss) for the period |
| Korea Hydro & Nuclear Power Co., Ltd. | ₩ 52,782,915 | 27,366,938 | 11,168,579 | 2,454,810 |

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| | | | | |
|--|-----------|-----------|-----------|----------|
| Korea South-East Power Co., Ltd. | 9,773,778 | 4,794,330 | 5,093,598 | 531,061 |
| Korea Midland Power Co., Ltd. | 9,066,666 | 5,416,336 | 3,719,981 | 400,696 |
| Korea Western Power Co., Ltd. | 9,810,714 | 5,866,916 | 4,169,712 | 401,936 |
| Korea Southern Power Co., Ltd. | 9,806,023 | 5,637,950 | 4,200,035 | 426,337 |
| Korea East-West Power Co., Ltd. | 8,967,951 | 4,488,911 | 4,210,898 | 467,603 |
| KEPCO Engineering & Construction Company, Inc. | 786,596 | 364,676 | 506,012 | 17,796 |
| KEPCO Plant Service & Engineering Co., Ltd. | 1,086,421 | 301,490 | 1,214,304 | 86,657 |
| KEPCO Nuclear Fuel Co., Ltd. | 713,230 | 346,012 | 309,911 | 33,115 |
| KEPCO KDN Co., Ltd. | 519,901 | 205,869 | 588,160 | 43,127 |
| Garolim Tidal Power Plant Co., Ltd. | 632 | 346 | | -24 |
| KEPCO International HongKong Ltd. | 173,138 | 41 | | 4,532 |
| KEPCO International Philippines Inc. | 114,141 | 1,468 | | 56,783 |
| KEPCO Gansu International Ltd. | 17,928 | 557 | | (18) |
| KEPCO Philippines Holdings Inc. | 125,100 | 27 | | 13,517 |
| KEPCO Philippines Corporation | 13,704 | 8,949 | | (8,717) |
| KEPCO Ilijan Corporation | 558,030 | 58,449 | 116,667 | 51,552 |
| KEPCO Lebanon SARL | 1,458 | 10,312 | | 810 |
| KEPCO Neimenggu International Ltd. | 186,636 | | | 7,082 |
| KEPCO Shanxi International Ltd. | 549,189 | 218,047 | | 5,812 |
| KOMIPO Global Pte Ltd. | 223,082 | 1,095 | | 36,764 |
| KEPCO Canada Energy Ltd. | 202 | 24 | | (27,216) |
| KEPCO Netherlands B.V. | 128,014 | 35 | | 224 |
| KOREA Imouraren Uranium Investment Corp. | 154,302 | 764 | | (68,417) |
| KEPCO Australia Pty., Ltd. | 503,657 | 1,545 | 3,670 | (19,006) |
| KOSEP Australia Pty., Ltd. | 25,174 | 521 | 5,357 | 4,028 |
| KOMIPO Australia Pty., Ltd. | 25,413 | 10 | 5,388 | 4,023 |
| KOWEPO Australia Pty., Ltd. | 25,550 | 10 | 5,357 | 4,012 |
| KOSPO Australia Pty., Ltd. | 25,625 | 10 | 5,357 | 4,033 |
| KEPCO Middle East Holding Company | 128,846 | 125,008 | | 6,840 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**16. Consolidated Subsidiaries, Continued**

(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows, continued:

In millions of won

| | 2016 | | | |
|---|-------------------------|------------------------------|--------------|---|
| Subsidiaries | Total assets | Total liabilities | Sales | Profit (loss) for the period |
| Qatrana Electric Power Company | ₩ 546,123 | 417,800 | 18,866 | 19,601 |
| KHNP Canada Energy, Ltd. | 54,374 | 46 | | (6,304) |
| KEPCO Bylong Australia Pty., Ltd. | 220,721 | 277,358 | | (2,357) |
| Korea Waterbury Uranium Limited Partnership | 20,882 | 149 | | 2,348 |
| Korea Electric Power Nigeria Ltd. | 696 | 493 | 9,794 | 35 |
| KEPCO Holdings de Mexico | 262 | 19 | | 251 |
| KST Electric Power Company | 596,823 | 539,459 | 146,295 | 17,322 |
| KEPCO Energy Service Company | 1,309 | 310 | 5,337 | 580 |
| KEPCO Netherlands S3 B.V. | 55,609 | 54 | | 3,731 |
| PT. KOMIPO Pembangkitan Jawa Bali | 16,246 | 4,549 | 21,632 | 8,989 |
| PT. Cirebon Power Service | 3,456 | 1,228 | 7,463 | 301 |
| KOWEPO International Corporation | | | | |
| KOSPO Jordan LLC | 11,524 | 687 | 7,321 | 317 |
| EWP Philippines Corporation | 1,966 | 955 | | (41) |
| EWP America Inc. (*) | 104,809 | 80,252 | 33,616 | (8,704) |
| KNF Canada Energy Limited | 1,967 | 20 | | (46) |
| PT KEPCO Resource Indonesia | 913 | 18 | | (341) |
| EWP Barbados 1 SRL | 267,859 | 425 | 1,656 | (902) |
| Gyeonggi Green Energy Co., Ltd. | 301,126 | 221,078 | 108,557 | 19,211 |
| PT. Tanggamus Electric Power | 184,861 | 167,641 | 40,903 | 2,041 |
| Gyeongju Wind Power Co., Ltd. | 76,569 | 49,293 | 6,413 | 1,269 |
| KOMIPO America Inc. | 11,518 | 2,432 | | (2,240) |
| KOSEP USA, INC. | 159 | 39,028 | 3,791 | (72,817) |
| PT. EWP Indonesia | 2,154 | 50 | | 1,088 |
| KEPCO Netherlands J3 B.V. | 125,337 | 68 | | 12,433 |
| Korea Offshore Wind Power Co., Ltd. | 37,826 | 2,048 | | (4,960) |
| Global One Pioneer B.V. | 161 | 22 | | (54) |

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| | | | | |
|---|---------|---------|--------|-------|
| Global Energy Pioneer B.V. | 338 | 22 | | (59) |
| Mira Power Limited | 178,141 | 133,730 | | (954) |
| KOSEP Material Co., Ltd. | 2,398 | 1,497 | 3,232 | (901) |
| Commerce and Industry Energy Co., Ltd. | 99,432 | 87,316 | 28,375 | (536) |
| KEPCO Singapore Holdings Pte., Ltd. | 2,568 | 13 | | (33) |
| KOWEPO India Private Limited | 879 | | | 1 |
| KEPCO KPS Philippines Corp. | 7,897 | 1,213 | 12,843 | 2,060 |
| KOSPO Chile SpA | 6,656 | 4,787 | | 125 |
| PT. KOWEPO Sumsel Operation and | | | | |
| Maintenance Services | 1,439 | 700 | 6,165 | (96) |
| HeeMang Sunlight Power Co., Ltd. | 7,102 | 3,391 | 12 | (308) |
| Fujeij Wind Power Company | 47,935 | 46,636 | | (873) |
| KOSPO Youngnam Power Co.,Ltd. | 284,368 | 205,680 | | (931) |
| Global One Carbon Private Equity Investment Trust 2 | 3,002 | | | 9 |
| Chitose Solar Power Plant LLC | 49,728 | 38,806 | | (811) |
| KEPCO Energy Solution Co. Ltd. | 299,933 | 233 | | (300) |
| Solar School Plant Co., Ltd. | 200,268 | 259 | 1 | 9 |
| KOSPO Power Services Limitada | 4,385 | 1,262 | 7,300 | 2,963 |
| Energy New Industry Specialized Investment Private | | | | |
| Investment Trust | 501,275 | 33 | | (7) |
| KOEN Bylong Pty., Ltd. | 6,135 | | | |
| KOMIPO Bylong Pty., Ltd. | 6,135 | | | |
| KOWEPO Bylong Pty., Ltd. | 6,135 | | | |
| KOSPO Bylong Pty., Ltd. | 6,135 | | | |
| EWP Bylong Pty., Ltd. | 6,135 | | | |
| KOWEPO Lao International | 218 | 181 | | (108) |

(*) Financial information of EWP America Inc. includes that of six other subsidiaries, EWP Renewable Co., DG Fairhaven Power, LLC, DG Whitefield, LLC, Springfield Power, LLC, California Power Holdings, LLC, and EWPRC Biomass Holdings, LLC.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

16. Consolidated Subsidiaries, Continued**(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Subsidiaries | 2015 | | | |
|--|--------------|-------------------|------------|------------------------------|
| | Total assets | Total liabilities | Sales | Profit (loss) for the period |
| Korea Hydro & Nuclear Power Co., Ltd. | ₩ 51,043,890 | 27,386,113 | 10,642,352 | 2,465,244 |
| Korea South-East Power Co., Ltd. | 9,326,835 | 4,859,827 | 4,961,711 | 601,204 |
| Korea Midland Power Co., Ltd. | 7,857,199 | 4,648,144 | 3,927,443 | 226,244 |
| Korea Western Power Co., Ltd. | 9,225,791 | 5,719,032 | 4,214,540 | 294,617 |
| Korea Southern Power Co., Ltd. | 9,216,084 | 5,525,865 | 4,317,995 | 224,757 |
| Korea East-West Power Co., Ltd. | 8,828,603 | 4,836,904 | 4,047,655 | 454,942 |
| KEPCO Engineering & Construction Company, Inc. | 855,156 | 438,371 | 657,603 | 31,047 |
| KEPCO Plant Service & Engineering Co., Ltd. | 1,029,304 | 246,342 | 1,171,082 | 168,632 |
| KEPCO Nuclear Fuel Co., Ltd. | 666,677 | 328,364 | 253,524 | 35,115 |
| KEPCO KDN Co., Ltd. | 439,725 | 159,275 | 451,678 | 33,578 |
| Garolim Tidal Power Plant Co., Ltd. | 655 | 346 | | (76) |
| KEPCO International HongKong Ltd. | 172,686 | 18 | | 4,993 |
| KEPCO International Philippines Inc. | 115,594 | 1,542 | | 38,541 |
| KEPCO Gansu International Ltd. | 17,405 | 540 | | (6) |
| KEPCO Philippines Holdings Inc. | 132,094 | 26 | | 24,690 |
| KEPCO Philippines Corporation | 13,998 | 218 | | 265 |
| KEPCO Ilijan Corporation | 603,865 | 58,572 | 126,234 | 54,596 |
| KEPCO Lebanon SARL | 741 | 10,182 | | (1,541) |
| KEPCO Neimenggu International Ltd. | 184,860 | 348 | | 8,027 |
| KEPCO Shanxi International Ltd. | 562,652 | 242,270 | | 22,949 |
| KOMIPO Global Pte Ltd. | 187,885 | 29 | | 16,572 |
| KEPCO Canada Energy Ltd. | 55,945 | 23 | | (64) |
| KEPCO Netherlands B.V. | 169,496 | 61 | | 1,409 |
| KOREA Imouraren Uranium Investment Corp. | 224,499 | 263 | | 5,964 |
| KEPCO Australia Pty., Ltd. | 510,892 | 2,541 | 4,510 | 168 |
| KOSEP Australia Pty., Ltd. | 18,180 | 1,581 | 4,729 | 346 |

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| | | | | |
|---|---------|---------|--------|----------|
| KOMIPO Australia Pty., Ltd. | 17,397 | 559 | 4,729 | 349 |
| KOWEPO Australia Pty., Ltd. | 18,320 | 1,578 | 4,729 | 353 |
| KOSPO Australia Pty., Ltd. | 18,358 | 1,567 | 4,729 | 356 |
| KEPCO Middle East Holding Company | 147,618 | 150,798 | | 14,142 |
| Qatrana Electric Power Company | 521,206 | 412,587 | 17,844 | 31,767 |
| KHNP Canada Energy, Ltd. | 42,731 | 22 | | (123) |
| KEPCO Bylong Australia Pty., Ltd. | 183,468 | 236,545 | | (23,352) |
| Korea Waterbury Uranium Limited Partnership | 20,370 | 699 | | (48) |
| KEPCO Canada Uranium Investment Limited Partnership | 38,804 | 14 | | (26,171) |
| Korea Electric Power Nigeria Ltd. | 1,721 | 1,179 | 55,768 | 309 |
| KEPCO Holdings de Mexico | 39 | 34 | | (13) |
| KST Electric Power Company | 564,358 | 529,439 | 97,879 | 14,631 |
| KEPCO Energy Service Company | 1,435 | 604 | 6,034 | 875 |
| KEPCO Netherlands S3 B.V. | 66,251 | 189 | | 716 |
| PT. KOMIPO Pembangkitan Jawa Bali | 16,536 | 6,170 | 20,143 | 8,047 |
| PT. Cirebon Power Service | 2,795 | 1,010 | 6,663 | 459 |
| KOWEPO International Corporation | | | | |
| KOSPO Jordan LLC | 12,998 | 1,117 | 9,840 | 2,693 |
| EWP Philippines Corporation | 2,664 | 1,592 | | 258 |
| EWP America Inc. (*) | 115,562 | 82,167 | 59,124 | 3,227 |
| KNF Canada Energy Limited | 1,874 | 18 | | (66) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**16. Consolidated Subsidiaries, Continued****(3) Summary of financial information of consolidated subsidiaries as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Subsidiaries | 2015 | | | |
|--|--------------|-------------------|---------|------------------------------|
| | Total assets | Total liabilities | Sales | Profit (loss) for the period |
| PT KEPCO Resource Indonesia | 1,210 | | | (217) |
| EWP Barbados 1 SRL | 260,638 | 370 | 2,829 | 273 |
| Gyeonggi Green Energy Co., Ltd. | 315,299 | 249,608 | 104,674 | (4,111) |
| PT. Tanggamus Electric Power | 106,892 | 91,416 | 60,044 | (7,138) |
| Gyeongju Wind Power Co., Ltd. | 62,600 | 27,822 | 5,993 | 968 |
| KOMIPO America Inc. | 13,487 | 2,480 | | 218 |
| KOSEP USA, INC. | 40,035 | 4,178 | 4,975 | 153 |
| PT. EWP Indonesia | 1,039 | 15 | | (374) |
| KEPCO Netherlands J3 B.V. | 121,492 | 81 | | 18,858 |
| Korea Offshore Wind Power Co., Ltd. | 7,579 | 2,317 | | (4,213) |
| Global One Pioneer B.V. | 40 | 20 | | (48) |
| Global Energy Pioneer B.V. | 42 | 20 | | (48) |
| Mira Power Limited | 110,918 | 66,963 | | (1,581) |
| KOSEP Material Co., Ltd. | 29,768 | 28,013 | 26,310 | (17,665) |
| Commerce and Industry Energy Co., Ltd. | 99,638 | 86,727 | 24,774 | (3,387) |
| KEPCO Singapore Holdings Pte., Ltd. | 1,817 | | | (9) |
| KOWEPO India Private Limited | 911 | 10 | | (105) |
| KEPCO KPS Philippines Corp. | 5,688 | 953 | 14,278 | 1,677 |
| KOSPO Chile SpA | 133 | 4,642 | | (942) |
| PT. KOWEPO Sumsel Operation and Maintenance Services | 2,053 | 51 | 5,405 | 1,762 |
| HeeMang Sunlight Power Co., Ltd. | 4,711 | | | (9) |
| Fujeij Wind Power Company | 83 | | | |
| KOSPO Younghan Power Co.,Ltd. | 82,173 | 32,166 | | 7 |

(*) Financial information of EWP America Inc. includes that of seven other subsidiaries, EWP Renewable Co., DG Fairhaven Power, LLC, DG Kings Plaza, LLC, DG Whitefield, LLC, Springfield Power, LLC, California Power Holdings, LLC, and EWPRC Biomass Holdings, LLC.

(4) Significant restrictions on abilities to subsidiaries are as follows:

| Company | Nature and extent of any significant restrictions |
|---------------------------------|--|
| Gyeonggi Green Energy Co., Ltd. | Acquisition or disposal of assets of more than ₩35 billion, change in the capacity of cogeneration units (except for the change due to performance improvement of equipment, maintenance) will require unanimous consent of all directors. |
| KOSPO Youngnam Power Co., Ltd. | Dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. Shares cannot be wholly or partially transferred without prior written consent of financial institutions. |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

16. Consolidated Subsidiaries, Continued

(5) Details of non-controlling interest prior to intra-group eliminations as of and for the years ended December 31, 2016 and 2015 are as follows:

In millions of won

| Description | 2016 | | | | Total |
|---|--------------------------------|---|--|-------------|-------------|
| | KEPCO Ilijan Corporation | KEPCO Plant Service & Engineering Co., Ltd. | KEPCO Engineering & Construction Company, Inc. | Others | |
| Percentage of ownership | 49.00% | 49.00% | 33.92% | | |
| Current assets | ₩ 154,758 | 553,924 | 270,553 | 1,211,510 | 2,190,745 |
| Non-current assets | 403,272 | 532,497 | 516,043 | 2,379,882 | 3,831,694 |
| Current liabilities | (19,256) | (264,506) | (286,444) | (297,510) | (867,716) |
| Non-current liabilities | (39,193) | (36,984) | (78,232) | (1,919,924) | (2,074,333) |
| Net assets | 499,581 | 784,931 | 421,920 | 1,373,958 | 3,080,390 |
| Book value of non-controlling interest | 244,794 | 384,616 | 143,115 | 684,093 | 1,456,618 |
| Sales | 116,667 | 1,214,304 | 506,012 | 674,461 | 2,511,444 |
| Profit for the period | 51,552 | 86,657 | 17,796 | 102,170 | 258,175 |
| Profit for the period attributable to non-controlling interest | 25,260 | 42,462 | 6,036 | 26,709 | 100,467 |
| Cash flows from operating activities | 102,546 | 121,240 | 18,748 | 84,086 | 326,620 |
| Cash flows from investing activities | (117) | 79,807 | (7,556) | (367,674) | (295,540) |
| Cash flows from financing activities before dividends to non-controlling interest | (56,863) | (39,911) | (1,634) | 877,863 | 779,455 |
| Dividends to non-controlling interest | (55,705) | (36,139) | (2,539) | (22,054) | (116,437) |
| Effect of exchange rate fluctuation | 1,529 | 127 | (854) | 7,216 | 8,018 |
| Net increase (decrease) of cash and cash equivalents | (8,610) | 125,124 | 6,165 | 579,437 | 702,116 |

In millions of won

| Description | 2015 | | | Total |
|-------------|--------------------------------|-----------------------------|---------------------------|-------|
| | KEPCO Ilijan Corporation | KEPCO Plant Service & | KEPCO Engineering & | |
| | | | Others | |

| | | Engineering Co., Ltd. | Construction Company, Inc. | | | |
|---|---|----------------------------------|---|-----------|-------------|-------------|
| Percentage of ownership | | 49.00% | 47.52% | 33.37% | | |
| Current assets | ₩ | 161,855 | 547,152 | 341,559 | 631,442 | 1,682,008 |
| Non-current assets | | 442,010 | 482,152 | 513,597 | 1,976,302 | 3,414,061 |
| Current liabilities | | (22,522) | (195,030) | (342,315) | (296,152) | (856,019) |
| Non-current liabilities | | (36,050) | (51,312) | (96,056) | (1,566,200) | (1,749,618) |
| Net assets | | 545,293 | 782,962 | 416,785 | 745,392 | 2,490,432 |
| Book value of non-controlling interest | | 267,194 | 372,064 | 139,081 | 644,787 | 1,423,126 |
| Sales | | 126,234 | 1,171,082 | 657,603 | 637,544 | 2,592,463 |
| Profit for the period | | 54,596 | 168,632 | 31,047 | 61,554 | 315,829 |
| Profit for the period attributable to non-controlling interest | | 26,752 | 78,852 | 10,360 | 11,802 | 127,766 |
| Cash flows from operating activities | | 83,697 | 140,625 | 11,280 | (29,888) | 205,714 |
| Cash flows from investing activities | | (16,021) | (104,477) | (134,874) | (178,241) | (433,613) |
| Cash flows from financing activities before dividends to non-controlling interest | | (39,730) | (40,581) | 69,955 | 226,976 | 216,620 |
| Dividends to non-controlling interest | | (36,080) | (34,569) | (7,300) | (24,577) | (102,526) |
| Effect of exchange rate fluctuation | | 4,123 | 3 | (51) | 6,399 | 10,474 |
| Net increase (decrease) of cash and cash equivalents | | (4,011) | (38,999) | (60,990) | 669 | (103,331) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**16. Consolidated Subsidiaries, Continued****(6) Changes in goodwill**

(i) Details of goodwill as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
| Acquisition cost | ₩ 2,582 | 2,582 |
| Accumulated impairment | | |
| Carrying book value | ₩ 2,582 | 2,582 |

(ii) There are no changes in goodwill for the years ended December 31, 2016 and 2015.

(7) Disposals of subsidiaries

KEPCO Canada Uranium Investment Limited Partnership was dissolved and the Company liquidated DG Kings Plaza, LLC during the year ended December 31, 2016. The Company disposed of the shares of Boulder Solar Power, LLC and liquidated KOWEPO America LLC during the year ended December 31, 2015.

(i) The fair value of consideration as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Consideration received in cash | ₩ 898 | 10,664 |
| Fair value of remaining shares after disposal | | 13,860 |
| Net assets transferred due to dissolution | 34,148 | |
| | ₩ 35,046 | 24,524 |

(ii)

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The carrying value of assets and liabilities of subsidiaries as at the date the Company lost its control during the year ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|-------------------------------------|-------------|-------------|
| Current assets | | |
| Cash and cash equivalents | ₩ 898 | 10,071 |
| Current financial assets, net | 81 | 1,077 |
| Non-current assets | | |
| Available-for-sale financial assets | 34,089 | |
| Property, plant and equipment, net | | 2,460 |
| Other | | 2,893 |
| Current liabilities | | |
| Current financial liabilities | (22) | |
| Current non-financial liabilities | | (7) |
| | ₩ 35,046 | 16,494 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**16. Consolidated Subsidiaries, Continued****(7) Disposals of subsidiaries, continued**

(iii) Gain from disposals of subsidiaries for the year ended December 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Fair value of sale price | ₩ 35,046 | 24,524 |
| Net assets disposed | (35,046) | (16,494) |
| Non-controlling interests | | |
| Realization of unrealized gain | | |
| Other comprehensive income (*1) | | 346 |
| Gain from disposals of subsidiaries (*2) | ₩ | 8,376 |

(*1) This represents the amount subsequently reclassified from other comprehensive income to profit for the period when the Company lost its control of the subsidiaries.

(*2) Gain from disposals of subsidiaries is included in the consolidated financial statements of comprehensive income.

(iv) Net cashflow from sales of subsidiaries for the year ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Consideration received in cash | ₩ 898 | 10,664 |
| Less: cash held by disposed subsidiaries | (898) | (10,071) |
| Net cash flow | ₩ | 593 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows:***In millions of won*

| Investees | Key operation activities | 2016 | | Acquisition cost | Book value |
|--|--|----------|-------------------------|------------------|------------|
| | | Location | Percentage of ownership | | |
| <Associates> | | | | | |
| Korea Gas Corporation (*1) | Importing and wholesaling LNG | KOREA | 20.47% | ₩ 94,500 | 1,933,877 |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering and others | KOREA | 29.00% | 4,727 | 20,475 |
| YTN Co., Ltd. | Broadcasting | KOREA | 21.43% | 59,000 | 38,156 |
| Cheongna Energy Co., Ltd. | Generating and distributing vapor and hot/cold water | KOREA | 43.90% | 48,353 | 12,373 |
| Gangwon Wind Power Co., Ltd. (*2) | Power generation | KOREA | 15.00% | 5,725 | 13,069 |
| Hyundai Green Power Co., Ltd. | Power generation | KOREA | 29.00% | 88,885 | 115,998 |
| Korea Power Exchange (*6) | Management of power market and others | KOREA | 100.00% | 127,839 | 223,238 |
| AMEC Partners Korea Ltd. (*3) | Resources development | KOREA | 19.00% | 707 | 225 |
| Hyundai Energy Co., Ltd. (*9) | Power generation | KOREA | 30.66% | 71,070 | 1,031 |
| Ecollite Co., Ltd. | Artificial light-weight aggregate | KOREA | 36.10% | 1,516 | |
| Taebaek Wind Power Co., Ltd. | Power generation | KOREA | 25.00% | 3,810 | 4,750 |
| Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.) | Power generation | KOREA | 25.00% | 3,420 | 3,131 |

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| | | | | | |
|--|--|-------------|--------|---------|---------|
| Pyeongchang Wind Power Co., Ltd. | Power generation | KOREA | 25.00% | 3,875 | 3,383 |
| Daeryun Power Co., Ltd. (*3, 10) | Power generation | KOREA | 13.13% | 25,477 | 29,873 |
| Changjuk Wind Power Co., Ltd. | Power generation | KOREA | 30.00% | 3,801 | 6,930 |
| KNH Solar Co., Ltd. | Power generation | KOREA | 27.00% | 1,296 | 2,073 |
| SPC Power Corporation | Power generation | PHILIPPINES | 38.00% | 20,635 | 56,818 |
| Gemeng International Energy Co., Ltd. | Power generation | CHINA | 34.00% | 413,153 | 680,065 |
| PT. Cirebon Electric Power | Power generation | INDONESIA | 27.50% | 40,365 | 96,658 |
| KNOC Nigerian East Oil Co., Ltd. (*4) | Resources development | NIGERIA | 14.63% | 12 | |
| KNOC Nigerian West Oil Co., Ltd. (*4) | Resources development | NIGERIA | 14.63% | 12 | |
| PT Wampu Electric Power | Power generation | INDONESIA | 46.00% | 21,292 | 23,188 |
| PT. Bayan Resources TBK | Resources development | INDONESIA | 20.00% | 615,860 | 402,667 |
| S-Power Co., Ltd. | Power generation | KOREA | 49.00% | 132,300 | 123,912 |
| Pioneer Gas Power Limited (*8) | Power generation | INDIA | 40.00% | 49,831 | 50,740 |
| Eurasia Energy Holdings | Power generation and resources development | RUSSIA | 40.00% | 461 | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | Power generation | LAOS | 25.00% | 49,119 | 51,544 |
| Hadong Mineral Fiber Co., Ltd. (*17) | Recycling fly ashes | KOREA | 8.33% | 50 | |
| Green Biomass Co., Ltd. (*12) | Power generation | KOREA | 14.00% | 714 | 47 |
| PT. Mutiara Jawa | Manufacturing and operating floating coal terminal | INDONESIA | 29.00% | 2,978 | |
| Samcheok Eco Materials Co., Ltd. (*3, 11) | Recycling fly ashes | KOREA | 2.35% | 686 | |
| Noeul Green Energy Co., Ltd. | Power generation | KOREA | 29.00% | 1,740 | 1,217 |
| Naepo Green Energy Co., Ltd. | Power generation | KOREA | 25.00% | 29,200 | 25,438 |
| Goseong Green Energy Co., Ltd. (*2) | Power generation | KOREA | 1.12% | 2,900 | 2,663 |
| Gangneung Eco Power Co., Ltd. (*2) | Power generation | KOREA | 1.61% | 2,900 | 2,646 |
| Shin Pyeongtaek Power Co., Ltd. | Power generation | KOREA | 40.00% | 40 | |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Power generation | KOREA | 28.00% | 194 | 181 |
| DS POWER Co., Ltd. (*2) | Power generation | KOREA | 14.44% | 17,900 | 7,190 |

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| | | | | | |
|--|----------------------------------|-------|--------|--------|--------|
| Dongducheon Dream Power Co., Ltd. | Power generation | KOREA | 33.61% | 61,535 | 46,876 |
| KS Solar Co., Ltd. (*3) | Power generation | KOREA | 19.00% | 637 | 604 |
| Yeongwol Energy Station Co., Ltd. (*2) | Power generation | KOREA | 10.00% | 1,400 | |
| Jinhuvish Power Generation Pvt. Ltd. (*2) | Power generation | INDIA | 5.16% | 9,000 | |
| SE Green Energy Co., Ltd. | Power generation support | KOREA | 47.76% | 3,821 | 3,525 |
| Daegu Photovoltaic Co., Ltd. | Power generation | KOREA | 29.00% | 1,230 | 1,700 |
| Jeongam Wind Power Co., Ltd. | Power generation | KOREA | 40.00% | 5,580 | 4,000 |
| Korea Power Engineering Service Co., Ltd. | Construction and service | KOREA | 29.00% | 290 | 2,810 |
| Busan Green Energy Co., Ltd. | Power generation | KOREA | 29.00% | 14,564 | 13,803 |
| Jungbu Bio Energy Co., Ltd.(*2) | Power generation | KOREA | 18.87% | 1,000 | |
| Korea Electric Vehicle Charging Service | Electric vehicle charge service | KOREA | 28.00% | 1,596 | 1,103 |
| Ulleungdo Natural Energy Co., Ltd. | Renewable power generation | KOREA | 29.85% | 8,000 | 6,894 |
| Korea Nuclear Partners Co., Ltd. | Electric material agency | KOREA | 29.00% | 290 | 248 |
| Tamra Offshore Wind Power Co., Ltd. | Power generation | KOREA | 27.00% | 8,910 | 7,015 |
| Korea Electric Power Corporation Fund (*13) | Developing electric enterprises | KOREA | 98.09% | 51,500 | 50,856 |
| Energy Infra Asset Management Co., Ltd. (*3) | Asset management | KOREA | 9.90% | 297 | 259 |
| Daegu clean Energy Co., Ltd. | Renewable power generation | KOREA | 28.00% | 140 | 140 |
| YaksuESS Co.,Ltd | Installing ESS related equipment | KOREA | 29.00% | 210 | 196 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | Key operation activities | Location | 2016 | | Book value |
|--|---|-------------|-------------------------|------------------|------------|
| | | | Percentage of ownership | Acquisition cost | |
| Nepal Water & Energy Development Company Private Limited (*14) | Construction and operation of utility plant | NEPAL | 52.77% | ₩ 18,568 | 18,667 |
| | | | | 2,134,911 | 4,092,252 |
| <Joint ventures> | | | | | |
| KEPCO-Uhde Inc. (*7) | Power generation | KOREA | 52.8% | 11,355 | 301 |
| Eco Biomass Energy Sdn. Bhd. (*7) | Power generation | MALAYSIA | 61.53% | 9,661 | |
| Datang Chaoyang Renewable Power Co., Ltd. | Power generation | CHINA | 40.00% | 27,660 | 28,239 |
| Shuweihaat Asia Power Investment B.V. | Holding company | NETHERLANDS | 49.00% | 46,037 | |
| Shuweihaat Asia Operation & Maintenance Company (*7) | Maintenance of utility plant | CAYMAN | 55.00% | 30 | 450 |
| Waterbury Lake Uranium L.P. | Resources development | CANADA | 36.97% | 26,602 | 21,314 |
| ASM-BG Investicii AD | Power generation | BULGARIA | 50.00% | 16,101 | 21,488 |
| RES Technology AD | Power generation | BULGARIA | 50.00% | 15,595 | 13,582 |
| KV Holdings, Inc. | Power generation | PHILIPPINES | 40.00% | 2,103 | 2,098 |
| KEPCO SPC Power Corporation (*7) | Construction and operation of utility plant | PHILIPPINES | 75.20% | 94,579 | 245,367 |
| Canada Korea Uranium Limited Partnership (*5) | Resources development | CANADA | 12.50% | 5,404 | |
| Gansu Datang Yumen Wind Power Co., Ltd. | Power generation | CHINA | 40.00% | 16,621 | 12,821 |

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| | | | | | |
|---|--|--------------|--------|---------|---------|
| Datang Chifeng Renewable Power Co., Ltd. | Power generation | CHINA | 40.00% | 121,928 | 166,535 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | Power generation | CHINA | 40.00% | 10,858 | 10,843 |
| Rabigh Electricity Company | Power generation | SAUDI ARABIA | 40.00% | 109,743 | 97,802 |
| Rabigh Operation & Maintenance Company | Maintenance of utility plant | SAUDI ARABIA | 40.00% | 70 | 4,427 |
| Jamaica Public Service Company Limited | Power generation | JAMAICA | 40.00% | 301,910 | 249,453 |
| KW Nuclear Components Co., Ltd. | Manufacturing | KOREA | 45.00% | 833 | 7,133 |
| Busan Shinho Solar Power Co., Ltd. | Power generation | KOREA | 25.00% | 2,100 | 3,814 |
| GS Donghae Electric Power Co., Ltd. | Power generation | KOREA | 34.00% | 204,000 | 205,948 |
| Global Trade Of Power System Co., Ltd. | Exporting products and technology of small or medium business by proxy | KOREA | 29.00% | 290 | 477 |
| Expressway Solar-light Power Generation Co., Ltd. | Power generation | KOREA | 29.00% | 1,856 | 2,343 |
| KODE NOVUS I LLC | Power generation | USA | 50.00% | 19,213 | |
| KODE NOVUS II LLC | Power generation | USA | 50.00% | 12,756 | |
| Daejung Offshore Wind Power Co., Ltd. | Power generation | KOREA | 49.90% | 4,990 | 3,015 |
| Amman Asia Electric Power Company (*7) | Power generation | JORDAN | 60.00% | 111,476 | 153,857 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) (*7) | R&D | KOREA | 51.00% | 5,629 | 4,758 |
| Dangjin Eco Power Co., Ltd. | Power generation | KOREA | 34.00% | 56,100 | 53,253 |
| Honam Wind Power Co., Ltd. | Power generation | KOREA | 29.00% | 3,480 | 4,451 |
| Chun-cheon Energy Co., Ltd. | Power generation | KOREA | 29.90% | 52,700 | 50,592 |
| Yeonggwangbaeksu Wind Power Co., Ltd. (*3) | Power generation | KOREA | 15.00% | 3,000 | 2,689 |
| Nghi Son 2 Power Ltd. | Power generation | VIETNAM | 50.00% | 1,788 | 229 |
| Kelar S.A (*7) | Power generation | CHILE | 65.00% | 4,180 | |
| PT. Tanjung Power Indonesia | Power generation | INDONESIA | 35.00% | 746 | 1,946 |
| Incheon New Power Co., Ltd. | Power generation | KOREA | 29.00% | 461 | 563 |
| Seokmun Energy Co., Ltd. | Power generation | KOREA | 29.00% | 580 | 391 |

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| | | | | | |
|---|--|--------|--------|-------------|-----------|
| Daehan Wind Power PSC Barakah One Company (*16) | Power generation | JORDAN | 50.00% | 285 | 16 |
| Nawah Energy Company (*16) | Power generation | UAE | 18.00% | 118 | 116 |
| MOMENTUM | Operation of utility plant | UAE | 18.00% | 296 | 290 |
| | International thermonuclear experimental reactor construction management | FRANCE | 33.33% | 1 | 67 |
| Daegu Green Power Co., Ltd. (*15) | Power generation | KOREA | 29.00% | 46,225 | 47,528 |
| | | | | 1,349,360 | 1,418,196 |
| | | | | ₩ 3,484,271 | 5,510,448 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

17. Investments in Associates and Joint Ventures, Continued

(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:

- (*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (*5) The Company has joint control over the entity by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (*6) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (*7) According to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (*8) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (*9) As of December 31, 2016, 15.64% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.30% of ownership.
- (*10) The Company's percentage of ownership has decreased due to the acquisition of Daeryun Power Co., Ltd. and the effective percentage of ownership is 19.45% considering stock purchase options.
- (*11) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.
- (*12) The effective percentage of ownership is less than 20% but the Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity and the fact that the dominant portion of the investee's sales transactions is generated from the Company.
- (*13)

The effective percentage of ownership is more than 50% but the Company does not hold control over relevant business while it exercises significant influence by participating in the Investment Decision Committee. For this reason, the entity is classified as an associate.

- (*14) The effective percentage of ownership is more than 50%, but the Company does not control the entity according to the shareholders' agreement. For this reason, the entity is classified as an associate.
- (*15) The entity is reclassified from associates to joint ventures since the terms of the shareholders' agreement had been amended.
- (*16) The effective percentage of ownership is less than 20%, but the Company has joint control over the entity as decisions on the major activities require the unanimous consent of the parties that collectively control the entity.
- (*17) Although the percentage of ownership temporarily decreased to 8.33% from the difference in timing of capital payment by shareholders, the Company can exercise significant influence by virtue of its right to appoint a director to the board of directors of the entity based on the shareholders' agreement. The percentage of ownership is 25.00% at the time of completion of capital payment.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | Key operation activities | 2015 | | | |
|---|--|----------|-------------------------|------------------|------------|
| | | Location | Percentage of ownership | Acquisition cost | Book value |
| <Associates> | | | | | |
| Daegu Green Power Co., Ltd. | Power generation | KOREA | 47.80% | ₩ 76,193 | 80,267 |
| Korea Gas Corporation (*1) | Importing and wholesaling LNG | KOREA | 20.47% | 94,500 | 2,102,813 |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering and others | KOREA | 29.00% | 4,727 | 18,994 |
| YTN Co., Ltd. | Broadcasting | KOREA | 21.43% | 59,000 | 38,365 |
| Cheongna Energy Co., Ltd. | Generating and distributing vapor and hot/cold water | KOREA | 43.90% | 48,353 | 19,490 |
| Gangwon Wind Power Co., Ltd. (*2) | Power generation | KOREA | 15.00% | 5,725 | 12,890 |
| Hyundai Green Power Co., Ltd. | Power generation | KOREA | 29.00% | 88,885 | 113,664 |
| Korea Power Exchange (*6) | Management of power market and others | KOREA | 100.00% | 127,839 | 208,735 |
| AMEC Partners Korea Ltd. (*3) | Resources development | KOREA | 19.00% | 707 | 230 |
| Hyundai Energy Co., Ltd. (*9) | Power generation | KOREA | 30.66% | 30,118 | 6,990 |
| Ecollite Co., Ltd. | Artificial light-weight aggregate | KOREA | 36.10% | 1,516 | |
| Taebaek Wind Power Co., Ltd. | Power generation | KOREA | 25.00% | 3,810 | 4,956 |
| Taebaek Guinemi Wind Power Co., Ltd. | Power generation | KOREA | 25.00% | 2,850 | 2,587 |

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(formerly, Muju Wind Power Co., Ltd.)

| | | | | | |
|---|--|-------------|--------|---------|---------|
| Pyeongchang Wind Power Co., Ltd. | Power generation | KOREA | 25.00% | 3,875 | 3,402 |
| Daeryun Power Co., Ltd. (*3, 10) | Power generation | KOREA | 13.13% | 25,477 | 36,156 |
| JinanJangsu Wind Power Co., Ltd. | Power generation | KOREA | 25.00% | 100 | 77 |
| Changjuk Wind Power Co., Ltd. | Power generation | KOREA | 30.00% | 3,801 | 6,143 |
| KNH Solar Co., Ltd. | Power generation | KOREA | 27.00% | 1,296 | 1,924 |
| SPC Power Corporation | Power generation | PHILIPPINES | 38.00% | 20,635 | 58,033 |
| Gemeng International Energy Co., Ltd. | Power generation | CHINA | 34.00% | 413,153 | 728,396 |
| PT. Cirebon Electric Power | Power generation | INDONESIA | 27.50% | 40,365 | 60,574 |
| KNOC Nigerian East Oil Co., Ltd. (*4) | Resources development | NIGERIA | 14.63% | 12 | |
| KNOC Nigerian West Oil Co., Ltd. (*4) | Resources development | NIGERIA | 14.63% | 12 | |
| Dolphin Property Limited (*4) | Rental company | NIGERIA | 15.00% | 12 | 61 |
| PT Wampu Electric Power | Power generation | INDONESIA | 46.00% | 21,292 | 18,963 |
| PT. Bayan Resources TBK | Resources development | INDONESIA | 20.00% | 615,860 | 525,066 |
| S-Power Co., Ltd. | Power generation | KOREA | 49.00% | 132,300 | 130,908 |
| Pioneer Gas Power Limited (*8) | Power generation | INDIA | 40.00% | 49,831 | 51,187 |
| Eurasia Energy Holdings | Power generation and resources development | RUSSIA | 40.00% | 461 | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | Power generation | LAOS | 25.00% | 32,717 | 31,863 |
| Busan Solar Co., Ltd. (*3) | Power generation | KOREA | 19.80% | 793 | 925 |
| Hadong Mineral Fiber Co., Ltd. | Recycling fly ashes | KOREA | 25.00% | 50 | |
| Green Biomass Co., Ltd. (*12) | Power generation | KOREA | 14.00% | 714 | |
| PT. Mutiara Jawa | Manufacturing and operating floating coal terminal | INDONESIA | 29.00% | 2,978 | |
| Samcheok Eco Materials Co., Ltd. (*3, 11) | Recycling fly ashes | KOREA | 2.67% | 686 | |
| Noeul Green Energy Co., Ltd. | Power generation | KOREA | 20.00% | 400 | 295 |
| Naepo Green Energy Co., Ltd. | Power generation | KOREA | 25.00% | 29,200 | 26,746 |

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| | | | | | |
|--|---------------------------------|-------|--------|-----------|-----------|
| Goseong Green Energy Co., Ltd. (*2) | Power generation | KOREA | 2.90% | 2,900 | 2,670 |
| Gangneung Eco Power Co., Ltd. (*2) | Power generation | KOREA | 3.72% | 2,900 | 2,688 |
| Shin Pyeongtaek Power Co., Ltd. | Power generation | KOREA | 40.00% | 40 | |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Power generation | KOREA | 28.00% | 194 | 189 |
| DS POWER Co., Ltd. (*2) | Power generation | KOREA | 14.44% | 17,900 | 10,960 |
| Dongducheon Dream Power Co., Ltd. | Power generation | KOREA | 33.61% | 61,535 | 55,667 |
| KS Solar Co., Ltd. (*3) | Power generation | KOREA | 19.00% | 637 | 618 |
| Yeongwol Energy Station Co., Ltd. (*2) | Power generation | KOREA | 10.00% | 1,400 | 1,290 |
| Jimbhuvish Power Generation Pvt. Ltd. (*2) | Power generation | INDIA | 5.16% | 9,000 | 8,350 |
| SE Green Energy Co., Ltd. | Power generation | KOREA | 47.76% | 3,821 | 3,575 |
| Daegu Photovoltaic Co., Ltd. | Power generation | KOREA | 29.00% | 1,230 | 1,886 |
| Jeongam Wind Power Co., Ltd. | Power generation | KOREA | 40.00% | 1,680 | 702 |
| Korea Power Engineering Service Co., Ltd. | Construction and service | KOREA | 29.00% | 290 | 1,805 |
| Busan Green Energy Co., Ltd. | Power generation | KOREA | 29.00% | 14,564 | 14,512 |
| Jungbu Bio Energy Co., Ltd. (*2) | Power generation | KOREA | 18.87% | 1,000 | 904 |
| Korea Electric Vehicle Charging Service | Electric vehicle charge service | KOREA | 28.00% | 1,596 | 1,446 |
| Ulleungdo Natural Energy Co., Ltd. | Renewable power generation | KOREA | 29.85% | 8,000 | 7,417 |
| Korea Nuclear Partners Co., Ltd. | Electric material agency | KOREA | 29.00% | 290 | 289 |
| | | | | 2,069,220 | 4,405,668 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | Key operation activities | 2015 | | Acquisition cost | Book value |
|---|---|-------------|-------------------------|------------------|------------|
| | | Location | Percentage of ownership | | |
| <Joint ventures> | | | | | |
| KEPCO-Uhde Inc. (*7) | Power generation | KOREA | 52.80% | ₩ 11,355 | 8,549 |
| Eco Biomass Energy Sdn. Bhd. (*7) | Power generation | MALAYSIA | 61.53% | 9,661 | |
| Datang Chaoyang Renewable Power Co., Ltd. | Power generation | CHINA | 40.00% | 27,660 | 27,640 |
| Shuweihat Asia Power Investment B.V. | Holding company | NETHERLANDS | 49.00% | 60,191 | 20,474 |
| Shuweihat Asia Operation & Maintenance Company (*7) | Maintenance of utility plant | CAYMAN | 55.00% | 30 | 486 |
| Waterbury Lake Uranium L.P. | Resources development | CANADA | 40.00% | 26,602 | 20,299 |
| ASM-BG Investicii AD | Power generation | BULGARIA | 50.00% | 16,101 | 20,203 |
| RES Technology AD | Power generation | BULGARIA | 50.00% | 15,595 | 13,789 |
| KV Holdings, Inc. | Power generation | PHILIPPINES | 40.00% | 2,103 | 2,010 |
| KEPCO SPC Power Corporation (*7) | Construction and operation of utility plant | PHILIPPINES | 75.20% | 94,579 | 208,524 |
| Canada Korea Uranium Limited Partnership (*5) | Resources development | CANADA | 12.50% | 5,404 | |
| KEPCO Energy Resource Nigeria Limited | Holding company | NIGERIA | 30.00% | 8,463 | |
| Gansu Datang Yumen Wind Power Co., Ltd. | Power generation | CHINA | 40.00% | 16,621 | 16,107 |
| Datang Chifeng Renewable Power Co., | Power generation | CHINA | 40.00% | 121,928 | 171,224 |

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| | | | | | |
|--|---|--------------|--------|---------|---------|
| Ltd. | | | | | |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | Power generation | CHINA | 40.00% | 10,858 | 10,580 |
| Rabigh Electricity Company | Power generation | SAUDI ARABIA | 40.00% | 109,743 | 59,368 |
| Rabigh Operation & Maintenance Company | Maintenance of utility plant | SAUDI ARABIA | 40.00% | 70 | 3,586 |
| Jamaica Public Service Company Limited | Power generation | JAMAICA | 40.00% | 301,910 | 241,918 |
| KW Nuclear Components Co., Ltd. | Manufacturing | KOREA | 45.00% | 833 | 4,985 |
| Busan Shinho Solar Power Co., Ltd. | Power generation | KOREA | 25.00% | 2,100 | 3,678 |
| GS Donghae Electric Power Co., Ltd. | Power generation | KOREA | 34.00% | 204,000 | 200,379 |
| Global Trade Of Power System Co., Ltd. | Exporting products and technology of small or medium business by proxy | KOREA | 29.00% | 290 | 426 |
| Expressway Solar-light Power Generation Co., Ltd. | Power generation | KOREA | 29.00% | 1,856 | 2,100 |
| KODE NOVUS I LLC | Power generation | USA | 50.00% | 19,213 | |
| KODE NOVUS II LLC | Power generation | USA | 49.00% | 12,498 | |
| Daejung Offshore Wind Power Co., Ltd. | Power generation | KOREA | 49.90% | 4,990 | 3,352 |
| Amman Asia Electric Power Company (*7) | Power generation | JORDAN | 60.00% | 111,476 | 137,668 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) (*7) | R&D | KOREA | 51.00% | 5,629 | 4,501 |
| Dangjin Eco Power Co., Ltd. | Power generation | KOREA | 34.00% | 51,000 | 48,281 |
| Honam Wind Power Co., Ltd. | Power generation | KOREA | 29.00% | 3,480 | 3,926 |
| Nepal Water & Energy Development Company Private Limited (*7) | Construction and operation of utility plant | NEPAL | 52.77% | 18,568 | 17,765 |
| Chun-cheon Energy Co., Ltd. | Power generation | KOREA | 29.90% | 32,868 | 31,976 |
| Yeonggwangbaeksu Wind Power Co., Ltd. (*3) | Power generation | KOREA | 15.00% | 3,000 | 2,668 |
| Nghi Son 2 Power Ltd. | Power generation | VIETNAM | 50.00% | 1,072 | 269 |
| Kelar S.A (*7) | Power generation | CHILE | 65.00% | 4,180 | |

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| | | | | | |
|--------------------------------|------------------|-----------|--------|-------------|-----------|
| PT. Tanjung Power Indonesia | Power generation | INDONESIA | 35.00% | 746 | 617 |
| Incheon New Power Co., Ltd. | Power generation | KOREA | 29.00% | 461 | 514 |
| Seokmun Energy Co., Ltd. | Power generation | KOREA | 29.00% | 580 | |
| | | | | 1,317,714 | 1,287,862 |
| | | | | ₩ 3,386,934 | 5,693,530 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

17. Investments in Associates and Joint Ventures, Continued

(1) Investments in associates and joint ventures as of December 31, 2016 and 2015 are as follows, continued:

- (*1) The effective percentage of ownership is 21.57% considering treasury stocks.
- (*2) The Company can exercise significant influence by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (*3) The Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity.
- (*4) The Company can exercise significant influence by virtue of its contractual right to appoint one out of four members of the steering committee of the entity. Moreover, the Company has significant financial transactions, which can affect its influence on the entity.
- (*5) The Company has joint control over the entity by virtue of its contractual right to appoint directors to the board of directors of the entity, and by strict decision criteria of the Company's financial and operating policy of the board of directors.
- (*6) The Government regulates the Company's ability to make operating and financial decisions over the entity, as the Government requires maintaining arms-length transactions between KPX and the Company's other subsidiaries. The Company can exercise significant influence by its right to nominate directors to the board of directors of the entity.
- (*7) According to the shareholders' agreement, all critical financial and operating decisions must be agreed to by all ownership parties. For these reasons, the entities are classified as joint ventures.
- (*8) As of reporting date, the reporting period of all associates and joint ventures ends in December 31, except for Pioneer Gas Power Limited whose reporting period ends on March 31.
- (*9) As of December 31, 2015, 15.64% of ownership of Hyundai Energy Co., Ltd. is held by NH Power II Co., Ltd. and NH Bank. According to the shareholders' agreement reached on March 2011, not only does the Company have a call option to acquire the investment in Hyundai Energy Co., Ltd. from NH Power II Co., Ltd. and NH Bank with a certain rate of return, NH Power II Co., Ltd. and NH Bank also have put options to dispose of their investment to the Company. In connection with this agreement, the Company applied the equity method on the investment in Hyundai Energy Co., Ltd. with 46.30% of ownership.
- (*10) The Company's percentage of ownership has decreased due to the acquisition of Daeryun Power Co., Ltd. and the effective percentage of ownership is 19.45% considering stock purchase options.
- (*11) The Company's effective percentage of ownership excluding the redeemable convertible preferred stock is 25.54%.
- (*12) The effective percentage of ownership is less than 20% but the Company can exercise significant influence by virtue of its contractual right to appoint a director to the board of directors of the entity and the fact that the dominant portion of the investee's sales transactions is generated from the Company.

- (2) The fair value of associates which are actively traded on the open market and have a readily available market value as of December 31, 2016 and 2015 are as follows:

In millions of won

| Investees | 2016 | 2015 |
|---|-------------|-------------|
| <Associates> | | |
| Korea Electric Power Industrial Development Co., Ltd. | ₩ 45,474 | 46,514 |
| Korea Gas Corporation | 915,705 | 696,465 |
| YTN Co., Ltd. | 22,320 | 26,235 |
| SPC Power Corporation | 70,253 | 65,552 |
| PT. Bayan Resources TBK | 359,200 | 446,250 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

| Investees | 2016 | | | | | | | Ending balance |
|---|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|----------|----------------|
| | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others | |
| <Associates> | | | | | | | | |
| Daegu Green Power Co., Ltd. | ₩ 80,267 | 3,347 | (34,422) | | (1,814) | 148 | (47,526) | |
| Korea Gas Corporation | 2,102,813 | | | (3,213) | (146,308) | (14,551) | (4,864) | 1,933,877 |
| Korea Electric Power Industrial Development Co., Ltd. | 18,994 | | | (1,598) | 4,491 | | (1,412) | 20,475 |
| YTN Co., Ltd. | 38,365 | | | | (227) | 32 | (14) | 38,156 |
| Cheongna Energy Co., Ltd. | 19,490 | | | | (7,117) | | | 12,373 |
| Gangwon Wind Power Co., Ltd. | 12,890 | | | (1,136) | 1,270 | 45 | | 13,069 |
| Hyundai Green Power Co., Ltd. | 113,664 | | | (8,888) | 11,222 | | | 115,998 |
| Korea Power Exchange | 208,735 | | | | 15,847 | | (1,344) | 223,238 |
| AMEC Partners Korea Ltd. | 230 | | | | (5) | | | 225 |
| Hyundai Energy Co., Ltd. | 6,990 | | | | (21,163) | | 15,204 | 1,031 |
| Ecollite Co., Ltd. | 4,956 | | | | (206) | | | 4,750 |

| | | | | | | | |
|--|---------|--------|----------|----------|----------|----------|---------|
| Taebaek Wind Power Co., Ltd. | | | | | | | |
| Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.) | 2,587 | 570 | | (26) | | | 3,131 |
| Pyeongchang Wind Power Co., Ltd. | 3,402 | | | (19) | | | 3,383 |
| Daeryun Power Co., Ltd. | 36,156 | | | (6,282) | (1) | | 29,873 |
| JinanJangsu Wind Power Co., Ltd. | 77 | (64) | | (13) | | | |
| Changjuk Wind Power Co., Ltd. | 6,143 | | (190) | 977 | | | 6,930 |
| KNH Solar Co., Ltd. | 1,924 | | | 144 | 5 | | 2,073 |
| SPC Power Corporation | 58,033 | | (7,151) | 6,416 | (477) | (3) | 56,818 |
| Gemeng International Energy Co., Ltd. | 728,396 | | (16,476) | 26,714 | (58,493) | (76) | 680,065 |
| PT. Cirebon Electric Power | 60,574 | | (1,242) | 31,511 | 2,568 | 3,247 | 96,658 |
| KNOC Nigerian East Oil Co., Ltd. | | | | (1,346) | (398) | 1,744 | |
| KNOC Nigerian West Oil Co., Ltd. | | | | (973) | (356) | 1,329 | |
| Dolphin Property Limited | 61 | | (35) | | (69) | 43 | |
| PT Wampu Electric Power | 18,963 | | | 3,493 | (3) | 735 | 23,188 |
| PT. Bayan Resources TBK (*2) | 525,066 | | | (23,257) | 208 | (99,350) | 402,667 |
| S-Power Co., Ltd. | 130,908 | | | (7,006) | | 10 | 123,912 |
| Pioneer Gas Power Limited | 51,187 | | | (698) | 251 | | 50,740 |
| Eurasia Energy Holdings | | | | | | | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | 31,863 | 16,402 | | 1,576 | 1,703 | | 51,544 |
| Busan Solar Co., Ltd. | 925 | (887) | | (38) | | | |
| Hadong Mineral Fiber Co., Ltd. | | | | | | | |
| Green Biomass Co., Ltd. | | | | (138) | | 185 | 47 |
| PT. Mutiara Jawa | | | | | | | |

| | | | | | |
|--|--------|-------|---------|---------------|--------|
| Samcheok Eco Materials Co., Ltd. | | | | | |
| Noeul Green Energy Co., Ltd. | 295 | 1,340 | (418) | | 1,217 |
| Naepo Green Energy Co., Ltd. | 26,746 | | (1,308) | | 25,438 |
| Goseong Green Energy Co., Ltd. | 2,670 | | 71 | (78) | 2,663 |
| Gangneung Eco Power Co., Ltd. | 2,688 | | 56 | (98) | 2,646 |
| Shin Pyeongtaek Power Co., Ltd. | | | | | |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 189 | | (10) | 2 | 181 |
| DS POWER Co., Ltd. | 10,960 | | (3,738) | (32) | 7,190 |
| Dongducheon Dream Power Co., Ltd. | 55,667 | | (8,757) | (34) | 46,876 |
| KS Solar Co., Ltd. | 618 | | (14) | | 604 |
| Yeongwol Energy Station Co., Ltd. (*1) | 1,290 | | 85 | 25 (1,400) | |
| Jinhuvish Power Generation Pvt. Ltd. (*3) | 8,350 | | (49) | (198) (8,103) | |
| SE Green Energy Co., Ltd. | 3,575 | | (50) | | 3,525 |
| Daegu Photovoltaic Co., Ltd. | 1,886 | | (411) | 225 | 1,700 |
| Jeongam Wind Power Co., Ltd. | 702 | 3,900 | (602) | | 4,000 |
| Korea Power Engineering Service Co., Ltd. | 1,805 | | 1,005 | | 2,810 |
| Busan Green Energy Co., Ltd. | 14,512 | | (709) | | 13,803 |
| Jungbu Bio Energy Co., Ltd. | 904 | | (904) | | |
| Korea Electric Vehicle Charging Service | 1,446 | | (343) | | 1,103 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | 2016 | | | | | | | |
|--|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|-----------|----------------|
| | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others | Ending balance |
| Ulleungdo Natural Energy Co., Ltd. | 7,417 | | | | (516) | | (7) | 6,894 |
| Korea Nuclear Partners Co., Ltd. | 289 | | | | (41) | | | 248 |
| Tamra Offshore Wind Power Co., Ltd. | | 8,910 | | | (1,895) | | | 7,015 |
| Korea Electric Power Corporation Fund | | 51,500 | | | (644) | | | 50,856 |
| Energy Infra Asset Management Co., Ltd. | | 297 | | | (38) | | | 259 |
| Daegu clean Energy Co., Ltd. | | 140 | | | | | | 140 |
| YaksuESS Co.,Ltd | | 210 | | | (14) | | | 196 |
| Nepal Water & Energy Development Company Private Limited | | | | | | | 18,667 | 18,667 |
| | 4,405,668 | 86,616 | (35,373) | (40,340) | (131,583) | (69,561) | (123,175) | 4,092,252 |
| <Joint ventures> | | | | | | | | |
| KEPCO-Uhde Inc. (*4) | 8,549 | | | | (159) | | (8,089) | 301 |

| | | | | | | | |
|---|---------|----------|---------|---------|---------|-------|---------|
| Eco Biomass Energy Sdn. Bhd. | | | | | | | |
| Datang Chaoyang Renewable Power Co., Ltd. | 27,640 | | | 1,417 | (818) | | 28,239 |
| Shuweiha Asia Power Investment B.V. | 20,474 | (14,154) | (2,957) | 6,131 | (9,494) | | |
| Shuweiha Asia Operation & Maintenance Company | 486 | | (931) | 941 | (46) | | 450 |
| Waterbury Lake Uranium L.P. | 20,299 | | | | 1,138 | (123) | 21,314 |
| ASM-BG Investicii AD | 20,203 | | | 1,508 | (223) | | 21,488 |
| RES Technology AD | 13,789 | | | (68) | (139) | | 13,582 |
| KV Holdings, Inc. | 2,010 | | (302) | 429 | (39) | | 2,098 |
| KEPCO SPC Power Corporation | 208,524 | | (5,955) | 48,132 | (5,308) | (26) | 245,367 |
| Canada Korea Uranium Limited Partnership | | | | | | | |
| Gansu Datang Yumen Wind Power Co., Ltd. | 16,107 | | | (2,836) | (450) | | 12,821 |
| Datang Chifeng Renewable Power Co., Ltd. | 171,224 | | (7,384) | 7,455 | (4,760) | | 166,535 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 10,580 | | (440) | 1,002 | (299) | | 10,843 |
| Rabigh Electricity Company | 59,368 | | | 18,961 | 19,473 | | 97,802 |
| Rabigh Operation & Maintenance Company | 3,586 | | (1,934) | 2,253 | 229 | 293 | 4,427 |
| Jamaica Public Service Company Limited | 241,918 | | | | 7,535 | | 249,453 |
| KW Nuclear Components Co., Ltd. | 4,985 | | (2,191) | 4,344 | | (5) | 7,133 |
| Busan Shinho Solar Power Co., Ltd. | 3,678 | | (185) | 321 | | | 3,814 |
| GS Donghae Electric Power Co., Ltd. | 200,379 | | | 5,575 | | (6) | 205,948 |
| Global Trade Of Power System Co., Ltd. | 426 | | | 51 | | | 477 |
| Expressway Solar-light Power Generation Co., Ltd. | 2,100 | | | 243 | | | 2,343 |
| KODE NOVUS I LLC | | | | | | | |
| KODE NOVUS II LLC | | 258 | | (260) | | 2 | |
| | 3,352 | | | (337) | | | 3,015 |

| | | | | | | |
|--|---------|--------|----------|---------|--------|----------|
| Daejung Offshore Wind Power Co., Ltd. | | | | | | |
| Amman Asia Electric Power Company | 137,668 | | (12,684) | 17,811 | 11,062 | 153,857 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | 4,501 | | | 311 | (54) | 4,758 |
| Dangjin Eco Power Co., Ltd. | 48,281 | 5,100 | | (696) | (26) | 594 |
| Honam Wind Power Co., Ltd. | 3,926 | | (104) | 629 | | 4,451 |
| Nepal Water & Energy Development Company Private Limited | 17,765 | | | 359 | 543 | (18,667) |
| Chun-cheon Energy Co., Ltd. | 31,976 | 19,832 | | (1,121) | (95) | 50,592 |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 2,668 | | | 16 | | 5 |
| Nghi Son 2 Power Ltd. | 269 | 716 | | (740) | (16) | 229 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | 2016 | | | | | | | Ending balance |
|-----------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|-----------|----------------|
| | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others | |
| Kelar S.A | ₩ | | | | | | | |
| PT. Tanjung Power Indonesia | 617 | | | | 1,337 | | (8) | 1,946 |
| Incheon New Power Co., Ltd. | 514 | | | | 41 | 8 | | 563 |
| Seokmun Energy Co., Ltd. | | | | | (197) | 793 | (205) | 391 |
| Daehan Wind Power PSC | | 285 | | | (261) | (8) | | 16 |
| Barakah One Company | | 118 | | | | | (2) | 116 |
| Nawah Energy Company | | 296 | | | | | (6) | 290 |
| MOMENTUM | | 1 | | | 65 | | 1 | 67 |
| Daegu Green Power Co., Ltd. | | | | | | | 47,528 | 47,528 |
| | 1,287,862 | 26,606 | (14,154) | (35,067) | 112,657 | 19,060 | 21,232 | 1,418,196 |
| | ₩ 5,693,530 | 113,222 | (49,527) | (75,407) | (18,926) | (50,501) | (101,943) | 5,510,448 |

(*1) Others include ₩1,400 million of assets held-for-sale (note 42).

- (*2) It was determined that there is objective evidence of impairment due to prolonged operating losses. As a result, the Company recognized an impairment loss of ~~₩~~99,338 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2016.
- (*3) Due to discontinue of operations during the current year, the Company recognized an impairment loss of ~~₩~~8,103 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2016.
- (*4) It was determined that there is objective evidence of impairment due to prolonged operating losses. As a result, the Company recognized an impairment loss of ~~₩~~8,099 million in impairment loss on investments in associates and joint ventures for the year ended December 31, 2016.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint for the years ended December 31, 2016 and 2015 are as follows, continued;***In millions of won*

| Investees | 2015 | | | | | | Ending balance |
|---|-------------------|-------------|----------|--------------------|------------------------|--|----------------|
| | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others | |
| <Associates> | | | | | | | |
| Daegu Green Power Co., Ltd. | ₩ 71,387 | | | | 8,902 | (22) | 80,267 |
| Korea Gas Corporation | 2,097,539 | | | (4,725) | 67,949 | (55,453) (2,497) | 2,102,813 |
| Korea Electric Power Industrial Development Co., Ltd. | 21,622 | | | (1,267) | (1,792) | 431 | 18,994 |
| YTN Co., Ltd. | 39,889 | | | (90) | (188) | (935) (311) | 38,365 |
| Cheongna Energy Co., Ltd. | 28,771 | | | | (9,281) | | 19,490 |
| Gangwon Wind Power Co., Ltd. | 12,385 | | | (852) | 1,279 | 78 | 12,890 |
| Hyundai Green Power Co., Ltd. | 113,033 | | | (8,889) | 9,520 | | 113,664 |
| Korea Power Exchange | 198,021 | | | | 9,944 | 770 | 208,735 |
| AMEC Partners Korea Ltd. | 200 | | | | 30 | | 230 |
| Hyundai Energy Co., Ltd. (*1) | 35,925 | | | | (13,731) | (15,204) | 6,990 |
| Ecollite Co., Ltd. | | | | | | | |
| Taebaek Wind Power Co., Ltd. | 5,525 | | | | (569) | | 4,956 |

Taebak Guinemi Wind
Power Co., Ltd.

| | | | | | | |
|---|---------|--------|----------|----------|---------|----------|
| (formerly, Muju Wind Power Co., Ltd.) | 2,706 | | (119) | | | 2,587 |
| Pyeongchang Wind Power Co., Ltd. | 3,693 | | (291) | | | 3,402 |
| Daeryun Power Co., Ltd. | 41,951 | | (5,798) | | 3 | 36,156 |
| JinanJangsu Wind Power Co., Ltd. | 77 | | | | | 77 |
| Changjuk Wind Power Co., Ltd. | 6,486 | | (343) | | | 6,143 |
| KNH Solar Co., Ltd. | 1,744 | | 178 | | 2 | 1,924 |
| SPC Power Corporation | 47,799 | | (1,349) | 5,375 | 381 | 5,827 |
| Gemeng International Energy Co., Ltd. | 667,578 | | (37,163) | 51,766 | 89,481 | (43,266) |
| PT. Cirebon Electric Power | 43,335 | | | 12,210 | 5,029 | |
| KNOC Nigerian East Oil Co., Ltd. | | | | (880) | (641) | 1,521 |
| KNOC Nigerian West Oil Co., Ltd. | | | | (1,092) | (599) | 1,691 |
| Dolphin Property Limited | 61 | | | | | 61 |
| PT Wampu Electric Power | 16,071 | 2,357 | | (600) | 1,135 | |
| PT. Bayan Resources TBK | 540,011 | | | (11,341) | (3,604) | |
| S-Power Co., Ltd. | 104,244 | 24,300 | | 2,364 | | |
| Pioneer Gas Power Limited | 50,668 | | | 59 | 460 | |
| Eurasia Energy Holdings Xe-Pian Xe-Namnoy Power Co., Ltd. | 22,152 | 9,244 | | (749) | 1,216 | |
| Busan Solar Co., Ltd. | 853 | | | 72 | | |
| Hadong Mineral Fiber Co., Ltd. | 3 | | | (3) | | |
| Green Biomass Co., Ltd. PT. Mutiara Jawa | 818 | | | (818) | | |
| Samcheok Eco Materials Co., Ltd. | 212 | | | (178) | (34) | |
| Noeul Green Energy Co., Ltd. | 189 | 200 | | (91) | (3) | |
| Naepo Green Energy Co., Ltd. | 28,064 | | | (1,318) | | |
| Goseong Green Energy Co., Ltd. | 2,586 | | | 84 | | |
| Gangneung Eco Power Co., Ltd. | 2,783 | | | (95) | | |
| Shin Pyeongtaek Power Co., Ltd. | | | | | | |
| Heang Bok Do Si Photovoltaic Power Co., | 221 | | | (32) | | |

| | | | | |
|---|---------|---------|----------|--------|
| Ltd. | | | | |
| DS POWER Co., Ltd. | 15,642 | (4,671) | (11) | 10,960 |
| Dongducheon Dream Power Co., Ltd. (*2) | 100,545 | (3,412) | (41,466) | 55,667 |
| KS Solar Co., Ltd. | 325 | 293 | | 618 |
| Yeongwol Energy Station Co., Ltd. | 1,741 | (451) | | 1,290 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | 2015 | | | | | | |
|---|-------------------|-------------|----------|--------------------|------------------------|--|----------------|
| | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) Others | Ending balance |
| Jinhvish Power Generation Pvt. Ltd. | ₩ 8,344 | | | | (42) | 48 | 8,350 |
| SE Green Energy Co., Ltd. | 3,623 | | | | (48) | | 3,575 |
| Daegu Photovoltaic Co., Ltd. | 1,581 | | | | 305 | | 1,886 |
| Jeongam Wind Power Co., Ltd. | 93 | 880 | | | (271) | | 702 |
| Korea Power Engineering Service Co., Ltd. | 1,334 | | | (44) | 542 | (27) | 1,805 |
| Busan Green Energy Co., Ltd. | | 14,564 | | | (52) | | 14,512 |
| Jungbu Bio Energy Co., Ltd. | | 1,000 | | | (96) | | 904 |
| Korea Electric Vehicle Charging Service | | 1,596 | | | (135) | (15) | 1,446 |
| Ulleungdo Natural Energy Co., Ltd. | | 8,000 | | | (583) | | 7,417 |
| Korea Nuclear Partners Co., Ltd. | | 290 | | | (1) | | 289 |
| | 4,341,830 | 62,431 | | (54,379) | 111,801 | 36,561 (92,576) | 4,405,668 |

<Joint ventures>

| | | | | | | | |
|---|---------|-----|----------|---------|---------|---------|---------|
| KEPCO-Uhde Inc. | 9,042 | | (493) | | | 8,549 | |
| Eco Biomass Energy Sdn. Bhd. | | | | | | | |
| Datang Chaoyang Renewable Power Co., Ltd. | 27,514 | | (135) | 261 | | 27,640 | |
| Shuweiha Asia Power Investment B.V. | 16,241 | 108 | 4,008 | 117 | | 20,474 | |
| Shuweiha Asia Operation & Maintenance Company | 345 | | (798) | 922 | 24 | (7) | 486 |
| Waterbury Lake Uranium L.P. | 22,010 | | | | (2,507) | 796 | 20,299 |
| ASM-BG Investicii AD | 19,608 | | 1,384 | | (789) | | 20,203 |
| RES Technology AD | 14,725 | | (318) | | (618) | | 13,789 |
| KV Holdings, Inc. | 1,902 | | 74 | | 34 | | 2,010 |
| KEPCO SPC Power Corporation | 190,519 | | (28,986) | 43,801 | 3,190 | | 208,524 |
| Canada Korea Uranium Limited Partnership | | | | | | | |
| KEPCO Energy Resource Nigeria Limited | | | | | | | |
| Gansu Datang Yumen Wind Power Co., Ltd. | 17,467 | | (1,546) | | 186 | | 16,107 |
| Datang Chifeng Renewable Power Co., Ltd. | 169,496 | | (8,239) | 8,512 | 1,464 | (9) | 171,224 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 10,539 | | | (33) | 74 | | 10,580 |
| Rabigh Electricity Company | 8,121 | | | 21,582 | 29,703 | (38) | 59,368 |
| Rabigh Operation & Maintenance Company | 4,628 | | (1,780) | 533 | 205 | | 3,586 |
| Jamaica Public Service Company Limited | 226,892 | | | | 15,027 | (1) | 241,918 |
| KW Nuclear Components Co., Ltd. | 2,899 | | (1,016) | 3,065 | | 37 | 4,985 |
| Busan Shinho Solar Power Co., Ltd. | 3,284 | | | 394 | | | 3,678 |
| GS Donghae Electric Power Co., Ltd. | 201,409 | | | (1,064) | | 34 | 200,379 |
| Global Trade Of Power System Co., Ltd. | 343 | | | 83 | | | 426 |
| Expressway Solar-light Power Generation Co., Ltd. | 2,087 | | | 13 | | | 2,100 |
| KODE NOVUS I LLC | 12,207 | | (11,639) | | 588 | (1,156) | |
| KODE NOVUS II LLC | 8,248 | | (8,104) | | 413 | (557) | |

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| | | | | | | | |
|--|---------|--------|----------|---------|--------|-------|---------|
| Daejung Offshore Wind Power Co., Ltd. | 3,711 | | | (359) | | | 3,352 |
| Amman Asia Electric Power Company | 122,391 | | (19,510) | 25,131 | 10,244 | (588) | 137,668 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | 4,617 | | | (98) | | (18) | 4,501 |
| Dangjin Eco Power Co., Ltd. | 37,837 | 20,000 | (8,851) | (712) | 70 | (63) | 48,281 |
| Honam Wind Power Co., Ltd. | 3,555 | | | 371 | | | 3,926 |
| Nepal Water & Energy Development Company Private Limited | 17,872 | | | (1,277) | 1,170 | | 17,765 |
| Chun-cheon Energy Co., Ltd. | | 32,853 | | (719) | (158) | | 31,976 |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 2,962 | | | (294) | | | 2,668 |
| Nghi Son 2 Power Ltd. | 102 | 722 | | (562) | 2 | 5 | 269 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(3) Changes in investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | 2015 | | | | | | | |
|-----------------------------|-------------------|-------------|----------|--------------------|------------------------|-----------------------------------|----------|----------------|
| | Beginning balance | Acquisition | Disposal | Dividends received | Share of income (loss) | Other comprehensive income (loss) | Others | Ending balance |
| Kelar S.A | ₩ 3,156 | | | | | (407) | (2,749) | |
| PT. Tanjung Power Indonesia | 700 | | | | (98) | | 15 | 617 |
| Incheon New Power Co., Ltd. | 465 | | | | 49 | | | 514 |
| Seokmun Energy Co., Ltd. | | | (100) | | | | 100 | |
| | 1,166,894 | 53,683 | (8,951) | (60,329) | 82,471 | 58,293 | (4,199) | 1,287,862 |
| | ₩5,508,724 | 116,114 | (8,951) | (114,708) | 194,272 | 94,854 | (96,775) | 5,693,530 |

(*1) Others include W15,204 million of assets held-for-sale (note 42).

(*2) Others include W41,170 million of assets held-for-sale (note 42).

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December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the year ended December 31, 2016 and 2015 are as follows:***In millions of won*

| Investees | 2016 | | | |
|--|--------------|-------------------|------------|------------------------------|
| | Total assets | Total liabilities | Sales | Profit (loss) for the period |
| <Associates> | | | | |
| Korea Gas Corporation | ₩ 39,927,836 | 30,541,350 | 21,108,116 | (673,558) |
| Korea Electric Power Industrial Development Co., Ltd. | 144,346 | 73,742 | 304,067 | 17,187 |
| YTN Co., Ltd. | 304,536 | 126,324 | 130,690 | 2,051 |
| Cheongna Energy Co., Ltd. | 469,843 | 447,216 | 46,484 | (16,127) |
| Gangwon Wind Power Co., Ltd. | 102,550 | 15,753 | 22,774 | 8,133 |
| Hyundai Green Power Co., Ltd. | 1,151,975 | 751,981 | 469,547 | 38,743 |
| Korea Power Exchange | 255,533 | 32,295 | 101,222 | 15,087 |
| AMEC Partners Korea Ltd. | 1,216 | 32 | 103 | (25) |
| Hyundai Energy Co., Ltd. | 505,979 | 499,205 | 61,813 | (45,800) |
| Ecollite Co., Ltd. | 2,157 | 336 | | (105) |
| Taebaek Wind Power Co., Ltd. | 43,162 | 24,162 | 5,741 | (2,796) |
| Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.) | 12,523 | 1 | | (106) |
| Pyeongchang Wind Power Co., Ltd. | 75,440 | 61,909 | 3,997 | (45) |
| Daeryun Power Co., Ltd. | 793,283 | 644,930 | 249,558 | (32,291) |
| Changjuk Wind Power Co., Ltd. | 37,878 | 15,162 | 5,782 | 1,739 |
| KNH Solar Co., Ltd. | 25,878 | 18,199 | 4,006 | 638 |
| SPC Power Corporation | 191,562 | 42,042 | 73,674 | 42,617 |
| Gemeng International Energy Co., Ltd. | 5,822,879 | 3,821,905 | 1,233,972 | 66,370 |
| PT. Cirebon Electric Power | 988,975 | 637,491 | 265,813 | 114,653 |
| KNOC Nigerian East Oil Co., Ltd. | 272,964 | 358,211 | | (7,051) |
| KNOC Nigerian West Oil Co., Ltd. | 165,396 | 243,713 | | (6,562) |
| PT Wampu Electric Power | 222,004 | 171,595 | 19,260 | 7,550 |
| PT. Bayan Resources TBK | 945,436 | 845,963 | 593,441 | 402 |
| S-Power Co., Ltd. | 886,841 | 629,992 | 453,606 | (14,885) |

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| | | | | |
|---|-----------|-----------|---------|----------|
| Pioneer Gas Power Limited | 345,791 | 276,978 | 14,353 | 396 |
| Eurasia Energy Holdings | 618 | 1,103 | | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | 772,699 | 543,472 | | 6,458 |
| Hadong Mineral Fiber Co., Ltd. | | 20 | | |
| Green Biomass Co., Ltd. | 9,336 | 9,001 | 2,892 | (972) |
| PT. Mutiara Jawa | 28,104 | 34,671 | 7,175 | (1,361) |
| Samcheok Eco Materials Co., Ltd. | 24,143 | 254 | | (1,945) |
| Noeul Green Energy Co., Ltd. | 115,062 | 110,866 | 203 | (1,155) |
| Naepo Green Energy Co., Ltd. | 104,029 | 2,276 | 4,912 | (5,230) |
| Goseong Green Energy Co., Ltd. | 356,546 | 110,753 | | (5,489) |
| Gangneung Eco Power Co., Ltd. | 176,805 | 6,503 | | (3,494) |
| Shin Pyeongtaek Power Co., Ltd. | 54,174 | 60,518 | | (3,291) |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 2,937 | 2,297 | 427 | (47) |
| DS POWER Co., Ltd. | 726,699 | 618,793 | 276,324 | (10,031) |
| Dongducheon Dream Power Co., Ltd. | 1,670,945 | 1,427,773 | 946,379 | (27,936) |
| KS Solar Co., Ltd. | 27,213 | 24,035 | 4,152 | (79) |
| Jinbhuvish Power Generation Pvt. Ltd. | 70,273 | 14,513 | | (950) |
| SE Green Energy Co., Ltd. | 7,381 | | | (103) |
| Daegu Photovoltaic Co., Ltd. | 18,909 | 13,047 | 3,317 | 739 |
| Jeongam Wind Power Co., Ltd. | 13,199 | 3,199 | | (1,496) |
| Korea Power Engineering Service Co., Ltd. | 13,401 | 3,713 | 27,394 | 3,463 |
| Busan Green Energy Co., Ltd. | 147,843 | 100,247 | | (2,444) |
| Jungbu Bio Energy Co., Ltd. | 11,340 | 12,037 | | (5,489) |
| Korea Electric Vehicle Charging Service | 10,545 | 6,604 | 5,177 | (1,225) |
| Ulleungdo Natural Energy Co., Ltd. | 24,836 | 1,738 | | (1,730) |
| Korea Nuclear Partners Co., Ltd. | 1,363 | 507 | 372 | (140) |
| Tamra Offshore Wind Power Co., Ltd. | 127,880 | 101,900 | 983 | (6,307) |
| Korea Electric Power Corporation Fund | 51,970 | 128 | 3 | (647) |
| Energy Infra Asset Management Co., Ltd. | 2,779 | 160 | 32 | (381) |
| Daegu clean Energy Co., Ltd. | 500 | | | |
| YaksuESS Co., Ltd | 6,474 | 5,801 | | (48) |
| Nepal Water & Energy Development Company Private Limited | 43,788 | 10,477 | | (703) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | 2016 | | | Profit (loss) for the period |
|---|--------------|-------------------|---------|---------------------------------|
| Investees | Total assets | Total liabilities | Sales | |
| <Joint ventures> | | | | |
| KEPCO-Uhde Inc. | ₩ 624 | 33 | | (16,855) |
| Eco Biomass Energy Sdn. Bhd. | | | | |
| Datang Chaoyang Renewable Power Co., Ltd. | 142,684 | 72,086 | 18,628 | 3,462 |
| Shuweiha Asia Power Investment B.V. | 282 | 4 | | 12,380 |
| Shuweiha Asia Operation & Maintenance Company | 1,016 | 13 | 2,388 | 1,723 |
| Waterbury Lake Uranium L.P. | 56,181 | 47 | | |
| ASM-BG Investicii AD | 79,898 | 36,921 | 12,604 | 3,105 |
| RES Technology AD | 68,553 | 41,389 | 7,798 | (139) |
| KV Holdings, Inc. | 5,245 | 1 | | 1,072 |
| KEPCO SPC Power Corporation | 448,069 | 121,783 | 165,046 | 63,689 |
| Canada Korea Uranium Limited Partnership | 285 | 144 | | (59) |
| Gansu Datang Yumen Wind Power Co., Ltd. | 89,517 | 57,464 | 4,263 | (6,815) |
| Datang Chifeng Renewable Power Co., Ltd. | 813,804 | 397,344 | 99,795 | 19,042 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 62,600 | 35,493 | 8,742 | 2,505 |
| Rabigh Electricity Company | 2,691,654 | 2,258,772 | 278,431 | 37,791 |
| Rabigh Operation & Maintenance Company | 25,032 | 13,965 | 25,607 | 4,870 |
| Jamaica Public Service Company Limited | 1,291,008 | 659,296 | 827,298 | 25,324 |
| KW Nuclear Components Co., Ltd. | 26,417 | 11,990 | 26,481 | 9,452 |
| Busan Shinho Solar Power Co., Ltd. | 47,789 | 32,533 | 6,770 | 1,247 |

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| | | | | |
|--|------------|------------|---------|----------|
| GS Donghae Electric Power Co., Ltd. | 1,952,297 | 1,346,568 | 19,851 | 16,396 |
| Global Trade Of Power System Co., Ltd. | 1,661 | 18 | 2,667 | 205 |
| Expressway Solar-light Power Generation Co., Ltd. | 20,790 | 12,710 | 3,395 | 960 |
| KODE NOVUS I LLC | 14,286 | 104,252 | 2,362 | (50,151) |
| KODE NOVUS II LLC | 3,236 | 50,267 | 810 | (22,582) |
| Daejung Offshore Wind Power Co., Ltd. | 6,076 | 34 | | (675) |
| Amman Asia Electric Power Company | 881,164 | 624,590 | 13,631 | 29,684 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | 145,576 | 136,247 | 31,852 | 456 |
| Dangjin Eco Power Co., Ltd. | 149,926 | 1,001 | | (2,023) |
| Honam Wind Power Co., Ltd. | 41,614 | 26,375 | 6,776 | 2,171 |
| Chun-cheon Energy Co., Ltd. | 548,306 | 379,113 | | (3,684) |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 99,773 | 81,881 | 11,208 | (26) |
| Nghi Son 2 Power Ltd. | 757 | 302 | | (1,481) |
| Kelar S.A | 617,803 | 712,124 | | (4,109) |
| PT. Tanjung Power Indonesia | 203,051 | 197,491 | 122,583 | 3,821 |
| Incheon New Power Co., Ltd. | 7,902 | 5,961 | 2,985 | 168 |
| Seokmun Energy Co., Ltd. | 235,905 | 234,556 | | (543) |
| Daehan Wind Power PSC | 750 | 714 | | (523) |
| Barakah One Company | 17,117,338 | 17,116,680 | | |
| Nawah Energy Company | 1,645 | | | |
| MOMENTUM | 2,749 | 2,547 | 2,886 | 194 |
| Daegu Green Power Co., Ltd. | 636,438 | 547,017 | 265,621 | (3,981) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | 2015 | | | Profit (loss) for the period |
|--|---------------------|--------------------------|--------------|---|
| Investees | Total assets | Total liabilities | Sales | |
| <Associates> | | | | |
| Daegu Green Power Co., Ltd. | ₩ 639,118 | 471,497 | 321,273 | 18,625 |
| Korea Gas Corporation | 42,385,340 | 32,328,396 | 26,052,724 | 319,190 |
| Korea Electric Power Industrial Development Co., Ltd. | 142,835 | 77,340 | 324,162 | 9,855 |
| YTN Co., Ltd. | 305,799 | 126,561 | 117,418 | (520) |
| Cheongna Energy Co., Ltd. | 458,205 | 419,353 | 48,519 | (21,108) |
| Gangwon Wind Power Co., Ltd. | 114,600 | 28,994 | 21,941 | 8,529 |
| Hyundai Green Power Co., Ltd. | 1,182,352 | 790,407 | 486,435 | 31,011 |
| Korea Power Exchange | 236,199 | 27,464 | 87,400 | 9,303 |
| AMEC Partners Korea Ltd. | 1,332 | 123 | 511 | 155 |
| Hyundai Energy Co., Ltd. | 526,305 | 473,736 | 80,067 | (29,749) |
| Ecollite Co., Ltd. | 2,271 | 345 | | (97) |
| Taebaek Wind Power Co., Ltd. | 48,009 | 26,212 | 6,626 | (302) |
| Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.) | 10,349 | | | (477) |
| Pyeongchang Wind Power Co., Ltd. | 62,565 | 48,959 | | (1,164) |
| Daeryun Power Co., Ltd. | 838,199 | 657,551 | 279,787 | (29,806) |
| JinanJangsu Wind Power Co., Ltd. | 306 | | | (1) |
| Changjuk Wind Power Co., Ltd. | 41,444 | 19,053 | 6,472 | 772 |
| KNH Solar Co., Ltd. | 27,254 | 20,105 | 4,399 | 861 |
| SPC Power Corporation | 182,908 | 30,191 | 68,149 | 37,395 |
| Gemeng International Energy Co., Ltd. | 5,956,288 | 3,940,455 | 902,008 | 95,064 |
| PT. Cirebon Electric Power | 1,026,729 | 806,458 | 295,788 | 43,968 |
| KNOC Nigerian East Oil Co., Ltd. | 264,434 | 337,762 | | (6,069) |
| KNOC Nigerian West Oil Co., Ltd. | 160,765 | 230,001 | | (7,386) |
| Dolphin Property Limited | 300 | 1 | | 8 |

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| | | | | |
|--|-----------|-----------|-----------|----------|
| PT Wampu Electric Power | 201,383 | 160,159 | 17,476 | (2,696) |
| PT. Bayan Resources TBK | 1,043,143 | 901,952 | 461,349 | (30,014) |
| S-Power Co., Ltd. | 935,870 | 664,523 | 632,073 | 5,336 |
| Pioneer Gas Power Limited | 310,761 | 240,833 | | 148 |
| Eurasia Energy Holdings | 599 | 1,069 | | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | 506,970 | 341,261 | | 2,760 |
| Busan Solar Co., Ltd. | 26,059 | 21,367 | 4,267 | 383 |
| Hadong Mineral Fiber Co., Ltd. | 2 | 21 | | (30) |
| Green Biomass Co., Ltd. | 10,664 | 9,343 | 4,136 | (1,323) |
| PT. Mutiara Jawa | 25,013 | 29,913 | 1,943 | (7,247) |
| Samcheok Eco Materials Co., Ltd. | 23,119 | 735 | | (2,171) |
| Noeul Green Energy Co., Ltd. | 1,517 | 44 | | (446) |
| Naepo Green Energy Co., Ltd. | 108,167 | 1,184 | 3,126 | (5,274) |
| Goseong Green Energy Co., Ltd. | 95,323 | 3,248 | | (4,312) |
| Gangneung Eco Power Co., Ltd. | 81,459 | 9,163 | | (3,610) |
| Shin Pyeongtaek Power Co., Ltd. | 25,875 | 29,190 | | (2,595) |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 3,128 | 2,452 | 490 | 81 |
| DS POWER Co., Ltd. | 641,257 | 525,524 | 33,542 | (5,759) |
| Dongducheon Dream Power Co., Ltd. | 1,668,235 | 1,397,026 | 1,003,346 | (10,307) |
| KS Solar Co., Ltd. | 29,745 | 26,469 | 4,667 | 278 |
| Yeongwol Energy Station Co., Ltd. | 179,852 | 166,953 | 12,068 | 1,831 |
| Jinhuvish Power Generation Pvt. Ltd. | 75,429 | 19,199 | | (805) |
| SE Green Energy Co., Ltd. | 7,484 | | | (103) |
| Daegu Photovoltaic Co., Ltd. | 21,039 | 14,535 | 3,977 | 1,051 |
| Jeongam Wind Power Co., Ltd. | 2,053 | 299 | | (621) |
| Korea Power Engineering Service Co., Ltd. | 9,194 | 2,968 | 25,925 | 2,296 |
| Busan Green Energy Co., Ltd. | 50,093 | 53 | | (180) |
| Jungbu Bio Energy Co., Ltd. | 5,192 | 400 | | (508) |
| Korea Electric Vehicle Charging Service | 9,577 | 4,412 | | (482) |
| Ulleungdo Natural Energy Co., Ltd. | 27,113 | 2,262 | | (1,948) |
| Korea Nuclear Partners Co., Ltd. | 1,002 | 6 | | (4) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued****(4) Summary of financial information of associates and joint ventures as of and for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| Investees | 2015 | | | Profit (loss) for the period |
|---|--------------|-------------------|---------|------------------------------|
| | Total assets | Total liabilities | Sales | |
| <Joint ventures> | | | | |
| KEPCO-Uhde Inc. | ₩ 17,535 | 111 | | (765) |
| Eco Biomass Energy Sdn. Bhd. | | | | |
| Datang Chaoyang Renewable Power Co., Ltd. | 150,157 | 81,056 | 16,335 | (373) |
| Shuweiha Asia Power Investment B.V. | 41,969 | 17 | | 8,232 |
| Shuweiha Asia Operation & Maintenance Company | 885 | | 2,318 | 1,666 |
| Waterbury Lake Uranium L.P. | 51,302 | 4 | | |
| ASM-BG Investicii AD | 83,766 | 43,359 | 12,328 | 2,833 |
| RES Technology AD | 73,261 | 45,684 | 7,539 | (566) |
| KV Holdings, Inc. | 5,025 | | | 186 |
| KEPCO SPC Power Corporation | 449,553 | 172,261 | 175,008 | 59,610 |
| Canada Korea Uranium Limited Partnership | 305 | 124 | | (19) |
| KEPCO Energy Resource Nigeria Limited | 380,282 | 416,959 | | (16,309) |
| Gansu Datang Yumen Wind Power Co., Ltd. | 98,298 | 58,030 | 7,280 | (4,507) |
| Datang Chifeng Renewable Power Co., Ltd. | 882,914 | 454,731 | 103,860 | 21,900 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 65,110 | 38,661 | 7,880 | 1,216 |
| Rabigh Electricity Company | 2,644,825 | 2,297,194 | 293,184 | 53,384 |
| Rabigh Operation & Maintenance Company | 18,186 | 9,222 | 22,203 | 2,144 |
| Jamaica Public Service Company Limited | 1,086,244 | 657,962 | 859,728 | 3,305 |
| KW Nuclear Components Co., Ltd. | 36,065 | 24,777 | 16,217 | 7,687 |

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| | | | | |
|--|-----------|-----------|--------|----------|
| Busan Shinho Solar Power Co., Ltd. | 51,617 | 36,903 | 7,565 | 1,471 |
| GS Donghae Electric Power Co., Ltd. | 1,675,986 | 1,086,534 | | (2,823) |
| Global Trade Of Power System Co., Ltd. | 1,547 | 78 | 4,849 | 287 |
| Expressway Solar-light Power Generation Co., Ltd. | 21,154 | 13,913 | 2,981 | 443 |
| KODE NOVUS I LLC | 64,453 | 110,030 | 3,421 | (59,389) |
| KODE NOVUS II LLC | 22,500 | 45,306 | 1,868 | (39,345) |
| Daejung Offshore Wind Power Co., Ltd. | 6,795 | 78 | | (606) |
| Amman Asia Electric Power Company | 875,590 | 645,998 | 46,940 | 41,880 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | 50,152 | 41,326 | 18,849 | (611) |
| Dangjin Eco Power Co., Ltd. | 136,982 | 945 | | (1,035) |
| Honam Wind Power Co., Ltd. | 41,527 | 28,100 | 5,944 | 1,266 |
| Nepal Water & Energy Development Company Private Limited | 42,644 | 11,136 | | (647) |
| Chun-cheon Energy Co., Ltd. | 149,025 | 42,094 | | (2,389) |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 104,045 | 86,257 | 4,974 | (1,956) |
| Nghi Son 2 Power Ltd. | 771 | 234 | | (1,111) |
| Kelar S.A | 375,136 | 405,618 | | (3,140) |
| PT. Tanjung Power Indonesia | 37,948 | 36,185 | 16,476 | (276) |
| Incheon New Power Co., Ltd. | 10,078 | 8,306 | 3,318 | 301 |
| Seokmun Energy Co., Ltd. | 184,051 | 184,759 | | (552) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued**

(5) **Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows:**

In millions of won

| Investees <Associates> | Net assets | Percentage of ownership (*) | 2016 | | Intercompany transaction | Others | Book value |
|---|------------|--------------------------------|------------------------|---------------------------|-----------------------------|----------|------------|
| | | | Share in net assets | Investmen differential | | | |
| Korea Gas Corporation | ₩9,386,486 | 21.57% | 2,024,665 | | | (90,788) | 1,933,877 |
| Korea Electric Power Industrial Development Co., Ltd. | 70,604 | 29.00% | 20,475 | | | | 20,475 |
| YTN Co., Ltd. | 178,212 | 21.43% | 38,191 | | (30) | (5) | 38,156 |
| Cheongna Energy Co., Ltd. | 22,627 | 43.90% | 9,933 | 2,584 | (144) | | 12,373 |
| Gangwon Wind Power Co., Ltd. | 86,797 | 15.00% | 13,020 | | | 49 | 13,069 |
| Hyundai Green Power Co., Ltd. | 399,994 | 29.00% | 115,998 | | | | 115,998 |
| Korea Power Exchange AMEC Partners Korea Ltd. | 223,238 | 100.00% | 223,238 | | | | 223,238 |
| Hyundai Energy Co., Ltd. | 1,184 | 19.00% | 225 | | | | 225 |
| Ecollite Co., Ltd. | 6,774 | 46.30% | 3,136 | | (1,079) | (1,026) | 1,031 |
| Taebaek Wind Power Co., Ltd. | 1,821 | 36.10% | 657 | | | (657) | |
| Taebaek Wind Power Co., Ltd. | 19,000 | 25.00% | 4,750 | | | | 4,750 |
| Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.) | 12,522 | 25.00% | 3,131 | | | | 3,131 |
| Pyeongchang Wind Power Co., Ltd. | 13,531 | 25.00% | 3,383 | | | | 3,383 |
| Daeryun Power Co., Ltd. | 148,353 | 19.45% | 28,855 | 1,014 | | 4 | 29,873 |
| | 22,716 | 30.00% | 6,815 | | | 115 | 6,930 |

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| | | | | | | | |
|--|-----------|--------|----------|---------|---------|----------|---------|
| Changjuk Wind Power Co., Ltd. | | | | | | | |
| KNH Solar Co., Ltd. | 7,679 | 27.00% | 2,073 | | | | 2,073 |
| SPC Power Corporation | 149,520 | 38.00% | 56,818 | | | | 56,818 |
| Gemeng International Energy Co., Ltd. | 2,000,974 | 34.00% | 680,331 | | (266) | | 680,065 |
| PT. Cirebon Electric Power | 351,484 | 27.50% | 96,658 | | | | 96,658 |
| KNOC Nigerian East Oil Co., Ltd. | (85,247) | 14.63% | (12,472) | | | 12,472 | |
| KNOC Nigerian West Oil Co., Ltd. | (78,317) | 14.63% | (11,458) | | | 11,458 | |
| PT Wampu Electric Power | 50,409 | 46.00% | 23,188 | | | | 23,188 |
| PT. Bayan Resources TBK | 99,473 | 20.00% | 19,895 | 482,109 | | (99,337) | 402,667 |
| S-Power Co., Ltd. | 256,849 | 49.00% | 125,856 | | (1,944) | | 123,912 |
| Pioneer Gas Power Limited | 68,813 | 40.00% | 27,525 | 23,147 | | 68 | 50,740 |
| Eurasia Energy Holdings | (485) | 40.00% | (194) | | | 194 | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | 229,227 | 25.00% | 57,307 | (4,802) | (672) | (289) | 51,544 |
| Hadong Mineral Fiber Co., Ltd. | (20) | 25.00% | (5) | | | 5 | |
| Green Biomass Co., Ltd. | 335 | 14.00% | 47 | | | | 47 |
| PT. Mutiara Jawa | (6,567) | 29.00% | (1,904) | 70 | | 1,834 | |
| Samcheok Eco Materials Co., Ltd. | 23,889 | 2.35% | 561 | | | (561) | |
| Noeul Green Energy Co., Ltd. | 4,196 | 29.00% | 1,217 | | | | 1,217 |
| Naepo Green Energy Co., Ltd. | 101,753 | 25.00% | 25,438 | | | | 25,438 |
| Goseong Green Energy Co., Ltd. | 245,793 | 1.12% | 2,742 | | (79) | | 2,663 |
| Gangneung Eco Power Co., Ltd. | 170,302 | 1.61% | 2,744 | | (98) | | 2,646 |
| Shin Pyeongtaek Power Co., Ltd. | (6,344) | 40.00% | (2,538) | | (3,380) | 5,918 | |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 640 | 28.00% | 179 | | | 2 | 181 |
| DS POWER Co., Ltd. | 107,906 | 14.44% | 15,582 | | (7,302) | (1,090) | 7,190 |
| Dongducheon Dream Power Co., Ltd. | 243,172 | 33.61% | 81,730 | | (4,768) | (30,086) | 46,876 |
| KS Solar Co., Ltd. | 3,178 | 19.00% | 604 | | | | 604 |
| Jinbhuvish Power Generation Pvt. Ltd. | 55,760 | 5.16% | 2,877 | | | (2,877) | |
| SE Green Energy Co., Ltd. | 7,381 | 47.76% | 3,525 | | | | 3,525 |

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| | | | | |
|---|--------|--------|--------|-----------|
| Daegu Photovoltaic Co., Ltd. | 5,862 | 29.00% | 1,700 | 1,700 |
| Jeongam Wind Power Co., Ltd. | 10,000 | 40.00% | 4,000 | 4,000 |
| Korea Power Engineering Service Co., Ltd. | 9,688 | 29.00% | 2,810 | 2,810 |
| Busan Green Energy Co., Ltd. | 47,596 | 29.00% | 13,803 | 13,803 |
| Jungbu Bio Energy Co., Ltd. | (697) | 18.87% | (132) | 132 |
| Korea Electric Vehicle Charging Service | 3,941 | 28.00% | 1,103 | 1,103 |
| Ulleungdo Natural Energy Co., Ltd. | 23,098 | 29.85% | 6,895 | (1) 6,894 |
| Korea Nuclear Partners Co., Ltd.856 | | 29.00% | 248 | 248 |
| Tamra Offshore Wind Power Co., Ltd. | 25,980 | 27.00% | 7,015 | 7,015 |
| Korea Electric Power Corporation Fund | 51,842 | 98.09% | 50,852 | 4 50,856 |
| Energy Infra Asset Management Co., Ltd. | 2,619 | 9.90% | 259 | 259 |
| Daegu clean Energy Co., Ltd. | 500 | 28.00% | 140 | 140 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued**

(5) **Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows, continued:**

In millions of won

| Investees | 2016 | | Share in net assets | Investment differential | Intercompany transaction | Others | Book value |
|--|------------|-----------------------------|---------------------|-------------------------|--------------------------|--------|------------|
| | Net assets | Percentage of ownership (*) | | | | | |
| YaksuESS Co.,Ltd | 673 | 29.00% | 195 | | | 1 | 196 |
| Nepal Water & Energy Development Company Private Limited | 33,311 | 52.77% | 17,578 | 972 | | 117 | 18,667 |
| <Joint ventures> | | | | | | | |
| KEPCO-Uhde Inc. | 591 | 50.85% | 301 | | | | 301 |
| Eco Biomass Energy Sdn. Bhd. | | 61.53% | | | | | |
| Datang Chaoyang Renewable Power Co., Ltd. | 70,598 | 40.00% | 28,239 | | | | 28,239 |
| Shuweihaat Asia Power Investment B.V. | 278 | 49.00% | 136 | | | (136) | |
| Shuweihaat Asia Operation & Maintenance Company | 1,003 | 55.00% | 552 | | | (102) | 450 |
| Waterbury Lake Uranium L.P. | 56,134 | 36.97% | 20,753 | | | 561 | 21,314 |
| ASM-BG Investicii AD | 42,977 | 50.00% | 21,489 | | | (1) | 21,488 |
| RES Technology AD | 27,164 | 50.00% | 13,582 | | | | 13,582 |
| KV Holdings, Inc. | 5,244 | 40.00% | 2,098 | | | | 2,098 |
| KEPCO SPC Power Corporation | 326,286 | 75.20% | 245,367 | | | | 245,367 |
| Canada Korea Uranium Limited Partnership | 141 | 12.50% | 18 | | | (18) | |
| Gansu Datang Yumen Wind Power Co., Ltd. | 32,053 | 40.00% | 12,821 | | | | 12,821 |
| Datang Chifeng Renewable Power Co., Ltd. | 416,460 | 40.00% | 166,584 | | | (49) | 166,535 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 27,107 | 40.00% | 10,843 | | | | 10,843 |

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|--|----------|--------|----------|----------|--------|---------|
| Rabigh Electricity Company | 432,882 | 40.00% | 173,153 | (75,311) | (40) | 97,802 |
| Rabigh Operation & Maintenance Company | 11,067 | 40.00% | 4,427 | | | 4,427 |
| Jamaica Public Service Company Limited | 631,712 | 40.00% | 252,685 | (80,161) | 76,929 | 249,453 |
| KW Nuclear Components Co., Ltd. | 14,427 | 45.00% | 6,492 | 90 | 551 | 7,133 |
| Busan Shinho Solar Power Co., Ltd. | 15,256 | 25.00% | 3,814 | | | 3,814 |
| GS Donghae Electric Power Co., Ltd. | 605,729 | 34.00% | 205,948 | | | 205,948 |
| Global Trade Of Power System Co., Ltd. | 1,643 | 29.00% | 476 | | 1 | 477 |
| Expressway Solar-light Power Generation Co., Ltd. | 8,080 | 29.00% | 2,343 | | | 2,343 |
| KODE NOVUS I LLC | (89,966) | 50.00% | (44,983) | 4,732 | 40,251 | |
| KODE NOVUS II LLC | (47,031) | 50.00% | (23,516) | | 23,516 | |
| Daejung Offshore Wind Power Co., Ltd. | 6,042 | 49.90% | 3,015 | | | 3,015 |
| Amman Asia Electric Power Company | 256,574 | 60.00% | 153,944 | | (87) | 153,857 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | 9,329 | 51.00% | 4,758 | | | 4,758 |
| Dangjin Eco Power Co., Ltd. | 148,925 | 34.00% | 50,635 | 2,618 | | 53,253 |
| Honam Wind Power Co., Ltd. | 15,239 | 29.00% | 4,419 | 32 | | 4,451 |
| Chun-cheon Energy Co., Ltd. | 169,193 | 29.90% | 50,589 | 3 | | 50,592 |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 17,892 | 15.00% | 2,684 | 5 | | 2,689 |
| Nghi Son 2 Power Ltd. | 455 | 50.00% | 228 | | 1 | 229 |
| Kelar S.A | (94,321) | 65.00% | (61,309) | 2,424 | 58,885 | |
| PT. Tanjung Power Indonesia | 5,560 | 35.00% | 1,946 | | | 1,946 |
| Incheon New Power Co., Ltd. | 1,941 | 29.00% | 563 | | | 563 |
| Seokmun Energy Co., Ltd. | 1,349 | 29.00% | 391 | | | 391 |
| Daehan Wind Power PSC | 36 | 50.00% | 18 | | (2) | 16 |
| Barakah One Company | 658 | 18.00% | 118 | | (2) | 116 |
| Nawah Energy Company | 1,645 | 18.00% | 296 | | (6) | 290 |
| MOMENTUM | 202 | 33.33% | 67 | | | 67 |
| Daegu Green Power Co., Ltd. | 89,421 | 29.00% | 25,932 | 84 | 21,512 | 47,528 |

(*) The percentage of ownership shown above is after considering the treasury stocks and others.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**17. Investments in Associates and Joint Ventures, Continued**

(5) Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows, continued:

In millions of won

| Investees | Net assets | Percentage of ownership (*) | 2015 | | Intercompany transaction | Others | Book value |
|--|------------|-----------------------------|---------------------|-------------------------|--------------------------|----------|------------|
| | | | Share in net assets | Investment differential | | | |
| <Associates> | | | | | | | |
| Daegu Green Power Co., Ltd. | ₩ 167,621 | 47.80% | 80,123 | 144 | | | 80,267 |
| Korea Gas Corporation | 10,056,944 | 21.57% | 2,169,283 | | (66,470) | | 2,102,813 |
| Korea Electric Power Industrial Development Co., Ltd. | 65,495 | 29.00% | 18,994 | | | | 18,994 |
| YTN Co., Ltd. | 179,238 | 21.43% | 38,411 | | (43) | (3) | 38,365 |
| Cheongna Energy Co., Ltd. | 38,852 | 43.90% | 17,056 | 2,584 | (150) | | 19,490 |
| Gangwon Wind Power Co., Ltd. | 85,606 | 15.00% | 12,841 | | | 49 | 12,890 |
| Hyundai Green Power Co., Ltd. | 391,945 | 29.00% | 113,664 | | | | 113,664 |
| Korea Power Exchange | 208,735 | 100.00% | 208,735 | | | | 208,735 |
| AMEC Partners Korea Ltd. | 1,209 | 19.00% | 230 | | | | 230 |
| Hyundai Energy Co., Ltd. | 52,569 | 46.30% | 24,340 | | (1,120) | (16,230) | 6,990 |
| Ecollite Co., Ltd. | 1,926 | 36.10% | 695 | | | (695) | |
| Taebaek Wind Power Co., Ltd. | 21,797 | 25.00% | 5,449 | | (493) | | 4,956 |
| Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.) | 10,349 | 25.00% | 2,587 | | | | 2,587 |
| Pyeongchang Wind Power Co., Ltd. | 13,606 | 25.00% | 3,402 | | | | 3,402 |
| | 180,648 | 19.45% | 35,136 | 1,014 | | 6 | 36,156 |

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| | | | | | | |
|--|-----------|--------|----------|---------|---------|---------|
| Daeryun Power Co., Ltd. | | | | | | |
| JinanJangsu Wind Power Co., Ltd. | 306 | 25.00% | 77 | | | 77 |
| Changjuk Wind Power Co., Ltd. | 22,391 | 30.00% | 6,717 | (574) | | 6,143 |
| KNH Solar Co., Ltd. | 7,149 | 27.00% | 1,930 | (6) | | 1,924 |
| SPC Power Corporation | 152,717 | 38.00% | 58,033 | | | 58,033 |
| Gemeng International Energy Co., Ltd. | 2,015,833 | 34.00% | 685,383 | | 43,013 | 728,396 |
| PT. Cirebon Electric Power | 220,271 | 27.50% | 60,574 | | | 60,574 |
| KNOC Nigerian East Oil Co., Ltd. | (73,328) | 14.63% | (10,728) | | 10,728 | |
| KNOC Nigerian West Oil Co., Ltd. | (69,236) | 14.63% | (10,129) | | 10,129 | |
| Dolphin Property Limited | 299 | 15.00% | 45 | | 16 | 61 |
| PT Wampu Electric Power | 41,224 | 46.00% | 18,963 | | | 18,963 |
| PT. Bayan Resources TBK | 141,191 | 20.00% | 28,238 | 498,089 | (1,261) | 525,066 |
| S-Power Co., Ltd. | 271,347 | 49.00% | 132,960 | | (2,052) | 130,908 |
| Pioneer Gas Power Limited | 69,928 | 40.00% | 27,971 | 23,147 | 69 | 51,187 |
| Eurasia Energy Holdings | (470) | 40.00% | (188) | | 188 | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | 165,709 | 25.00% | 41,427 | (8,796) | (479) | (289) |
| Busan Solar Co., Ltd. | 4,692 | 19.80% | 929 | | (4) | 925 |
| Hadong Mineral Fiber Co., Ltd. | (19) | 25.00% | (5) | | | 5 |
| Green Biomass Co., Ltd. | 1,321 | 14.00% | 185 | | (185) | |
| PT. Mutiara Jawa | (4,900) | 29.00% | (1,421) | 70 | | 1,351 |
| Samcheok Eco Materials Co., Ltd. | 22,384 | 2.67% | 598 | | (598) | |
| Noeul Green Energy Co., Ltd. | 1,473 | 20.00% | 295 | | | 295 |
| Naepo Green Energy Co., Ltd. | 106,983 | 25.00% | 26,746 | | | 26,746 |
| Goseong Green Energy Co., Ltd. | 92,075 | 2.90% | 2,670 | | | 2,670 |
| Gangneung Eco Power Co., Ltd. | 72,296 | 3.72% | 2,689 | | (1) | 2,688 |
| Shin Pyeongtaek Power Co., Ltd. | (3,315) | 40.00% | (1,326) | | (1,995) | 3,321 |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | 676 | 28.00% | 189 | | | 189 |

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| | | | | | | |
|--|---------|--------|--------|---------|----------|--------|
| DS POWER Co., Ltd. | 115,733 | 14.44% | 16,712 | (5,940) | 188 | 10,960 |
| Dongducheon Dream Power Co., Ltd. | 271,209 | 33.61% | 91,153 | 5,398 | (40,884) | 55,667 |
| KS Solar Co., Ltd. | 3,276 | 19.00% | 622 | (4) | | 618 |
| Yeongwol Energy Station Co., Ltd. | 12,899 | 10.00% | 1,290 | | | 1,290 |
| Jimbhuvish Power Generation Pvt. Ltd. | 56,230 | 5.16% | 2,901 | 5,450 | (1) | 8,350 |
| SE Green Energy Co., Ltd. | 7,484 | 47.76% | 3,575 | | | 3,575 |
| Daegu Photovoltaic Co., Ltd. | 6,504 | 29.00% | 1,886 | | | 1,886 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

17. Investments in Associates and Joint Ventures, Continued

(5) Financial information of associates and joint ventures reconciled to the Company's investments in consolidated financial statements as of December 31, 2016 and 2015 are as follows, continued:

In millions of won

| Investees | 2015 | | | Investment differential | Intercompany transaction | Others | Book value |
|---|------------|-----------------------------|---------------------|-------------------------|--------------------------|--------|------------|
| | Net assets | Percentage of ownership (*) | Share in net assets | | | | |
| Jeongam Wind Power Co., Ltd. | ₩ 1,754 | 40.00% | 702 | | | | 702 |
| Korea Power Engineering Service Co., Ltd. | 6,226 | 29.00% | 1,805 | | | | 1,805 |
| Busan Green Energy Co., Ltd. | 50,040 | 29.00% | 14,512 | | | | 14,512 |
| Jungbu Bio Energy Co., Ltd. | 4,792 | 18.87% | 904 | | | | 904 |
| Korea Electric Vehicle Charging Service | 5,165 | 28.00% | 1,446 | | | | 1,446 |
| Ulleungdo Natural Energy Co., Ltd. | 24,851 | 29.85% | 7,418 | | | (1) | 7,417 |
| Korea Nuclear Partners Co., Ltd. | 996 | 29.00% | 289 | | | | 289 |
| <Joint ventures> | | | | | | | |
| KEPCO-Uhde Inc. | 17,424 | 50.85% | 8,860 | | | (311) | 8,549 |
| Eco Biomass Energy Sdn. Bhd. | | 61.53% | | | | | |
| Datang Chaoyang Renewable Power Co., Ltd. | 69,101 | 40.00% | 27,640 | | | | 27,640 |
| Shuweihaat Asia Power Investment B.V. | 41,952 | 49.00% | 20,556 | | | (82) | 20,474 |
| Shuweihaat Asia Operation & Maintenance Company | 885 | 55.00% | 487 | | | (1) | 486 |
| Waterbury Lake Uranium L.P. | 51,298 | 40.00% | 20,519 | | | (220) | 20,299 |
| ASM-BG Investicii AD | 40,407 | 50.00% | 20,203 | | | | 20,203 |
| RES Technology AD | 27,577 | 50.00% | 13,789 | | | | 13,789 |
| KV Holdings, Inc. | 5,025 | 40.00% | 2,010 | | | | 2,010 |
| | 277,292 | 75.20% | 208,524 | | | | 208,524 |

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| | | | | | | |
|--|----------|--------|----------|----------|---------|---------|
| KEPCO SPC Power Corporation | | | | | | |
| Canada Korea Uranium Limited Partnership | 181 | 12.50% | 23 | | (23) | |
| KEPCO Energy Resource Nigeria Limited | (36,677) | 30.00% | (11,003) | | 11,003 | |
| Gansu Datang Yumen Wind Power Co., Ltd. | 40,268 | 40.00% | 16,107 | | | 16,107 |
| Datang Chifeng Renewable Power Co., Ltd. | 428,183 | 40.00% | 171,273 | | (49) | 171,224 |
| Datang KEPCO Chaoyang Renewable Power Co., Ltd. | 26,449 | 40.00% | 10,580 | | | 10,580 |
| Rabigh Electricity Company | 347,631 | 40.00% | 139,052 | (79,646) | (38) | 59,368 |
| Rabigh Operation & Maintenance Company | 8,964 | 40.00% | 3,586 | | | 3,586 |
| Jamaica Public Service Company Limited | 428,282 | 40.00% | 171,313 | (72,370) | 142,975 | 241,918 |
| KW Nuclear Components Co., Ltd. | 11,288 | 45.00% | 5,080 | 90 | (185) | 4,985 |
| Busan Shinho Solar Power Co., Ltd. | 14,714 | 25.00% | 3,678 | | | 3,678 |
| GS Donghae Electric Power Co., Ltd. | 589,452 | 34.00% | 200,414 | | (35) | 200,379 |
| Global Trade Of Power System Co., Ltd. | 1,469 | 29.00% | 426 | | | 426 |
| Expressway Solar-light Power Generation Co., Ltd. | 7,241 | 29.00% | 2,100 | | | 2,100 |
| KODE NOVUS I LLC | (45,577) | 50.00% | (22,789) | 4,732 | 18,057 | |
| KODE NOVUS II LLC | (22,806) | 49.00% | (11,175) | | 11,175 | |
| Daejung Offshore Wind Power Co., Ltd. | 6,717 | 49.90% | 3,352 | | | 3,352 |
| Amman Asia Electric Power Company | 229,592 | 60.00% | 137,755 | | (87) | 137,668 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | 8,826 | 51.00% | 4,501 | | | 4,501 |
| Dangjin Eco Power Co., Ltd. | 136,037 | 34.00% | 46,253 | 2,696 | (668) | 48,281 |
| Honam Wind Power Co., Ltd. | 13,427 | 29.00% | 3,894 | 32 | | 3,926 |
| Nepal Water & Energy Development Company Private Limited | 31,508 | 52.77% | 16,627 | 972 | 166 | 17,765 |
| Chun-cheon Energy Co., Ltd. | 106,931 | 29.90% | 31,972 | 3 | 1 | 31,976 |
| Yeonggwangbaeksu Wind Power Co., Ltd. | 17,788 | 15.00% | 2,668 | | | 2,668 |
| Nghi Son 2 Power Ltd. | 537 | 50.00% | 268 | | 1 | 269 |
| Kelar S.A | (30,482) | 65.00% | (19,814) | 2,424 | 17,390 | |
| PT. Tanjung Power Indonesia | 1,763 | 35.00% | 617 | | | 617 |
| | 1,772 | 29.00% | 514 | | | 514 |

Incheon New Power Co.,
Ltd.

| | | | | |
|--------------------------|-------|--------|-------|-----|
| Seokmun Energy Co., Ltd. | (708) | 29.00% | (205) | 205 |
|--------------------------|-------|--------|-------|-----|

(*) The percentage of ownership shown above is after considering the treasury stocks and others.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

17. Investments in Associates and Joint Ventures, Continued**(6) As of December 31, 2016 and 2015, unrecognized equity interest in investments in associates and joint ventures whose book value has been reduced to zero due to accumulated losses are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------------|------------------------------|--|------------------------------|--|
| | Unrecognized equity interest | Accumulated unrecognized equity interest | Unrecognized equity interest | Accumulated unrecognized equity interest |
| Green Biomass Co., Ltd. | ₩ | | (125) | |
| Shin Pyeongtaek Power Co., Ltd. | 1,211 | 2,537 | 1,038 | 1,326 |
| Chun-cheon Energy Co., Ltd. | | | (8) | |
| Seokmun Energy Co., Ltd. | (205) | | 152 | 205 |
| Kelar S.A | 43,920 | 61,309 | 17,389 | 17,389 |
| Hadong Mineral Fiber Co., Ltd. | | 5 | 5 | 5 |
| PT. Mutiara Jawa | 554 | 1,905 | 1,351 | 1,351 |
| Eurasia Energy Holdings | 6 | 194 | 188 | 188 |
| KODE NOVUS I LLC | 22,194 | 44,983 | 22,789 | 22,789 |
| KODE NOVUS II LLC | 12,340 | 23,515 | 11,175 | 11,175 |
| Jungbu Bio Energy Co., Ltd. | 132 | 132 | | |

(7) As of December 31, 2016, shareholders agreements on investments in associates and joint ventures that may cause future economic resource or cash outflows are as follows:

(i) Gemeng International Energy Co., Ltd.

Gemeng International Energy Co., Ltd., issued put options on 8% of its shares to its financial investors, KEPCO Woori Sprot PEF (NPS Co-Pa PEF). If the investment fund is not collected until the maturity date (December 25, 2023, two years extension is possible), PEF can exercise the option at strike price which is the same as a principal investment price (including operating fees ratio of below 1% per annum), and also, the Company provided a performance guarantee on this agreement.

(ii) Hyundai Energy Co., Ltd.

The Company had placed guarantees for a fixed return on the investment to NH Power II Co., Ltd. and National Agricultural Cooperative Federation (NACF) and had obtained the rights to acquire the investment securities in return

preferentially. In addition, NH Power II Co., Ltd. and NACF have a right, which can be exercised for 30 days starting from 2 months to 1 month prior to 17 years after the termination date of the contract to sell their shares to the Company.

(iii) Taebaek Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Taebaek Wind Power Co., Ltd. after the warrant period of defect repair for wind power generator has expired, the Company acquires those shares at fair value. The acquisition is to be made after the conditions of the acquisition are discussed among the parties involved, with consideration of various factors such as financial status and business situation.

(iv) Pyeongchang Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Pyeongchang Wind Power Co., Ltd. after commercial operation of the power plant has started, the Company acquires those shares at fair value. The acquisition is to be made after the conditions of the acquisition are discussed among the parties involved, with the careful consideration of various factors such as financial status and business situation.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

17. Investments in Associates and Joint Ventures, Continued

(7) As of December 31, 2016, shareholders agreements on investments in associates and joint ventures that may cause future economic costs or cash outflows are as follows, continued:

(v) Jeongam Wind Power Co., Ltd.

In case non-controlling shareholders decide to dispose of their shares in Jeongam Wind Power Co., Ltd. after the construction of the power plant has been completed, the Company is obligated to acquire those shares at fair value.

(vi) Daejung Offshore Wind Power Co., Ltd.

In case Samsung Heavy Industries Co., Ltd., a co-participant of the joint venture agreement, decides to dispose of its shares in Daejung Offshore Wind Power Co., Ltd., the Company is obligated to acquire those shares after evaluating the economic feasibility of the facilities installed by Samsung Heavy Industries Co., Ltd.

(vii) DS Power Co., Ltd.

The Company has a right to sell all shares and bonds of DS POWER Co., Ltd. to Daesung Industrial Co., Ltd. and Daesung Industrial Co., Ltd. or an authoritative person appointed by Daesung Industrial Co., Ltd.

(viii) Samcheok Eco Materials Co., Ltd.

The Company has the rights to purchase the stocks should preferred stockholders elect to sell their stocks on the expected sell date (3 years from preferred stock payment date) and is required to guarantee the promised yield when preferred stockholders sell their stocks.

(ix) Hyundai Green Power Co., Ltd.

As of December 31, 2016, Hyundai Green Power Co., Ltd., an associate of the Company, which engages in the byproduct gas power generating business, entered into a project financing agreement with a limit of ₩919.2 billion with Korea Development Bank and others. At a certain period in the future, the Company has an appraisal right against the financial investors (Korea Development Bank and others) and also has an obligation to sell its shares when

claimed by the financial investors. At a certain period in the future, the Company has an appraisal right against Hyundai Steel Company and a third party designated by Hyundai Steel Company (collectively, Hyundai Steel Company), the operating investor of Hyundai Green Power Co., Ltd., according to the conditions of the agreement and also has an obligation to sell its shares when claimed by Hyundai Steel Company.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

17. Investments in Associates and Joint Ventures, Continued

(8) Significant restrictions on its abilities to associates or joint ventures are as follows:

| Company | Nature and extent of any significant restrictions |
|-----------------------------------|--|
| KNOC Nigerian East Oil Co., Ltd., | The Company has stopped its operation in Nigeria due to an ongoing litigation and payment or retrieval of investments, loans and advances are restricted until the legal dispute is resolved. |
| KNOC Nigerian West Oil Co., Ltd. | |
| Daeryun Power Co., Ltd. | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. |
| Changjuk Wind Power Co., Ltd. | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. |
| Taebaek Wind Power Co., Ltd. | Financial institutions can reject or defer an approval with regard to the request for fund executions on subordinated loans of shareholders in order to pay senior loans based on the loan agreement. |
| Pyeongchang Wind Power Co., Ltd. | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. |
| Daegu Green Power Co., Ltd. | Principals on subordinated loans or dividends can only be paid when all conditions of the loan agreement are satisfied or prior written consent of financial institutions is obtained. Shares cannot be wholly or partially transferred without prior written consent of financial institutions is obtained. |
| KS Solar Co., Ltd. | Dividends can only be paid when all conditions of a loan agreement are satisfied. |
| KNH Solar Co., Ltd. | Principal and interest, dividends to shareholders cannot be paid without written consent of financial institutions. |
| DS Power Co., Ltd. | Shares cannot be wholly or partially transferred, except as permitted by the agreement. |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**18. Property, Plant and Equipment****(1) Property, plant and equipment as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | 2016 | | | | |
|--------------------------|----------------------|-------------------|---------------------|--------------------|--------------------|
| | Acquisition | Government | Accumulated | Accumulated | Book |
| | cost | grants | depreciation | impairment | value |
| | | | | losses (*) | |
| Land | ₩ 12,969,741 | (3,204) | | | 12,966,537 |
| Buildings | 17,722,326 | (61,188) | (5,936,849) | (853) | 11,723,436 |
| Structures | 63,291,437 | (197,641) | (19,959,839) | (1,183) | 43,132,774 |
| Machinery | 67,769,168 | (111,064) | (24,344,832) | (2,391) | 43,310,881 |
| Ships | 4,175 | | (3,625) | | 550 |
| Vehicles | 247,751 | (107) | (176,781) | | 70,863 |
| Equipment | 1,270,660 | (732) | (894,265) | | 375,663 |
| Tools | 921,115 | (430) | (742,083) | | 178,602 |
| Construction-in-progress | 27,334,368 | (135,807) | | (38,108) | 27,160,453 |
| Finance lease assets | 2,390,779 | | (1,984,426) | | 406,353 |
| Asset retirement costs | 7,129,771 | | (3,064,359) | | 4,065,412 |
| Others | 10,361,294 | | (8,009,762) | | 2,351,532 |
| | ₩ 211,412,585 | (510,173) | (65,116,821) | (42,535) | 145,743,056 |

(*) The Company separately recognizes impairment loss on each asset, reflecting various factors such as physical impairment and others during the replacement.

In millions of won

| | 2015 | | | | |
|------------|--------------------|-------------------|---------------------|--------------------|--------------|
| | Acquisition | Government | Accumulated | Accumulated | Book |
| | cost | grants | depreciation | impairment | value |
| | | | | losses (*) | |
| Land | ₩ 12,396,460 | (3,147) | | | 12,393,313 |
| Buildings | 14,936,722 | (63,932) | (5,259,436) | (854) | 9,612,500 |
| Structures | 58,251,296 | (193,119) | (17,991,950) | (1,184) | 40,065,043 |
| Machinery | 57,143,211 | (108,935) | (20,242,232) | (36,230) | 36,755,814 |
| Ships | 4,930 | | (4,144) | | 786 |

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| | | | | |
|--------------------------|----------------------|------------------|---------------------|--------------------|
| Vehicles | 227,733 | (29) | (167,261) | 60,443 |
| Equipment | 1,134,376 | (1,026) | (823,805) | 309,545 |
| Tools | 836,131 | (691) | (675,501) | 159,939 |
| Construction-in-progress | 35,305,133 | (139,898) | (38,107) | 35,127,128 |
| Finance lease assets | 2,389,985 | | (1,878,476) | 511,509 |
| Asset retirement costs | 6,888,547 | | (2,782,460) | 4,106,087 |
| Others | 9,438,381 | | (7,179,137) | 2,259,244 |
| | ₩ 198,952,905 | (510,777) | (57,004,402) | (76,375) |
| | | | | 141,361,351 |

(*) The Company separately recognizes impairment loss on each asset, reflecting various factors such as physical impairment and others during the replacement.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**18. Property, Plant and Equipment, Continued****(2) Changes in property, plant and equipment for the years ended December 31, 2016 and 2015 are as follows:***In millions of
won*

| | 2016 | | | | | | Ending balance |
|--------------------------|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
| | Beginning balance | Acquisition | Disposal | Depreciation | Impairment | Others | |
| Land | ₩ 12,396,460 | 13,973 | (52,569) | | | 611,877 | 12,969,741 |
| (Government grants) | (3,147) | | 14 | | | (71) | (3,204) |
| Buildings | 9,676,432 | | (9,020) | (676,866) | | 2,794,078 | 11,784,624 |
| (Government grants) | (63,932) | | 731 | 5,299 | | (3,286) | (61,188) |
| Structures | 40,258,162 | 455 | (524,310) | (2,233,333) | | 5,829,441 | 43,330,415 |
| (Government grants) | (193,119) | | 2,597 | 9,491 | | (16,610) | (197,641) |
| Machinery | 36,864,749 | 193,017 | (243,757) | (4,353,596) | | 10,961,532 | 43,421,945 |
| (Government grants) | (108,935) | (33) | 1,210 | 12,272 | | (15,578) | (111,064) |
| Ships | 786 | | | (281) | | 45 | 550 |
| Vehicles | 60,472 | 2,493 | (34) | (27,615) | | 35,654 | 70,970 |
| (Government grants) | (29) | (58) | | 25 | | (45) | (107) |
| Equipment | 310,571 | 67,134 | (323) | (128,084) | | 127,097 | 376,395 |
| (Government grants) | (1,026) | | | 452 | | (158) | (732) |
| Tools | 160,630 | 27,856 | (327) | (69,842) | | 60,715 | 179,032 |
| (Government grants) | (691) | | | 295 | | (34) | (430) |
| Construction-in-progress | 25,367,026 | 11,752,352 | (94,443) | | | (19,628,675) | 27,296,260 |
| (Government grants) | (139,898) | (28,434) | | | | 32,525 | (135,807) |
| | 511,509 | 34 | (31) | (96,254) | | (8,905) | 406,353 |

Finance lease
assets

| | | | | | | |
|------------------------|---------------|------------|-----------|-------------|-----------|-------------|
| Asset retirement costs | 4,106,087 | | (509,310) | | 468,635 | 4,065,412 |
| Others | 2,259,244 | | (9) | (813,248) | 905,545 | 2,351,532 |
| | ₩ 141,361,351 | 12,028,789 | (920,271) | (8,880,595) | 2,153,782 | 145,743,056 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**18. Property, Plant and Equipment, Continued**

(2) Changes in property, plant and equipment for the years ended December 31, 2016 and 2015 are as follows, continued:

In millions of won

| | 2015 | | | | | | |
|--------------------------|----------------------|-------------|-----------|--------------|--------------------|--------------|-------------------|
| | Beginning balance | Acquisition | Disposal | Depreciation | Impairment (*1) | Others (*2) | Ending balance |
| Land | ₩ 12,238,488 | 9,370 | (192,496) | | | 341,098 | 12,396,460 |
| (Government grants) | (3,103) | | | | | (44) | (3,147) |
| Buildings | 8,979,023 | 12,466 | (42,889) | (633,770) | | 1,361,602 | 9,676,432 |
| (Government grants) | (67,700) | | | 5,064 | | (1,296) | (63,932) |
| Structures | 38,654,777 | 1,787 | (181,914) | (2,120,749) | | 3,904,261 | 40,258,162 |
| (Government grants) | (196,871) | | 1,816 | 9,178 | | (7,242) | (193,119) |
| Machinery | 35,460,708 | 430,524 | (250,915) | (3,880,076) | (1,205) | 5,105,713 | 36,864,749 |
| (Government grants) | (108,750) | | 1,101 | 11,133 | | (12,419) | (108,935) |
| Ships | 1,085 | | | (299) | | | 786 |
| Vehicles | 50,576 | 5,449 | (27) | (22,175) | | 26,649 | 60,472 |
| (Government grants) | (76) | | 1 | 47 | | (1) | (29) |
| Equipment | 211,647 | 56,004 | (230) | (103,889) | | 147,039 | 310,571 |
| (Government grants) | (1,002) | | | 469 | | (493) | (1,026) |
| Tools | 152,777 | 25,940 | (90) | (67,482) | | 49,485 | 160,630 |
| (Government grants) | (862) | | | 268 | | (97) | (691) |
| Construction-in-progress | 32,379,512 | 13,508,590 | (13,658) | | (29,139) | (10,578,279) | 35,267,026 |
| (Government grants) | (123,938) | (27,239) | | | | 11,279 | (139,898) |
| Finance lease assets | 612,395 | 1,560 | (3,959) | (110,162) | | 11,675 | 511,509 |
| Asset retirement costs | 5,354,427 | | | (551,461) | | (696,879) | 4,106,087 |
| Others | 2,219,386 | 25,436 | (98) | (804,545) | | 819,065 | 2,259,244 |
| | ₩ 135,812,499 | 14,049,887 | (683,358) | (8,268,449) | (30,344) | 481,116 | 141,361,351 |

(*1) Korea South-East Power Co., Ltd. and Korea East-West Power Co., Ltd, 100% owned subsidiaries, have determined that there is an impairment indicator and performed an impairment test over the individual assets. As a result, the Company recognized the amount of the carrying amount in excess of its recoverable amount as

impairment loss in the consolidated statements of comprehensive income.

(*2) Others include W23,273 million of land and buildings that were reclassified to assets held for sale (note 42) comprising W2,907 million of land and W20,366 million of buildings.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**19. Investment Properties****(1) Investment properties as of December 31, 2016 and 2015 are as follows:**

In millions of won

| | 2016 | | | |
|-----------|------------------|-------------------|--------------------------|------------|
| | Acquisition cost | Government grants | Accumulated depreciation | Book value |
| Land | ₩ 336,421 | | | 336,421 |
| Buildings | 29,168 | (64) | (11,845) | 17,259 |
| | ₩ 365,589 | (64) | (11,845) | 353,680 |

In millions of won

| | 2015 | | | |
|-----------|------------------|-------------------|--------------------------|------------|
| | Acquisition cost | Government grants | Accumulated depreciation | Book value |
| Land | ₩ 253,960 | | | 253,960 |
| Buildings | 27,655 | (13) | (11,692) | 15,950 |
| | ₩ 281,615 | (13) | (11,692) | 269,910 |

(2) Changes in investment properties for the years ended December 31, 2016 and 2015 are as follows:

In millions of won

| | 2016 | | | |
|---------------------|-------------------|--------------|--------|----------------|
| | Beginning balance | Depreciation | Others | Ending balance |
| Land | ₩ 253,960 | | 82,461 | 336,421 |
| Buildings | 15,963 | (679) | 2,039 | 17,323 |
| (Government grants) | (13) | 1 | (52) | (64) |
| | ₩ 269,910 | (678) | 84,448 | 353,680 |

| <i>In millions of won</i> | 2015 | | | Ending balance |
|---------------------------|-------------------|--------------|----------|----------------|
| | Beginning balance | Depreciation | Others | |
| Land | ₩ 301,483 | | (47,523) | 253,960 |
| Buildings | 15,791 | (669) | 841 | 15,963 |
| (Government grants) | (10) | | (3) | (13) |
| | ₩ 317,264 | (669) | (46,685) | 269,910 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**19. Investment Properties, Continued**

- (3) **Income and expenses related to investment properties for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Rental income | ₩ 9,460 | 10,931 |
| Operating and maintenance expenses related to rental income | (678) | (669) |
| | ₩ 8,782 | 10,262 |

- (4) **Fair value of investment properties as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| | Book value | Fair value | Book value | Fair value |
| Land | ₩ 336,421 | 374,042 | 253,960 | 284,423 |
| Buildings | 17,259 | 20,708 | 15,950 | 18,263 |
| | ₩ 353,680 | 394,750 | 269,910 | 302,686 |

The fair values of the investment properties as of the reporting date were determined in consideration of the fluctuation on the publicly announced individual land price after the K-IFRS transition date (January 1, 2010).

- (5) All of the Company's investment property is held under freehold interests.

20. Construction Contracts

(1) Changes in total contract amount in which revenue is not yet recognized for the years ended December 31, 2016 and 2015 are as follows:*In millions of won*

| | | 2016 | | |
|--|-------------------|---------------------------|-----------------------|----------------|
| | Beginning balance | Increase and decrease (*) | Recognized as revenue | Ending balance |
| Nuclear power plant construction in UAE and others | ₩ 12,308,839 | (1,045,094) | (4,026,857) | 7,236,888 |

(*) For the year ended December 31, 2016, the increased balance of contracts from new orders and other is ₩718,118 million and the decreased balance of contracts due to changes in scope of construction work is ₩1,763,212 million.

In millions of won

| | | 2015 | | |
|--|-------------------|---------------------------|-----------------------|----------------|
| | Beginning balance | Increase and decrease (*) | Recognized as revenue | Ending balance |
| Nuclear power plant construction in UAE and others | ₩ 17,081,074 | (1,011,031) | (3,761,204) | 12,308,839 |

(*) For the year ended December 31, 2015, the increased balance of contracts from new orders and other is ₩412,617 million and the decreased balance of contracts due to changes in scope of construction work is ₩1,423,648 million.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**20. Construction Contracts, Continued**

- (2) **Accumulated earned revenue, expense and others related to the Company's construction contracts as of December 31, 2016 and 2015 are as follows:**

In millions of won

| | 2016 | | | |
|--|---|--------------------------------|-------------------------------|--|
| | Accumulated earned revenue | Accumulated expense | Accumulated profit | Unearned advance receipts |
| Nuclear power plant construction in UAE and others | ₩ 15,314,737 | 14,396,890 | 917,847 | |

In millions of won

| | 2015 | | | |
|--|---|--------------------------------|-------------------------------|--|
| | Accumulated earned revenue | Accumulated expense | Accumulated profit | Unearned advance receipts |
| Nuclear power plant construction in UAE and others | ₩ 12,224,934 | 11,573,516 | 651,418 | |

- (3) **Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as of December 31, 2016 and 2015 are as follows:**

In millions of won

| | 2016 | | 2015 | |
|--|------------------------|-------------------------|--------------------|-------------------------|
| | Assets (*1) | Liabilities (*2) | Assets (*1) | Liabilities (*2) |
| Nuclear power plant construction in UAE and others | ₩ 44,930 | 651,985 | 55,317 | 893,992 |

(*1) Included in trade and other receivables, net, in the consolidated statements of financial position.

(*2) Included in non-financial liabilities in the consolidated statements of financial position.

(4)

The contract between the Company and ENEC (purchaser) states that disclosure of information related to UAE nuclear power plant construction projects such as contract date, contractual completion date, completion progress, unbilled construction, impairment losses, etc. is not allowed without agreement of the purchaser. ENEC did not agree to disclose such information. Accordingly, the Company did not disclose such information based on K-IFRS 1011 45.2(2) as it is probable that ENEC may file a lawsuit for breach of contract if the Company does so. Also, the Company has not disclosed such information in a registration statement, investment prospectus or annual report and reported to the audit committee that those items will not be disclosed in the notes to the financial statements.

(5) Changes in estimates of contract revenues and costs related to the Company's construction for the year ended December 31, 2016 are as follows:

In millions of won

| | | | | | 2016 | | Receivables from construction contracts | | Changes in estimated total contract costs |
|---|---|--|---|---|--------|---------------------------------------|---|-------------|---|
| | Expected loss on construction contracts | Changes in estimates of contract revenue and costs | Amounts recognized current profit or loss | Amounts recognized in future profit or loss | Assets | Allowance for doubtful Gross accounts | Allowance for doubtful Gross accounts | | |
| Transmission and distribution | ₩ | (24,494) | 46,935 | (71,429) | 16,331 | | | (1,889,473) | |
| Electric power generation (nuclear) | | | | | 1,902 | | | | |
| Plant maintenance & engineering service | 233 | 973 | 1,061 | (88) | 25,925 | 40,980 | (8,456) | 1,889 | |
| Others | | | | | 772 | | | | |
| | ₩ 233 | (23,521) | 47,996 | (71,517) | 44,930 | 40,980 | (8,456) | (1,887,584) | |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**21. Intangible Assets other than Goodwill****(1) Intangible assets as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | 2016 | | | | |
|--|--------------------|-------------------|---------------------|--------------------|----------------|
| | Acquisition | Government | Accumulated | Accumulated | Book |
| | cost | grants | amortization | impairment | value |
| | | | | losses | |
| Software | ₩ 458,382 | (595) | (365,161) | | 92,626 |
| Licenses and franchises | 3,398 | | (3,398) | | |
| Copyrights, patents rights and other industrial rights | 35,756 | | (15,675) | | 20,081 |
| Mining rights | 549,371 | | (10,511) | | 538,860 |
| Development expenditures | 785,966 | (5,152) | (723,561) | | 57,253 |
| Intangible assets under development | 119,474 | (11,090) | | (3,941) | 104,443 |
| Usage rights of donated assets and other | 426,346 | (21) | (342,244) | | 84,081 |
| Leasehold rights | 23,350 | | (18,718) | | 4,632 |
| Greenhouse gas emissions rights | 6,283 | | | | 6,283 |
| Others | 173,213 | | (88,527) | (12,124) | 72,562 |
| | ₩ 2,581,539 | (16,858) | (1,567,795) | (16,065) | 980,821 |

In millions of won

| | 2015 | | | | |
|--|--------------------|-------------------|---------------------|--------------------|--------------|
| | Acquisition | Government | Accumulated | Accumulated | Book |
| | cost | grants | amortization | impairment | value |
| | | | | losses | |
| Software | ₩ 389,220 | (699) | (331,334) | | 57,187 |
| Licenses and franchises | 3,398 | | (3,398) | | |
| Copyrights, patents rights and other industrial rights | 34,178 | | (12,303) | | 21,875 |
| Mining rights | 508,392 | | (8,855) | | 499,537 |
| Development expenditures | 751,784 | (6,835) | (699,977) | | 44,972 |
| Intangible assets under development | 94,886 | (10,483) | | | 84,403 |

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| | | | | | |
|--|------------------------|----------|-------------|----------|---------|
| Usage rights of donated assets and other | 375,275 | (32) | (326,684) | | 48,559 |
| Leasehold rights | 19,112 | | (18,367) | | 745 |
| Greenhouse gas emissions rights | 805 | | | | 805 |
| Others | 189,941 | (1) | (80,067) | (12,124) | 97,749 |
| | ₩ 2,366,991 | (18,050) | (1,480,985) | (12,124) | 855,832 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**21. Intangible Assets other than Goodwill, Continued****(2) Changes in intangible assets as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | 2016 | | | | | | |
|---|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
| | Beginning balance | Acquisition | Disposal | Amortization | Impairment | Others | Ending balance |
| Software | ₩ 57,886 | 18,267 | | (32,378) | | 49,446 | 93,221 |
| (Government grants) | (699) | | | 249 | | (145) | (595) |
| Licenses and franchises | | | | | | | |
| Copyrights, patents rights and other industrial rights | 21,875 | 85 | (39) | (2,697) | | 857 | 20,081 |
| Mining rights | 499,537 | 26,311 | | (899) | | 13,911 | 538,860 |
| Development expenditures | 51,807 | 212 | | (21,993) | | 32,379 | 62,405 |
| (Government grants) | (6,835) | | | 2,771 | | (1,088) | (5,152) |
| Intangible assets under development | 94,886 | 66,588 | | | (3,945) | (41,996) | 115,533 |
| (Government grants) | (10,483) | (1,597) | | | | 990 | (11,090) |
| Usage rights of donated assets and other | 48,591 | | | (15,513) | | 51,024 | 84,102 |
| (Government grants) | (32) | | | 11 | | | (21) |
| Leasehold rights | 745 | | | (351) | | 4,238 | 4,632 |
| Greenhouse gas emissions rights | 805 | 6,283 | | | | (805) | 6,283 |
| Others | 97,750 | 8,273 | (550) | (8,916) | 3 | (23,998) | 72,562 |
| (Government grants) | (1) | | | 1 | | | |
| | ₩ 855,832 | 124,422 | (589) | (79,715) | (3,942) | 84,813 | 980,821 |

In millions of won

| | 2015 | | | | | | |
|---|------------------------------|--------------------|-----------------|---------------------|-------------------|---------------|---------------------------|
| | Beginning balance | Acquisition | Disposal | Amortization | Impairment | Others | Ending balance |
| Software | ₩ 52,556 | 10,477 | (2) | (29,795) | 187 | 24,463 | 57,886 |
| (Government grants) | (488) | | | 177 | | (388) | (699) |
| Licenses and franchises | 54 | | | (54) | | | |
| Copyrights, patents rights and other industrial rights | 22,677 | 129 | (2) | (2,866) | | 1,937 | 21,875 |

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| | | | | | | | |
|--|-----------|---------|-------|----------|------|----------|----------|
| Mining rights | 504,214 | 23,151 | | (228) | | (27,600) | 499,537 |
| Development expenditures | 55,857 | 8,096 | (5) | (24,862) | | 12,721 | 51,807 |
| (Government grants) | (8,183) | | | 2,937 | | (1,589) | (6,835) |
| Intangible assets under development | 74,909 | 40,300 | | | (22) | (20,301) | 94,886 |
| (Government grants) | (10,692) | (1,884) | | | | 2,093 | (10,483) |
| Usage rights of donated assets and other | 57,687 | | | (9,096) | | | 48,591 |
| (Government grants) | (43) | | | 11 | | | (32) |
| Leasehold rights | 779 | | | (34) | | | 745 |
| Greenhouse gas emissions rights | | 805 | | | | | 805 |
| Others | 71,734 | 6,872 | (443) | (8,456) | 88 | 27,955 | 97,750 |
| (Government grants) | (1) | | | | | | (1) |
| | ₩ 821,060 | 87,946 | (452) | (72,266) | 253 | 19,291 | 855,832 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**21. Intangible Assets other than Goodwill, Continued****(3) Significant specific intangible assets as of December 31, 2016 and 2015 are as follows:***In millions of won and thousands of Australian dollars***2016**

| Type | Description | Currency | Amount | Remaining useful years |
|--|--|----------|---------|----------------------------------|
| Software | ERP system and others | KRW | 506 | 11 months ~ 1 year and 11 months |
| | SCADA O/S (POWERON RELIANCE) | KRW | 4,206 | 3 years and 1 month |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right | KRW | 5,750 | 5 years and 9 months |
| Mining rights | Mining right of Bylong mine | AUD | 401,225 | (*) |
| Development expenditures | Development of maintenance system for utility plant | KRW | 518 | 11 months |
| Intangible assets under development | Contributions to ARP NRC DC | KRW | 41,190 | |
| Usage rights of donated assets | Sejong Haengbogdosi sharing charge | KRW | 44,502 | 9 years and 11 months |
| | Dangjin power plant load facility usage right | KRW | 26,759 | 4 years and 3 months |
| Others | Sillim electricity supply facility usage right | KRW | 2,196 | 4 years and 11 months |

(*) Mining rights are amortized using the units-of-production method and the amortization has not commenced yet.

*In millions of won and thousands of Australian dollars***2015**

| Type | Description | Currency | Amount | Remaining useful years |
|--|--|----------|--------|----------------------------------|
| Software | ERP system and others | KRW | 1,293 | 2 months ~ 2 years and 11 months |
| Copyrights, patents rights and other industrial rights | Smart technology verification and standard design project conducting right | KRW | 6,750 | 6 years and 9 months |

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| | | | | |
|-------------------------------------|--|-----|---------|-----------------------|
| Mining rights | Mining right of Bylong mine | AUD | 401,225 | (*) |
| Development expenditures | KOSPO Evolutionary Efficient & Powerful System(KEEPS) | KRW | 2,104 | 1 year and 6 months |
| | Development of maintenance system for utility plant | KRW | 1,084 | 1 year and 11 months |
| Intangible assets under development | Contributions to ARP NRC DC | KRW | 29,148 | |
| | CHF testing for best representative of HIPER/X2-Gen Fuel and development of best explanatory CHF correlation | KRW | 9,871 | |
| Usage rights of donated assets | Songdo international business district(sector 1, 3) sharing charge | KRW | 2,793 | 1 year and 10 months |
| | Dangjin power plant load facility usage right | KRW | 33,055 | 5 years and 3 months |
| Others | Shingwangju electricity supply facility usage right | KRW | 2,297 | 3 years and 5 months |
| | Sillim electricity supply facility usage right | KRW | 2,642 | 5 years and 11 months |

(*) Mining rights are amortized using the units-of-production method and the amortization has not commenced yet.

(4) For the years ended December 31, 2016 and 2015, the Company recognized research and development expenses of ₩705,504 million and ₩611,220 million, respectively.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**22. Trade and Other Payables**

Trade and other payables as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|-----------------------------|-------------|-------------|-----------|-------------|
| | Current | Non-current | Current | Non-current |
| Trade payables | ₩ 2,610,373 | | 1,957,647 | |
| Other trade payables | 1,498,582 | 3,033,780 | 1,379,035 | 3,048,299 |
| Accrued expenses | 1,152,933 | 2,161 | 1,082,880 | 2,373 |
| Leasehold deposits received | 1,426 | 1,008 | 2,451 | |
| Other deposits received | 197,711 | 93,751 | 195,237 | 105,105 |
| Finance lease liabilities | 121,176 | 420,003 | 116,885 | 542,509 |
| Dividends payable | 3,204 | | 1,562 | |
| Others (*) | 6 | 7,472 | | 20,149 |
| | ₩ 5,585,411 | 3,558,175 | 4,735,697 | 3,718,435 |

(*) Details of others as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---|---------|-------------|---------|-------------|
| | Current | Non-current | Current | Non-current |
| Advance received from local governments | ₩ | 7,472 | | 20,149 |
| Others | 6 | | | |
| | ₩ 6 | 7,472 | | 20,149 |

23. Borrowings and Debt Securities

(1) Borrowings and debt securities as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|----------------------------|------|------|
| Current liabilities | | |

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| | | |
|---|--------------|------------|
| Short-term borrowings | ₩ 805,523 | 603,673 |
| Current portion of long-term borrowings | 310,977 | 541,307 |
| Current portion of debt securities | 7,825,310 | 6,704,602 |
| Less: Current portion of discount on long-term borrowings | (979) | (953) |
| Less: Current portion of discount on debt securities | (1,753) | (1,676) |
| | 8,939,078 | 7,846,953 |
| Non-current liabilities | | |
| Long-term borrowings | 1,799,750 | 1,951,119 |
| Debt securities | 43,012,960 | 49,077,131 |
| Less: Discount on long-term borrowings | (25,859) | (18,860) |
| Less: Discount on debt securities | (86,880) | (103,067) |
| Add: Premium on debt securities | 156 | 223 |
| | 44,700,127 | 50,906,546 |
| | ₩ 53,639,205 | 58,753,499 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**23. Borrowings and Debt Securities, Continued**

(2) Repayment schedule of borrowings and debt securities as of December 31, 2016 and 2015 are as follows:

In millions of won

| | 2016 | Borrowings | Debt Securities |
|------------------|-------------|-------------------|------------------------|
| Type | | | |
| Less than 1 year | | ₩ 1,116,500 | 7,825,310 |
| 1~ 5 years | | 295,162 | 24,462,410 |
| Over 5 years | | 1,504,588 | 18,550,550 |
| | | ₩ 2,916,250 | 50,838,270 |

In millions of won

| | 2015 | Borrowings | Debt Securities |
|------------------|-------------|-------------------|------------------------|
| Type | | | |
| Less than 1 year | | ₩ 1,144,980 | 6,704,602 |
| 1~ 5 years | | 860,351 | 27,725,651 |
| Over 5 years | | 1,090,768 | 21,351,480 |
| | | ₩ 3,096,099 | 55,781,733 |

(3) Short-term borrowings as of December 31, 2016 and 2015 are as follows:

In millions of won and thousands of foreign currencies

| | 2016 | | | Foreign currency | Local currency |
|-----------------------------|----------------------------------|-------------------|---------------------------|-------------------------|-----------------------|
| Type | Creditor | Interest rate (%) | Maturity | | |
| Local short-term borrowings | Woori Investment Bank and others | 1.54~2.51 | 2017.01.25~ 2017.09.13 | | ₩ 436,800 |
| Foreign short-term | SCNT and others | 1.58~6.50 | 2017.03.30~ | USD 35,086 | 42,401 |

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| | | | | | |
|-------------------------------|-----------------------------|------------------------------|-------------|-------------|-----------|
| borrowings | | | 2017.12.03 | | |
| Foreign short-term borrowings | Export-import Bank of Korea | 3M Libor+0.54~0.63 | 2017.05.17~ | | |
| Local bank overdraft | Nonghyup Bank | 2.45 | 2017.01.05 | AUD 311,174 | 271,360 |
| Local bank overdraft | Woori Bank | Standard overdraft rate+1.12 | 2017.02.25 | | 37,000 |
| | | | | | 17,962 |
| | | | | | ₩ 805,523 |

In millions of won and thousands of U.S. dollars

2015

| Type | Creditor | Interest rate (%) | Maturity | Foreign currency | Local currency |
|-------------------------------|----------------------------------|------------------------------|-------------|------------------|----------------|
| Local short-term borrowings | Woori Investment Bank and others | 1.80~2.46 | 2016.01.04~ | | |
| Foreign short-term borrowings | ING and others | 6.50 | 2016.12.03 | | ₩ 559,530 |
| Foreign short-term borrowings | | | | USD 2,163 | 2,535 |
| Foreign short-term borrowings | Citi Bank and others | 3M Libor+0.35 | 2016.03.22 | | |
| Local bank overdraft | Woori Bank | Standard overdraft rate+1.12 | 2016.02.25 | USD 12,265 | 14,375 |
| | | | | | 27,233 |
| | | | | | ₩ 603,673 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**23. Borrowings and Debt Securities, Continued****(4) Long-term borrowings as of December 31, 2016 and 2015 are as follows:***In millions of won and thousands of foreign currencies*

| | | 2016 | | Foreign currency | Local currency |
|-----------------------------------|-----------------|--------------------------|-----------------|-----------------------------|---------------------------|
| Type | | Interest rate (%) | Maturity | | |
| Local long-term borrowings | | | | | |
| Korea Development Bank | Others | 0.50 | 2018~2044 | ₩ | 5,663 |
| | Facility | 2.45~4.60 | 2023~2028 | | 61,835 |
| | Facility | 1yr KoFC bond rate | 2018 | | |
| | | +0.31 | | | 125,000 |
| | Operating funds | 2.75 | 2018 | | 12,000 |
| KEB Hana Bank | Commercial | 3M CD+0.14 | 2017 | | |
| | Paper | | | | 100,000 |
| | Facility | 4.60 | 2028 | | 16,851 |
| | Facility | 3yr KTB rate -1.25 | 2017~2028 | | 9,655 |
| Korea Industrial Bank | PF Refinancing | CD+1.25 | 2030 | | 22,500 |
| Export-Import Bank of Korea | Project loans | 1.50 | 2026 | | 30,935 |
| Korea Resources Corporation | Development of | 3yr KTB rate -2.25 | 2022~2025 | | |
| | power resources | | | | 14,039 |
| | Facility | 3yr KTB rate -2.25 | 2017~2024 | | 3,842 |
| | Project loans | | 2022~2025 | | 3,733 |
| | Others | KTB rate -2.25 | 2024~2025 | | 12,131 |
| Shinhan Bank and others | Collateral | 2.22 | 2017 | | |
| | borrowing | | | | 30,000 |
| | Facility | CB rate+1.10 | 2028 | | 25,276 |
| | Operating funds | 2.70~2.86 | 2017~2018 | | 25,000 |
| | Others | 4.10 | 2035 | | 55,000 |
| | Others | 3yr KTB rate+1.10 | 2035 | | 55,000 |
| Kookmin Bank | Facility | MOR+0.62~0.79 | 2017~2023 | | 45,000 |
| Others | Facility | 1.75~4.60 | 2026~2029 | | 146,472 |
| | Facility | CB rate+1.10~1.20 | 2022~2028 | | 34,951 |
| | PF Refinancing | 4.10 | 2030 | | 62,500 |
| | Others | 8.00 | 2036 | | 102,347 |
| | Others | | 2028 | | 7,250 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**23. Borrowings and Debt Securities, Continued****(4) Long-term borrowings as of December 31, 2016 and 2015 are as follows, continued:***In millions of won and thousands of foreign currencies*

| | | 2016 | | | | | |
|---|----------------------------|--------------------|-----------|------------------|------------|----------------|-----------|
| Type | | Interest rate (%) | Maturity | Foreign currency | | Local currency | |
| Foreign long-term borrowings | | | | | | | |
| Korea National Oil Corporation | Project loans | | 2021~2023 | USD | 8,744 | ₩ | 10,567 |
| Export-Import Bank of Korea and others | Direct loan and others | 3M Libor+2.75~3.70 | 2027 | JOD | 178,892 | | 305,332 |
| | Commercial loan and others | 3M Libor+1.50~2.50 | 2030~2033 | USD | 299,859 | | 362,379 |
| | PF Loan | 6M Libor+2.50~2.70 | 2032 | USD | 119,647 | | 144,594 |
| SCNT and others | Shareholder s loan | 6.50~8.00 | 2023 | USD | 40,618 | | 49,086 |
| | Shareholder s loan | 8.00 | 2031 | JOD | 7,128 | | 12,166 |
| PT PJB | Shareholder s loan | 12.75 | 2019 | IDR | 16,705,505 | | 1,500 |
| Samsung Life Insurance and others | Syndicated Loan | 3.10 | 2032 | JPY | 1,758,000 | | 18,227 |
| Woori Bank and others | Syndicated Loan | JPY 6M Libor+2.10 | 2032 | JPY | 1,172,000 | | 12,151 |
| SMBC and others | Equity Bridge Loan | 1M Libor+0.90 | 2019 | USD | 37,978 | | 45,897 |
| IFC and others | Others | 6M Libor+5.00 | 2031 | PKR | 11,706,160 | | 134,972 |
| Others | Others | - | 2019 | USD | 5,691 | | 6,876 |
| | | | | | | | 1,103,747 |
| | | | | | | | 2,110,727 |
| Less : Discount of long-term borrowings | | | | | | | (26,838) |
| Less : Current portion of long-term borrowings | | | | | | | (310,977) |
| Add : Current portion of discount on long-term borrowings | | | | | | | 979 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

23. Borrowings and Debt Securities, Continued

(4) Long-term borrowings as of December 31, 2016 and 2015 are as follows, continued:

In millions of won and thousands of foreign currencies

| | | 2015 | | Foreign currency | Local currency |
|-----------------------------------|--------------------------------|--------------------------|-----------------|-----------------------------|---------------------------|
| Type | | Interest rate (%) | Maturity | | |
| Local long-term borrowings | | | | | |
| Korea Development Bank | Others | 0.50 | 2018~2044 | ₩ | 6,418 |
| | Facility | 2.67~4.60 | 2023~2028 | | 52,437 |
| | Facility | 3yr KTB rate-1.25 | 2027 | | 9,000 |
| | Facility | 1yr KoFC bond rate | 2018 | | |
| | | +0.31 | | | 200,000 |
| | Operating funds | 2.75 | 2018 | | 12,000 |
| KEB Hana Bank | Commercial | 3M CD+0.03~0.54 | 2016~2017 | | |
| | Paper | | | | 500,000 |
| | Facility | 3yr KTB rate-1.25 | 2021~2028 | | 10,363 |
| | Facility | 4.60 | 2028 | | 18,411 |
| | Energy rationalization | 3yr KTB rate-1.25 | 2019 | | 650 |
| | Energy rationalization | 3.20~3.70 | 2021~2022 | | 3,835 |
| Korea Industrial Bank | PF Refinancing | CD+1.25 | 2030 | | 22,500 |
| | Others | 3yr KTB rate-1.25 | 2016 | | 4,000 |
| Export-Import Bank of Korea | Project loans | 2.00 | 2026 | | 30,935 |
| Korea Resources Corporation | Development of power resources | 3yr KTB rate-2.25 | 2022~2027 | | 44,674 |
| | Facility | 3yr KTB rate-2.25 | 2023~2024 | | 4,400 |
| | Project loans | | 2022~2027 | | 8,677 |
| | Others | 3yr KTB rate-2.25 | 2024~2025 | | 13,057 |
| Shinhan Bank and others | Collateral borrowing | 2.22 | 2017 | | 30,000 |
| | Facility | 3yr AA- CB rate | 2028 | | |
| | | +1.10 | | | 27,617 |
| | Operating funds | 2.70~3.35 | 2017~2018 | | 25,000 |

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| | | | | |
|--------------|----------------|-----------------|-----------|-----------|
| Kookmin Bank | Facility | MOR+0.62~0.79 | 2017~2023 | 25,300 |
| Others | Facility | 4.60~5.80 | 2025~2028 | 144,359 |
| | Facility | 3yr AA- CB rate | 2028 | |
| | | +1.10 | | 18,411 |
| | PF Refinancing | 4.10 | 2030 | 62,500 |
| | Others | | 2020~2036 | 45,847 |
| | Others | | 2028 | 7,250 |
| | | | | 1,327,641 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**23. Borrowings and Debt Securities, Continued****(4) Long-term borrowings as of December 31, 2016 and 2015 are as follows, continued:***In millions of won and thousands of foreign currencies*

| | | 2015 | | | | | |
|---|----------------------------|--------------------|-----------|------------------|------------|----------------|-------------|
| Type | | Interest rate (%) | Maturity | Foreign currency | | Local currency | |
| Foreign long-term borrowings | | | | | | | |
| Korea National Oil Corporation | Project loans | | 2021~2023 | USD | 8,744 | ₩ | 10,248 |
| Export-Import Bank of Korea and others | Direct loan and others | 3M Libor+2.75~3.70 | 2027 | JOD | 188,580 | | 312,104 |
| | Commercial loan and others | 3M Libor+1.50~2.50 | 2030~2033 | USD | 312,601 | | 366,368 |
| | PF Loan | 6M Libor+2.50~2.70 | 2032 | USD | 64,389 | | 75,464 |
| SCNT and others | Shareholder s loan | 6.50~8.00 | 2023 | USD | 34,924 | | 40,931 |
| | Shareholder s loan | 8.00 | 2031 | JOD | 7,128 | | 11,797 |
| PT PJB and others | Shareholder s loan | 12.75 | 2017 | IDR | 22,346,550 | | 1,899 |
| HSBC and others | Syndicated loan | 3M Libor+0.30~0.50 | 2017~2019 | USD | 31,774 | | 37,239 |
| IFC and others | Others | 6M Libor+5.00 | 2031 | PKR | 5,891,200 | | 65,805 |
| Others | Others | 3M Libor+0.65 | 2017 | USD | 199,269 | | 233,543 |
| Others | | | 2019 | USD | 8,010 | | 9,387 |
| | | | | | | | 1,164,785 |
| | | | | | | | 2,492,426 |
| Less : Discount of long-term borrowings | | | | | | | (19,813) |
| Less : Current portion of long-term borrowings | | | | | | | (541,307) |
| Add : Current portion of discount on long-term borrowings | | | | | | | 953 |
| | | | | | | | ₩ 1,932,259 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**23. Borrowings and Debt Securities, Continued****(5) Local debt securities as of December 31, 2016 and 2015 are as follows:***In millions of won*

| | Issue date | Maturity | Interest rate (%) | 2016 | 2015 |
|--|-------------|-------------|-------------------|--------------|-------------|
| Electricity Bonds (*1) | 2009.12.03~ | 2017.01.05~ | 2.73~5.51 | | |
| | 2014.08.27 | 2033.08.06 | | ₩ 19,860,000 | 22,960,000 |
| Electricity Bonds | 2012.07.10~ | 2017.07.10~ | 3M CD | | |
| | 2013.06.25 | 2018.06.25 | | | |
| | | | +0.31~0.32 | 310,000 | 910,000 |
| Corporate Bonds (*2) | 2009.05.04~ | 2017.01.17~ | 1.36~5.84 | | |
| | 2016.12.02 | 2040.12.10 | | 19,552,708 | 20,710,010 |
| | | | | 39,722,708 | 44,580,010 |
| Less : Discount on local debt securities | | | | (34,667) | (40,228) |
| Less : Current portion of local debt securities | | | | (5,650,010) | (5,730,000) |
| Add : Current portion of discount on local debt securities | | | | 728 | 1,187 |
| | | | | ₩ 34,038,759 | 38,810,969 |

(*1) Electricity Bonds 885 (₩40,000 million) can be redeemed every April 28 after three years from its issue date, April 28, 2014.

(*2) Corporate Bonds of HeeMang Sunlight Power Co., Ltd (₩2,697 million) can be redeemed every March 31 after five years from its issue date, March 31, 2016.

(6) Foreign debt securities as of December 31, 2016 and 2015 are as follows:*In millions of won and thousands of foreign currencies*

| Type | Issue date | Maturity | Interest rate (%) | 2016 | |
|------|------------|----------|-------------------|------------------|----------------|
| | | | | Foreign currency | Local currency |

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| | | | | | | | |
|-------|-----------------------|-----------------------|--------------------|-----|------------|---|--|
| FY-96 | 1996.04.01~1996.12.06 | 2026.12.06~2096.04.01 | 6.00~8.37 | USD | 249,068 | ₩ | 300,999 |
| FY-97 | 1997.01.31~1997.08.04 | 2027.02.01~2027.08.01 | 6.75~7.00 | USD | 314,717 | | 380,335 |
| FY-04 | 2004.04.23 | 2034.04.23 | 5.13 | USD | 286,920 | | 346,743 |
| FY-08 | 2008.11.27 | 2018.11.27 | 4.19 | JPY | 20,000,000 | | 207,362 |
| FY-11 | 2011.07.13~2011.07.29 | 2017.01.30~2021.07.13 | 3.63~4.75 | USD | 800,000 | | 966,800 |
| FY-12 | 2012.05.10~2012.09.19 | 2017.05.10~2022.09.19 | 2.50~3.13 | USD | 1,750,000 | | 2,114,875 |
| FY-13 | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~2.88 | USD | 1,900,000 | | 2,296,150 |
| FY-13 | 2013.09.26~2013.10.23 | 2019.03.26~2019.04.23 | 1.50~1.63 | CHF | 400,000 | | 472,532 |
| FY-13 | 2013.09.25 | 2020.09.25 | 5.75 | AUD | 325,000 | | 283,416 |
| FY-13 | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M Libor+0.84~1.50 | USD | 500,000 | | 604,250 |
| FY-14 | 2014.02.11~2014.12.02 | 2019.02.11~2029.07.30 | 2.38~3.57 | USD | 1,500,000 | | 1,812,750 |
| FY-14 | 2014.01.28~2014.07.31 | 2017.01.28~2017.07.31 | 3M Libor+0.55~1.05 | USD | 500,000 | | 604,250 |
| FY-15 | 2015.06.15 | 2025.06.15 | 3.25 | USD | 300,000 | | 362,550 |
| FY-16 | 2016.01.21 | 2021.07.21 | 2.50 | USD | 300,000 | | 362,550 |
| | | | | | | | 11,115,562 |
| | | | | | | | Less : Discount on foreign debt securities (53,966) |
| | | | | | | | Add : Premium on foreign debt securities 156 |
| | | | | | | | Less : Current portion of foreign debt securities (2,175,300) |
| | | | | | | | Add : Current portion of discount on foreign debt securities 1,025 |
| | | | | | | | ₩ 8,887,477 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**23. Borrowings and Debt Securities, Continued****(6) Foreign debt securities as of December 31, 2016 and 2015 are as follows, continued:***In millions of won and thousands of foreign currencies***2015**

| Type | Issue date | Maturity | Interest rate (%) | Foreign currency | Local currency |
|--|-----------------------|-----------------------|--------------------|------------------|----------------|
| FY-96 | 1996.04.01~1996.12.06 | 2026.12.06~2096.04.01 | 6.00~8.37 | USD | ₩ 291,990 |
| FY-97 | 1997.01.31~1997.08.04 | 2027.02.01~2027.08.01 | 6.75~7.00 | USD | 368,848 |
| FY-04 | 2004.04.23 | 2034.04.23 | 5.13 | USD | 336,270 |
| FY-06 | 2006.03.14~2006.09.29 | 2016.03.14~2016.09.29 | 5.50~6.00 | USD | 761,800 |
| FY-08 | 2008.11.27 | 2018.11.27 | 4.19 | JPY | 194,401 |
| FY-11 | 2011.07.13~2011.07.29 | 2017.01.30~2021.07.13 | 3.63~4.75 | USD | 937,600 |
| FY-12 | 2012.05.10~2012.09.19 | 2017.05.10~2022.09.19 | 2.50~3.13 | USD | 2,051,000 |
| FY-13 | 2013.02.05~2013.11.27 | 2018.02.05~2018.11.27 | 1.88~2.88 | USD | 2,226,800 |
| FY-13 | 2013.09.26~2013.10.23 | 2019.03.26~2019.04.23 | 1.50~1.63 | CHF | 474,156 |
| FY-13 | 2013.09.25 | 2020.09.25 | 5.75 | AUD | 277,258 |
| FY-13 | 2013.02.20~2013.07.25 | 2018.02.20~2018.07.25 | 3M Libor+0.84~1.50 | USD | 586,000 |
| FY-14 | 2014.02.11~2014.12.02 | 2019.02.11~2029.07.30 | 2.38~3.57 | USD | 1,758,000 |
| FY-14 | 2014.01.28~2014.07.31 | 2017.01.28~2017.07.31 | 3M Libor+0.55~1.05 | USD | 586,000 |
| FY-15 | 2015.06.15 | 2025.06.15 | 3.25 | USD | 351,600 |
| | | | | | 11,201,723 |
| Less : Discount on foreign debt securities | | | | | (64,515) |
| Add : Premium on foreign debt securities | | | | | 223 |
| Less : Current portion of foreign debt securities | | | | | (974,602) |
| Add : Current portion of discount on foreign debt securities | | | | | 489 |
| | | | | | ₩ 10,163,318 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**24. Finance Lease Liabilities****(1) Lease contracts**

The Company enters into power purchase agreements (PPA) with GS EPS and three other providers. The Company recognizes these PPAs as finance leases; under the PPAs, there is no transfer of ownership or bargain purchase option of the plants at the end of the agreement, however, the present value of the future minimum power purchase payments equals substantially all of the plants' respective fair values over a twenty-year period which makes up the major part of the respective plants' economic life.

(2) Finance lease liabilities as of December 31, 2016 and 2015 are as follows and are included in current and non-current trade and other payables, net, in the consolidated statements of financial position:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|-------------------------------|--|-------------------------------|--|
| | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| Less than 1 year | ₩ 175,512 | 121,176 | 182,072 | 116,885 |
| 1 ~ 5 years | 404,029 | 306,282 | 525,465 | 393,957 |
| More than 5 years | 152,247 | 113,721 | 206,323 | 148,552 |
| | ₩ 731,788 | 541,179 | 913,860 | 659,394 |

(3) Current and non-current portion of finance lease liabilities as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------------------|-------------|-------------|
| Current finance lease liabilities | ₩ 121,176 | 116,885 |
| Non-current finance lease liabilities | 420,003 | 542,509 |
| | ₩ 541,179 | 659,394 |

- (4) Lease payments recognized as an expense as a lessee for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
| Minimum lease payment | ₩ 177,585 | 194,960 |
| Contingent rent payment | (20,956) | (17,682) |

- (5) The Company does not have any irrevocable operating lease contracts as of December 31, 2016 and 2015.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**25. Employment Benefits****(1) Employment benefit obligations as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Net defined benefit obligations | ₩ 1,678,470 | 1,495,782 |
| Other long-term employee benefit obligations | 7,788 | 7,325 |
| | ₩ 1,686,258 | 1,503,107 |

(2) Principal assumptions on actuarial valuation as of December 31, 2016 and 2015 are as follows:

| | 2016 | 2015 |
|----------------------------------|---------------|---------------|
| Discount rate | 2.45% ~ 2.64% | 2.39% ~ 2.58% |
| Future salary and benefit levels | 5.23% | 5.43% |
| Weighted average duration | 13.34 years | 13.21 years |

(3) Details of expense relating to defined benefit plans for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--------------------------------|-------------|-------------|
| Current service cost | ₩ 378,930 | 315,811 |
| Interest cost | 67,104 | 63,808 |
| Expected return on plan assets | (23,612) | (22,557) |
| Loss from settlement | (706) | (641) |
| | ₩ 421,716 | 356,421 |

Expenses as described above are recognized in those items below in the financial statements.

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
|---------------------------|-------------|-------------|

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| | | |
|--|-----------|---------|
| Cost of sales | ₩ 312,391 | 262,760 |
| Selling and administrative expenses | 61,362 | 51,932 |
| Others (Construction-in-progress and others) | 47,963 | 41,729 |
| | ₩ 421,716 | 356,421 |

In addition, for the years ended December 31, 2016 and 2015, employee benefit obligations expenses of ₩62,435 million and ₩57,940 million, respectively, is recognized as cost of sales, and ₩11,450 million and ₩9,971 million, respectively, is recognized as selling and administrative expenses, and ₩14,024 million and ₩14,195 million, respectively, are recognized as construction-in-progress and others, relates to the Company's defined contribution plans.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**25. Employment Benefits, Continued****(4) Details of defined benefit obligations as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Present value of defined benefit obligation from funded plans | ₩ 2,867,377 | 2,426,414 |
| Fair value of plan assets | (1,188,907) | (930,632) |
| | 1,678,470 | 1,495,782 |
| Present value of defined benefit obligation from unfunded plans | | |
| Net liabilities incurred from defined benefit plans | ₩ 1,678,470 | 1,495,782 |

(5) Changes in the present value of defined benefit obligations for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
| Beginning balance | ₩ 2,426,414 | 1,992,447 |
| Current service cost | 378,930 | 315,811 |
| Interest cost (*) | 67,104 | 63,808 |
| Remeasurement component | 120,993 | 122,825 |
| Loss from settlement | (707) | (641) |
| Actual payments | (125,233) | (67,291) |
| Others | (124) | (545) |
| Ending balance | ₩ 2,867,377 | 2,426,414 |

(*) Corporate bond (AAA rated) yield at year-end is applied to the interest cost on employee benefit obligations.

(6) Changes in the fair value of plan assets for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--------------------------------|-------------|-------------|
| Beginning balance | ₩ 930,632 | 724,250 |
| Expected return | 23,612 | 22,557 |
| Remeasurement component | (5,706) | (5,924) |
| Contributions by the employers | 312,125 | 214,449 |
| Actual payments | (71,756) | (24,191) |
| Others | | (509) |
| Ending balance | ₩ 1,188,907 | 930,632 |

In addition, loss on accumulated remeasurement component amounted to ₩222,997 million and ₩202,878 million has been recognized as other comprehensive income or loss for the years ended December 31, 2016 and 2015, respectively.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**25. Employment Benefits, Continued****(7) Details of the fair value of plan assets as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
| Equity instruments | ₩ 86,054 | 12,791 |
| Debt instruments | 383,654 | 243,372 |
| Bank deposit | 305,670 | 129,350 |
| Others | 413,529 | 545,119 |
| | ₩ 1,188,907 | 930,632 |

For the years ended December 31, 2016 and 2015, actual returns on plan assets amounted to ₩17,906 million and ₩16,633 million, respectively.

(8) Remeasurement component recognized in other comprehensive income (loss) for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Actuarial gain from changes in financial assumptions | ₩ (27,792) | 140,411 |
| Experience adjustments | 148,785 | (17,586) |
| Expected return | 5,706 | 5,924 |
| | ₩ 126,699 | 128,749 |

Remeasurement component recognized as other comprehensive income or loss is recorded in retained earnings.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**26. Provisions****(1) Provisions as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---|-------------|-------------|-----------|-------------|
| | Current | Non-current | Current | Non-current |
| Employment benefits | | | | |
| Provisions for employment benefits | ₩ 810,607 | | 718,365 | |
| Litigation | | | | |
| Litigation provisions | 79,359 | 118,878 | 57,737 | 110,228 |
| Decommissioning cost | | | | |
| Nuclear plants | | 10,195,928 | | 9,684,286 |
| Spent fuel | | 1,374,225 | | 1,375,185 |
| Waste | 2,566 | 1,476,936 | | 1,502,140 |
| PCBs | | 191,744 | | 182,400 |
| Other recovery provisions | | 507 | | 862 |
| Others | | | | |
| Power plant regional support program | 152,851 | | 129,655 | |
| Transmission regional support program | 282,608 | | 228,785 | |
| Provisions for tax | 106 | 136 | | 136 |
| Provisions for financial guarantee | 458 | 29,207 | 1,839 | 2,449 |
| Provisions for RPS | 417,404 | | 363,178 | |
| Provisions for greenhouse gas emissions obligations | 249,644 | | 78,829 | |
| Others | 4,385 | 39,590 | 788 | 7,068 |
| | ₩ 1,999,988 | 13,427,151 | 1,579,176 | 12,864,754 |

(2) Changes in provisions for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | 2016 | | | | | Ending balance |
|------------------------------------|---|-------------------|--------------------|-----------|----------|-------|----------------|
| | | Beginning balance | Accretion expenses | Payment | Reversal | Other | |
| Employment benefits | | | | | | | |
| Provisions for employment benefits | ₩ | 718,365 | 1,047,342 | (947,982) | (7,108) | (10) | 810,607 |

| | | | | | | |
|---|---------------------|------------------|--------------------|-----------------|----------------|-------------------|
| Litigation | | | | | | |
| Litigation provisions | 167,965 | 124,931 | (294,403) | (20,736) | 220,480 | 198,237 |
| Decommissioning cost | | | | | | |
| Nuclear plants | 9,684,286 | 513,383 | (1,741) | | | 10,195,928 |
| Spent fuel | 1,375,185 | 469,982 | (470,942) | | | 1,374,225 |
| Waste | 1,502,140 | 49,092 | (71,998) | | 268 | 1,479,502 |
| PCBs | 182,400 | 30,675 | (21,331) | | | 191,744 |
| Other recovery provisions | 862 | | | (20) | (335) | 507 |
| Others | | | | | | |
| Power plant regional support program | 129,655 | 50,252 | (41,540) | | 14,484 | 152,851 |
| Transmission regional support program | 228,785 | 253,664 | (199,841) | | | 282,608 |
| Provisions for tax | 136 | 125 | | | (19) | 242 |
| Provisions for financial guarantee | 4,288 | 29,741 | | (4,298) | (66) | 29,665 |
| Provisions for RPS | 363,178 | 420,154 | (309,975) | (55,953) | | 417,404 |
| Provisions for greenhouse gas emissions obligations | 78,829 | 298,618 | (116,336) | (11,467) | | 249,644 |
| Others | 7,856 | 37,491 | (2,699) | (9) | 1,336 | 43,975 |
| | ₩ 14,443,930 | 3,325,450 | (2,478,788) | (99,591) | 236,138 | 15,427,139 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**26. Provisions, Continued****(2) Changes in provisions for the years ended December 31, 2016 and 2015 are as follows, continued:***In millions of won*

| | | | 2015 | | | |
|--|----------------------|-----------------------|-------------|-------------|--------|-------------------|
| | Beginning balance | Accretion expenses | Payment | Reversal | Other | Ending balance |
| Employment benefits | | | | | | |
| Provisions for employment benefits | ₩ 707,310 | 727,079 | (715,850) | (174) | | 718,365 |
| Litigation | | | | | | |
| Litigation provisions | 200,289 | 111,301 | (85,819) | (58,306) | 500 | 167,965 |
| Decommissioning cost | | | | | | |
| Nuclear plants | 10,331,270 | 650,218 | (622) | (1,296,580) | | 9,684,286 |
| Spent fuel | 1,298,749 | 568,190 | (491,754) | | | 1,375,185 |
| Waste | 1,604,241 | 58,294 | (160,699) | | 304 | 1,502,140 |
| PCBs | 199,518 | 10,359 | (27,477) | | | 182,400 |
| Other recovery provisions | 828 | 34 | | | | 862 |
| Others | | | | | | |
| Power plant regional support program | 120,093 | 37,569 | (37,648) | | 9,641 | 129,655 |
| Transmission regional support program | | 393,460 | (164,675) | | | 228,785 |
| Provisions for tax | 649 | | | (513) | | 136 |
| Provisions for financial guarantee | 3,695 | 3,528 | | (2,936) | 1 | 4,288 |
| Provisions for RPS | 329,562 | 259,964 | (165,259) | (61,089) | | 363,178 |
| Provisions for greenhouse gas emissions obligations | | 78,829 | | | | 78,829 |
| Others | 6,992 | 1,410 | (590) | 44 | | 7,856 |
| | ₩ 14,803,196 | 2,900,235 | (1,850,393) | (1,419,554) | 10,446 | 14,443,930 |

27. Government Grants**(1) Government grants as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Land | ₩ (3,204) | (3,147) |
| Buildings | (61,188) | (63,932) |
| Structures | (197,641) | (193,119) |
| Machinery | (111,064) | (108,935) |
| Vehicles | (107) | (29) |
| Equipment | (732) | (1,026) |
| Tools | (430) | (691) |
| Construction-in-progress | (135,807) | (139,898) |
| Investment properties | (64) | (13) |
| Software | (595) | (699) |
| Development expenditures | (5,152) | (6,835) |
| Intangible assets under development | (11,090) | (10,483) |
| Usage rights of donated assets and other | (21) | (32) |
| Others | | (1) |
| | ₩ (527,095) | (528,840) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**27. Government Grants, Continued****(2) Changes in government grants for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

| | Beginning balance | Receipt | Acquisition | 2016 Offset the items of depreciation expense and others | Disposal | Others | Ending balance |
|---|------------------------------|----------------|--------------------|---|-----------------|---------------|---------------------------|
| Cash | ₩ | (32,878) | | | | 32,878 | |
| Land | (3,147) | | | | 14 | (71) | (3,204) |
| Buildings | (63,932) | | | 5,299 | 731 | (3,286) | (61,188) |
| Structures | (193,119) | | | 9,491 | 2,597 | (16,610) | (197,641) |
| Machinery | (108,935) | | | 12,272 | 1,210 | (15,611) | (111,064) |
| Vehicles | (29) | | | 25 | | (103) | (107) |
| Equipment | (1,026) | | | 452 | | (158) | (732) |
| Tools | (691) | | | 295 | | (34) | (430) |
| Construction-in-progress | (139,898) | | 32,525 | | | (28,434) | (135,807) |
| Investment properties | (13) | | | 1 | | (52) | (64) |
| Software | (699) | | | 249 | | (145) | (595) |
| Development expenditures | (6,835) | | | 2,771 | | (1,088) | (5,152) |
| Intangible assets under development | (10,483) | | 991 | | | (1,598) | (11,090) |
| Usage rights of donated assets and other | (32) | | | 11 | | | (21) |
| Others | (1) | | | 1 | | | |
| | ₩(528,840) | (32,878) | 33,516 | 30,867 | 4,552 | (34,312) | (527,095) |

In millions of won

| | Beginning balance | Receipt | Acquisition | 2015 Offset the items of depreciation | Disposal | Others | Ending balance |
|--|------------------------------|----------------|--------------------|--|-----------------|---------------|---------------------------|
|--|------------------------------|----------------|--------------------|--|-----------------|---------------|---------------------------|

| | | | expense and others | | | | |
|---|---|-----------|-----------------------------------|--------|--------|--------------------|-------------|
| Cash | ₩ | (52,696) | | | | 52,696 | |
| Land | | (3,103) | | | | (44) (3,147) | |
| Buildings | | (67,700) | | 5,064 | | (1,296) (63,932) | |
| Structures | | (196,871) | | 9,178 | 1,816 | (7,242) (193,119) | |
| Machinery | | (108,750) | | 11,133 | 1,101 | (12,419) (108,935) | |
| Vehicles | | (76) | | 47 | 1 | (1) (29) | |
| Equipment | | (1,002) | | 469 | | (493) (1,026) | |
| Tools | | (862) | | 268 | | (97) (691) | |
| Construction-in-progress | | (123,938) | 11,279 | | | (27,239) (139,898) | |
| Investment properties | | (10) | | | | (3) (13) | |
| Software | | (488) | | 177 | | (388) (699) | |
| Development expenditures | | (8,183) | | 2,937 | | (1,589) (6,835) | |
| Intangible assets under development | | (10,692) | 2,093 | | | (1,884) (10,483) | |
| Usage rights of donated assets and other | | (43) | | 11 | | (32) | |
| Others | | (1) | | | | (1) | |
| | ₩ | (521,719) | (52,696) | 13,372 | 29,284 | 2,918 | 1 (528,840) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**28. Deferred Revenues**

Deferred revenue related to the Company's construction contracts as of December 31, 2016 and 2015 are as follows which included in current and non-current non-financial liabilities in the consolidated statements of financial position:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Beginning balance | ₩ 7,165,297 | 6,850,016 |
| Increase during the current year / period | 1,087,765 | 691,276 |
| Recognized as revenue during the current year / period | (427,297) | (375,995) |
| Ending balance | ₩ 7,825,765 | 7,165,297 |

29. Non-financial Liabilities

Non-financial liabilities as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|----------------|--------------------|----------------|--------------------|
| | Current | Non-current | Current | Non-current |
| Advance received | ₩ 4,498,739 | 148,404 | 5,017,735 | 215,096 |
| Unearned revenue | 26,084 | 41,936 | 21,810 | 63,850 |
| Deferred revenue | 445,018 | 7,380,747 | 372,157 | 6,793,140 |
| Withholdings | 263,263 | 10,781 | 146,258 | 6,731 |
| Others | 1,135,106 | 9,737 | 762,751 | 13,435 |
| | ₩ 6,368,210 | 7,591,605 | 6,320,711 | 7,092,252 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**30. Contributed Capital****(1) Details of shares issued as of December 31, 2016 and 2015 are as follows:***In millions of won except share information*

| | | | 2016 | | | |
|---------------|-------------------|---------------|------------------|-----------------------|-----------------|--------------|
| | Shares | Shares | Par value | Owned by | Owned by | Total |
| | authorized | issued | per | government (*) | others | |
| | | | share | | | |
| Common shares | 1,200,000,000 | 641,964,077 | ₩ 5,000 | 1,640,385 | 1,569,435 | 3,209,820 |

(*) Korea Development Bank's ownership of ₩1,056,176 million is included.

In millions of won except share information

| | | | 2015 | | | |
|---------------|-------------------|---------------|------------------|-----------------------|-----------------|--------------|
| | Shares | Shares | Par value | Owned by | Owned by | Total |
| | authorized | issued | per | government (*) | others | |
| | | | share | | | |
| Common shares | 1,200,000,000 | 641,964,077 | ₩ 5,000 | 1,640,385 | 1,569,435 | 3,209,820 |

(*) Korea Development Bank's ownership of ₩1,056,176 million is included.

(2) Details in number of outstanding capital stock for the years ended December 31, 2016 and 2015 are as follows:

| <i>Number of shares</i> | 2016 | 2015 |
|-------------------------|-------------|-------------|
| Beginning balance | 641,964,077 | 641,964,077 |
| Ending balance | 641,964,077 | 641,964,077 |

(3) Details of share premium as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
| Share premium | ₩ 843,758 | 843,758 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**31. Retained Earnings and Dividends Paid****(1) Details of retained earnings as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|--------------|-------------|
| Legal reserve (*) | ₩ 1,604,910 | 1,604,910 |
| Voluntary reserves | 31,847,275 | 23,720,167 |
| Retained earnings before appropriations | 19,721,686 | 22,862,164 |
| Retained earnings | ₩ 53,173,871 | 48,187,241 |

(*) The KEPCO Act requires KEPCO to appropriate a legal reserve equal to at least 20 percent of net income for each accounting period until the reserve equals 50 percent of KEPCO's common stock. The legal reserve is not available for cash dividends; however, this reserve may be credited to paid-in capital or offset against accumulated deficit by the resolution of the shareholders.

(2) Details of voluntary reserves as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---|--------------|-------------|
| Reserve for investment on social overhead capital | ₩ 5,277,449 | 5,277,449 |
| Reserve for research and human development (*) | 330,000 | 330,000 |
| Reserve for business expansion | 26,029,826 | 17,902,718 |
| Reserve for equalizing dividends | 210,000 | 210,000 |
| | ₩ 31,847,275 | 23,720,167 |

(*) The reserve for research and human development is appropriated by KEPCO to use as qualified tax credits to reduce corporate tax liabilities. The reserve is available for cash dividends for a certain period as defined by the Tax Incentive Control Law of Korea.

(3) Changes in retained earnings for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|--------------|-------------|
| Beginning balance | ₩ 48,187,241 | 35,303,647 |
| Net profit for the period attributed to owner of the Company | 7,048,581 | 13,289,127 |
| Changes in equity method retained earnings | (2,532) | (280) |
| Remeasurement of defined benefit liability, net of tax | (69,330) | (84,271) |
| Dividend paid | (1,990,089) | (320,982) |
| Ending balance | ₩ 53,173,871 | 48,187,241 |

(4) Dividends paid for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | | | |
|---------------------------|--------------------------------|----------------------------------|--|--|-----------------------|
| | Number of shares issued | Number of treasury stocks | Number of shares eligible for dividends | Dividends paid per share (In won) | Dividends paid |
| Common shares | 641,964,077 | | 641,964,077 | ₩ 3,100 | 1,990,089 |

| <i>In millions of won</i> | 2015 | | | | |
|---------------------------|--------------------------------|----------------------------------|--|--|-----------------------|
| | Number of shares issued | Number of treasury stocks | Number of shares eligible for dividends | Dividends paid per share (In won) | Dividends paid |
| Common shares | 641,964,077 | | 641,964,077 | ₩ 500 | 320,982 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**31. Retained Earnings and Dividends Paid, Continued****(5) Changes in retained earnings of investments in associates and joint ventures for the years ended December 31, 2016 and 2015 are as follows :**

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------|-------------|-------------|
| Beginning balance | ₩(2,411) | (2,131) |
| Changes | (2,532) | (280) |
| Ending balance | ₩(4,943) | (2,411) |

(6) Changes in remeasurement components related to defined benefit liability for the years ended December 31, 2016 and 2015 are as follows :

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Beginning balance | ₩(202,878) | (116,705) |
| Changes | (119,316) | (127,184) |
| Income tax effect | 49,986 | 42,913 |
| Transfer to reserve for business expansion | 49,211 | (1,902) |
| Ending balance | ₩(222,997) | (202,878) |

32. Statement of Appropriation of Retained Earnings

For the year ended December 31, 2015, KEPCO's retained earnings were appropriated on March 22, 2016.

For the year ended December 31, 2016, KEPCO's retained earnings are expected to be appropriated on March 21, 2017. Statements of appropriation of retained earnings of KEPCO, the controlling company, for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won except for dividends per share</i> | 2016 | 2015 |
|--|-------------|-------------|
| I. Retained earnings before appropriations | | |

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| | | | |
|---|------------|-------------|--------------|
| Unappropriated retained earnings carried over from prior years | ₩ | | |
| Net income | | 4,261,986 | 10,165,653 |
| Remeasurements of the defined benefit plan | | (4,328) | (48,457) |
| | | 4,257,658 | 10,117,196 |
| II. Transfer from voluntary reserves | | | |
| III. Subtotal (I+II) | | 4,257,658 | 10,117,196 |
| IV. Appropriations of retained earnings | | (4,257,658) | (10,117,196) |
| Legal reserve | | | |
| Dividends (government, individual) | | | |
| (Amount of dividends per share (%) : Current year | | | |
| ₩1,980 (40%) | | | |
| | | | |
| | Prior year | ₩3,100 | |
| (62%) | | (1,271,089) | (1,990,089) |
| Reserve for business expansion | | (2,986,569) | (8,127,107) |
| V. Unappropriated retained earnings to be carried over forward to subsequent year | | | |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**33. Hybrid Bonds**

Bond-type hybrid securities classified as equity (non-controlling interest) as of December 31, 2016 are as follows:

In millions of won

| Issuer | Hybrid bond | Issued date | Maturity | Yield (%) | Amount |
|----------------------------------|---------------|-------------|------------|----------------------------------|-----------|
| Korea Western Power Co., Ltd. | 1st bond-type | | | | |
| | hybrid bond | 2012.10.18 | 2042.10.18 | 5yr government bond rate+1.20 | ₩ 100,000 |
| Korea South-East Power Co., Ltd. | 1st bond-type | | | | |
| | hybrid bond | 2012.12.07 | 2042.12.06 | 4.38 | 170,000 |
| Korea South-East Power Co., Ltd. | 2nd bond-type | | | | |
| | hybrid bond | 2012.12.07 | 2042.12.06 | 4.44 | 230,000 |
| Expense of issuance | | | | | (1,340) |
| | | | | | ₩ 498,660 |

Although these instruments have contractual maturity dates, the contractual agreements allow these subsidiaries to indefinitely extend the maturity dates and defer the payment of interest without modification to the other terms of the instruments. When the Company decides to not pay dividends on ordinary shares, they are not required to pay interest on the hybrid bonds.

Substantially, as these instruments have no contractual obligation to pay principal and interest, these instruments have been classified as equity (non-controlling interest) in the Company's consolidated financial statements.

34. Other Components of Equity

(1) Other components of equity as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--------------------------------------|-------------|------------|
| Other capital surplus | ₩ 1,235,146 | 1,197,388 |
| Accumulated other comprehensive loss | (33,875) | (98,713) |
| Other equity | 13,294,973 | 13,294,973 |

₩ 14,496,244 14,393,648

(2) Changes in other capital surplus for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | | 2015 | | |
|---|-------------------------------------|---------|-----------|-------------------------------------|----------|-----------|
| | Gain on disposal of treasury stocks | Others | Subtotal | Gain on disposal of treasury stocks | Others | Subtotal |
| Beginning balance | ₩ 387,524 | 809,864 | 1,197,388 | 387,524 | 763,878 | 1,151,402 |
| Disposal of subsidiary | | 36,008 | 36,008 | | 58,310 | 58,310 |
| Change in consolidation scope | | | | | (716) | (716) |
| Issuance of share capital of subsidiary | | 1,750 | 1,750 | | 2,536 | 2,536 |
| Income tax effect | | | | | (14,144) | (14,144) |
| Ending balance | ₩ 387,524 | 847,622 | 1,235,146 | 387,524 | 809,864 | 1,197,388 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**34. Other Components of Equity, Continued****(3) Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2016 and 2015 are as follows:***In millions of won*

| | 2016 | | | | Total |
|---|---|--|---|--|--------------|
| | Available-for-sale financial asset valuation reserve | Shares in other comprehensive income (loss) of investments in associates and joint ventures | Reserve for overseas operations translation credit | Reserve for gain (loss) on valuation of derivatives | |
| Beginning balance | ₩ (24,905) | 276,373 | (254,462) | (95,719) | (98,713) |
| Changes in the unrealized fair value of available-for-sale financial assets, net of tax | 61,275 | | | | 61,275 |
| Shares in other comprehensive loss of associates and joint ventures, net of tax | | (54,918) | | | (54,918) |
| Foreign currency translation of foreign operations, net of tax | | | 31,406 | | 31,406 |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | | | | 27,075 | 27,075 |
| Ending balance | ₩ 36,370 | 221,455 | (223,056) | (68,644) | (33,875) |

In millions of won

| | 2015 | | | | Total |
|-------------------|---|---|---|--|--------------|
| | Available-for-sale financial asset valuation reserve | Shares in other comprehensive income of investments in associates and joint ventures | Reserve for overseas operations translation credit | Reserve for gain (loss) on valuation of derivatives | |
| Beginning balance | ₩ (34,649) | 186,897 | (255,641) | (98,876) | (202,269) |

| | | | | | |
|---|------------|---------|-----------|----------|----------|
| Changes in the unrealized fair value of available- for-sale financial assets, net of tax | 9,744 | | | | 9,744 |
| Shares in other comprehensive income of associates and joint ventures, net of tax | | 89,476 | | | 89,476 |
| Foreign currency translation of foreign operations, net of tax | | | 1,179 | | 1,179 |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | | | | 3,157 | 3,157 |
| Ending balance | ₩ (24,905) | 276,373 | (254,462) | (95,719) | (98,713) |

(4) Details of other equity as of ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|-------------------------------|--------------|------------|
| Statutory revaluation reserve | ₩ 13,295,098 | 13,295,098 |
| Changes in other equity | (125) | (125) |
| | ₩ 13,294,973 | 13,294,973 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**35. Sales**

Details of sales for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | | 2015 | | |
|--|-----------------|-----------------|--------------|-----------------|-----------------|--------------|
| | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Sales of goods | ₩ 54,982,095 | 397,392 | 55,379,487 | 53,961,463 | 405,573 | 54,367,036 |
| Electricity | 54,304,529 | | 54,304,529 | 53,229,470 | | 53,229,470 |
| Heat supply | 181,597 | | 181,597 | 204,987 | | 204,987 |
| Others | 495,969 | 397,392 | 893,361 | 527,006 | 405,573 | 932,579 |
| Sales of service | 195,697 | 161,046 | 356,743 | 209,189 | 244,298 | 453,487 |
| Sales of construction services | 132,219 | 3,894,638 | 4,026,857 | 180,424 | 3,580,780 | 3,761,204 |
| Revenue related to transfer of assets from customers | 427,297 | | 427,297 | 375,995 | | 375,995 |
| | ₩ 55,737,308 | 4,453,076 | 60,190,384 | 54,727,071 | 4,230,651 | 58,957,722 |

36. Selling and Administrative Expenses

(1) Selling and administrative expenses for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|-----------------------------------|-------------|-------------|
| Salaries | ₩ 734,930 | 655,432 |
| Retirement benefit expense | 72,812 | 61,903 |
| Welfare and benefit expense | 162,243 | 119,866 |
| Insurance expense | 11,513 | 10,636 |
| Depreciation | 169,431 | 102,867 |
| Amortization of intangible assets | 35,171 | 40,465 |
| Bad debt expense | 38,719 | 290 |
| Commission | 605,879 | 562,171 |
| Advertising expense | 34,658 | 30,085 |
| Training expense | 6,314 | 4,988 |
| Vehicle maintenance expense | 10,390 | 10,529 |
| Publishing expense | 3,643 | 3,124 |
| Business development expense | 3,477 | 3,338 |

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| | | |
|----------------------------------|--------------------|------------------|
| Rent expense | 40,020 | 44,905 |
| Telecommunication expense | 25,448 | 22,678 |
| Transportation expense | 596 | 753 |
| Taxes and dues | 46,531 | 55,970 |
| Expendable supplies expense | 6,834 | 7,272 |
| Water, light and heating expense | 9,720 | 9,558 |
| Repairs and maintenance expense | 75,122 | 74,330 |
| Ordinary development expense | 188,063 | 178,472 |
| Travel expense | 16,115 | 14,388 |
| Clothing expense | 8,273 | 5,751 |
| Survey and analysis expense | 666 | 590 |
| Membership fee | 1,132 | 1,040 |
| Others | 331,532 | 131,860 |
| | ₩ 2,639,232 | 2,153,261 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**36. Selling and Administrative Expenses, Continued****(2) Other selling and administrative expenses for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--------------------------------------|-------------|-------------|
| Accommodation development expenses | ₩ 186,896 | 28,134 |
| Miscellaneous wages | 31,907 | 43,109 |
| Litigation and filing expenses | 12,328 | 10,670 |
| Compensation for damages | 60,341 | 9,032 |
| Outsourcing expenses | 3,530 | 2,865 |
| Reward expenses | 3,267 | 2,472 |
| Overseas market development expenses | 2,177 | 1,541 |
| Others | 31,086 | 34,037 |
| | ₩ 331,532 | 131,860 |

37. Other Non-operating Income and Expense**(1) Other non-operating income for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Reversal of other provisions | ₩ 22,034 | 6,355 |
| Reversal of other allowance for bad debt | 5,489 | 413 |
| Gains on government grants | 111 | 204 |
| Gains on assets contributed | 12,254 | 9,004 |
| Gains on liabilities exempted | 1,959 | 2,588 |
| Compensation and reparations revenue | 114,530 | 166,355 |
| Revenue from research contracts | 13,143 | 5,342 |
| Rental income | 211,580 | 196,406 |
| Others | 31,787 | 45,552 |
| | ₩ 412,887 | 432,219 |

(2) Details of others of other non-operating income for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-----------------|---------------|
| Refund of claim for rectification | ₩ 8,722 | 7,623 |
| Adjustment of research project | 4,148 | 4,090 |
| Maintenance expenses on lease building | 354 | 324 |
| Training expenses | 4,478 | 4,774 |
| Deposit redemption | 991 | 430 |
| Reversal of expenses on litigation | 893 | 219 |
| Revenue on royalty fee | 2,486 | 2,739 |
| Reimbursement of insurance fee | | 11,797 |
| Gains on guarantee contracts | 2,796 | 4,523 |
| Others | 6,919 | 9,033 |
| | ₩ 31,787 | 45,552 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**37. Other Non-operating Income and Expense, Continued****(3) Other non-operating expense for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Compensation and indemnification expense | ₩ | 16,959 |
| Accretion expenses of other provisions | 4,556 | 4,575 |
| Depreciation expenses on investment properties | 678 | 669 |
| Depreciation expenses on idle assets | 6,639 | 6,698 |
| Other bad debt expense | 4,585 | 18,473 |
| Donations | 114,094 | 34,134 |
| Others | 58,072 | 27,340 |
| | ₩ 188,624 | 108,848 |

(4) Details of others of other non-operating expense for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Operating expenses related to the idle assets | ₩ 459 | 779 |
| Research grants | 1,461 | 1,392 |
| Supporting expenses on farming and fishing village | 15,201 | 14,626 |
| Operating expenses on fitness center | 2,706 | 2,912 |
| Expenses on adjustment of research and development grants | | 709 |
| Forfeit of taxes and dues | 4,582 | 1,105 |
| Expenses on R&D supporting | 690 | 146 |
| Movement expense | | 3,191 |
| Others | 32,973 | 2,480 |
| | ₩ 58,072 | 27,340 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**38. Other Gains (Losses)****(1) Composition of other gains (losses) for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|-----------------|------------------|
| Other gains | | |
| Gains on disposal of property, plant and equipment | ₩ 74,035 | 8,637,508 |
| Gains on disposal of intangible assets | | 32 |
| Reversal of impairment loss on intangible assets | 3 | 275 |
| Gains on foreign currency translation | 15,311 | 13,784 |
| Gains on foreign currency transaction | 55,377 | 61,007 |
| Gains on insurance proceeds | | 30 |
| Others | 187,792 | 162,128 |
| Other losses | | |
| Losses on disposal of property, plant and equipment | (42,715) | (73,073) |
| Losses on disposal of intangible assets | (158) | (16) |
| Impairment loss on property, plant and equipment | | (30,344) |
| Impairment loss on intangible assets | (3,945) | (22) |
| Losses on foreign currency translation | (23,835) | (15,097) |
| Losses on foreign currency transaction | (72,058) | (75,615) |
| Others | (119,309) | (69,824) |
| | ₩ 70,498 | 8,610,773 |

(2) Details of others of other gains for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Gains on disposal of inventories | ₩ 9,494 | 10,758 |
| Gains on valuation of inventories | 2 | 7 |
| Gains on proxy collection of TV license fee | 38,991 | 38,529 |
| Gains on compensation of impaired electric poles | 3,650 | |
| Gains on compensation for infringement on contract | 3,040 | 7,414 |
| Gains on harbor facilities dues | 2,957 | 5,943 |
| Gains on technical fees | 1,271 | 1,258 |
| Reversal of occupation development training fees | 1,756 | 1,878 |

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| | | |
|---|-----------|---------|
| Gains on disposal of waste | 4,222 | 2,880 |
| Gains on insurance | 3,786 | 11,865 |
| Gains on litigation | | 600 |
| Gains on tax rebate | 5,226 | 1,661 |
| Gains on other commission | 4,639 | 2,177 |
| Gains on research tasks | 10 | 1,446 |
| Gains on settlement and others | 2,188 | 2,803 |
| Gains on sales of greenhouse gas emissions rights | 46 | 52 |
| Others | 106,514 | 72,857 |
| | ₩ 187,792 | 162,128 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**38. Other Gains (Losses), Continued****(3) Details of others of other losses for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|------------------|---------------|
| Losses on valuation of inventories | ₩ 2,683 | 1,318 |
| Losses on disposal of inventories | 3,092 | 13,469 |
| Losses due to disaster | 1,522 | 263 |
| Losses on rounding adjustment of electric charge surtax | 1,260 | 1,251 |
| Losses on adjustments of levies | 1,184 | 13,928 |
| Forfeit of taxes and dues | 4,582 | 190 |
| Losses on litigation | 2,581 | 488 |
| Others | 102,405 | 38,917 |
| | ₩ 119,309 | 69,824 |

39. Finance Income**(1) Finance Income for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------------------|------------------|------------------|
| Interest income | ₩ 241,778 | 241,585 |
| Dividends income | 9,446 | 14,069 |
| Gains on disposal of financial assets | 1,482 | 4 |
| Gains on valuation of derivatives | 293,830 | 610,582 |
| Gains on transaction of derivatives | 45,549 | 151,851 |
| Gains on foreign currency translation | 161,905 | 127,372 |
| Gains on foreign currency transaction | 37,553 | 37,377 |
| Other finance income | | 148 |
| | ₩ 791,543 | 1,182,988 |

(2) Interest income included in finance income for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|-------------------------------------|-------------|-------------|
| Cash and cash equivalents | ₩ 61,380 | 54,687 |
| Available-for-sale financial assets | | 29 |
| Held-to-maturity investments | 97 | 99 |
| Loans and receivables | 25,106 | 28,586 |
| Short-term financial instrument | 45,763 | 46,921 |
| Long-term financial instrument | 7,195 | 10,492 |
| Trade and other receivables | 102,237 | 100,771 |
| | ₩ 241,778 | 241,585 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**40. Finance Expenses****(1) Finance expenses for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Interest expense | ₩ 1,752,868 | 2,015,684 |
| Losses on sale of financial assets | 9 | 3,008 |
| Impairment of available-for-sale financial assets | 86,703 | 84,370 |
| Losses on valuation of derivatives | 5,762 | 17,051 |
| Losses on transaction of derivatives | 101,987 | 37,262 |
| Losses on foreign currency translation | 406,849 | 743,283 |
| Losses on foreign currency transaction | 57,889 | 113,723 |
| Losses on repayment of financial liabilities | 23,000 | 33 |
| Other | 2,020 | 1,043 |
| | ₩ 2,437,087 | 3,015,457 |

(2) Interest expense included in finance expenses for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|-----------------------------------|-------------|-------------|
| Trade and other payables | ₩ 68,375 | 84,527 |
| Short-term borrowings | 6,969 | 14,627 |
| Long-term borrowings | 91,584 | 103,503 |
| Debt securities | 1,922,900 | 2,177,855 |
| Other financial liabilities | 482,428 | 538,680 |
| | 2,572,256 | 2,919,192 |
| Less: Capitalized borrowing costs | (819,388) | (903,508) |
| | ₩ 1,752,868 | 2,015,684 |

Capitalization rates for the years ended December 31, 2016 and 2015 are 2.29%~4.16% and 2.36%~4.25% respectively.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**41. Income Taxes****(1) Income tax expense for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|--|------------------|------------------|
| Current income tax expense | | |
| Payment of income tax | ₩ 2,689,640 | 2,682,779 |
| Adjustment due to changes in estimates related to prior years | 231,113 | (23,248) |
| Current income tax directly recognized in equity | 30,059 | 37,768 |
| | 2,950,812 | 2,697,299 |
| Deferred income tax expense | | |
| Generation and realization of temporary differences | 509,762 | 48,878 |
| Changes of unrecognized tax losses, tax credit and temporary differences for prior periods | (86,845) | 71,999 |
| Changes in deferred tax on tax losses carryforwards | | 2,374,237 |
| Tax credit carryforwards | (8,588) | 47,000 |
| | 414,329 | 2,542,114 |
| Income tax expense | ₩ 3,365,141 | 5,239,413 |

(2) Reconciliation between actual income tax expense and amount computed by applying the statutory tax rate of 24.2% to income before income taxes for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---|--------------|-------------|
| Income before income tax | ₩ 10,513,468 | 18,655,786 |
| Income tax expense computed at applicable tax rate of 24.2% | 2,544,259 | 4,514,700 |
| Adjustments | | |
| Effect of applying gradual tax rate | (5,082) | (4,147) |

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| | | |
|---|-------------|-----------|
| Effect of non-taxable income | (29,554) | (8,047) |
| Effect of non-deductible expenses | 22,258 | 17,734 |
| Effects of tax credits and deduction | (194,731) | (103,435) |
| Recognition (reversal) of unrecognized deferred tax asset, net | (86,845) | 71,999 |
| Deferred income tax related to investments in subsidiaries and associates | 862,956 | 784,793 |
| Others, net | 20,767 | (10,936) |
| | 589,769 | 747,961 |
| Adjustment in respect of prior years due to change in estimate | 231,113 | (23,248) |
| Income tax expense | ₩ 3,365,141 | 5,239,413 |
| Effective tax rate | 32.0% | 28.1% |

(3) Income tax directly adjusted to shareholders equity (except for accumulated other comprehensive income (loss)) for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Dividends of hybrid securities | ₩ 5,253 | 5,253 |
| Gain on disposal of investments in subsidiaries | (7,006) | (14,144) |
| | ₩ (1,753) | (8,891) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**41. Income Taxes, Continued**

- (4) **Income tax recognized as other comprehensive income (loss) for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|---|-------------|-------------|
| Income tax recognized as other comprehensive income | | |
| (loss) Loss on valuation of available-for-sale financial assets | ₩ (8,143) | (6,315) |
| Net change in the unrealized fair value of derivatives using cash flow hedge accounting, net of tax | (18,335) | 7,253 |
| Remeasurements of defined benefit obligations | 49,986 | 42,913 |
| Investments in associates | 7,731 | 13,648 |
| Others | 573 | (10,840) |
| | ₩ 31,812 | 46,659 |

- (5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | | | 2016 Amount recognized in other comprehensive income (loss) | Amounts recognized directly in equity | Ending balance |
|---|------------------------------|---|--|--|---------------------------|
| | Beginning balance | Amounts recognized in profit or loss | | | |
| Deferred income tax on temporary differences | | | | | |
| Employee benefits | ₩ 407,342 | 36,003 | 49,986 | | 493,331 |
| Cash flow hedge | (29,013) | (6,235) | (18,335) | | (53,583) |
| Investments in associates or subsidiaries | (6,449,998) | (717,072) | 7,731 | (7,006) | (7,166,345) |
| Property, plant and equipment | (5,495,786) | (31,532) | | | (5,527,318) |
| Finance lease | (272,430) | (73,001) | | | (345,431) |

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| | | | | | |
|--|---------------------|------------------|---------------|----------------|--------------------|
| Intangible assets | 9,420 | (433) | | | 8,987 |
| Financial assets at fair value through profit or loss | (4) | (58) | | | (62) |
| Available-for-sale financial assets | (49,199) | (11,005) | (8,143) | | (68,347) |
| Deferred revenue | 215,361 | (1,502) | | | 213,859 |
| Provisions | 3,372,423 | 210,948 | | | 3,583,371 |
| Doubtful receivables | 1,405 | 1,291 | | | 2,696 |
| Other finance liabilities | 26,298 | (1,302) | | 5,253 | 30,249 |
| Gains on foreign exchange translation | 128,714 | 10,224 | | | 138,938 |
| Allowance for doubtful accounts | 18,976 | (1,724) | | | 17,252 |
| Accrued income | (11,231) | 5,864 | | | (5,367) |
| Special deduction for property, plant and equipment | (194,347) | 38 | | | (194,309) |
| Reserve for research and human development | (20,688) | 7,805 | | | (12,883) |
| Others | 576,585 | 118,712 | 573 | | 695,870 |
| | (7,766,172) | (452,979) | 31,812 | (1,753) | (8,189,092) |
| Deferred income tax on unused tax losses and tax credit | | | | | |
| Tax losses | (3) | 3 | | | |
| Tax credit | 27,115 | 8,588 | | | 35,703 |
| | 27,112 | 8,591 | | | 35,703 |
| | ₩(7,739,060) | (444,388) | 31,812 | (1,753) | (8,153,389) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**41. Income Taxes, Continued**

(5) **Changes in deferred income tax assets (liabilities) recognized in the statements of financial position for the years ended December 31, 2016 and 2015 are as follows, continued:**

In millions of won

| | Beginning balance | Amounts recognized in profit or loss | 2015 Amount recognized in other comprehensive income or loss | Amounts recognized directly in equity | Ending balance |
|--|----------------------|---|---|--|-------------------|
| Deferred income tax on temporary differences | | | | | |
| Employee benefits | ₩ 352,934 | 11,495 | 42,913 | | 407,342 |
| Cash flow hedge | 51,354 | (87,620) | 7,253 | | (29,013) |
| Investments in associates or subsidiaries | (5,769,627) | (669,035) | 2,808 | (14,144) | (6,449,998) |
| Property, plant and equipment | (5,979,863) | 484,077 | | | (5,495,786) |
| Finance lease | (197,097) | (75,333) | | | (272,430) |
| Intangible assets | 12,309 | (2,889) | | | 9,420 |
| Financial assets at fair value through profit or loss | 2,840 | (2,844) | | | (4) |
| Available-for-sale financial assets | (41,836) | (1,048) | (6,315) | | (49,199) |
| Deferred revenue | 230,644 | (15,283) | | | 215,361 |
| Provisions | 3,459,775 | (87,352) | | | 3,372,423 |
| Doubtful receivables | 1,356 | 49 | | | 1,405 |
| Other finance liabilities | 23,237 | (2,192) | | 5,253 | 26,298 |
| Gains on foreign exchange translation | 53,794 | 74,920 | | | 128,714 |
| Allowance for doubtful accounts | 15,452 | 3,524 | | | 18,976 |
| Accrued income | (3,245) | (7,986) | | | (11,231) |
| Special deduction for property, plant and equipment | (194,674) | 327 | | | (194,347) |
| Impairment of non-current assets | 86,720 | (86,720) | | | |
| Reserve for research and human development | (35,499) | 14,811 | | | (20,688) |
| Others | 460,019 | 116,566 | | | 576,585 |

| | | | | | |
|--|--------------|-------------|--------|---------|-------------|
| | (7,471,407) | (332,533) | 46,659 | (8,891) | (7,766,172) |
| Deferred income tax on unused tax losses and tax credit | | | | | |
| Tax losses | 2,176,175 | (2,176,178) | | | (3) |
| Tax credit | 98,286 | (71,171) | | | 27,115 |
| | 2,274,461 | (2,247,349) | | | 27,112 |
| | ₩(5,196,946) | (2,579,882) | 46,659 | (8,891) | (7,739,060) |

(6) Deferred income tax assets (liabilities) recognized in the statements of financial position as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|---------------------------------|--------------|-------------|
| Deferred income tax assets | ₩ 795,131 | 623,623 |
| Deferred income tax liabilities | (8,948,520) | (8,362,683) |
| | ₩(8,153,389) | (7,739,060) |

(7) Details of deductible temporary differences, tax losses and unused tax credits not recognized in the deferred income tax assets as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|----------------------------------|-------------|-------------|
| Deductible temporary differences | ₩426,718 | 441,704 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**42. Assets Held-for-Sale****Assets held-for-sale as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | 2015 |
|-----------------------------------|-------------|-------------|
| Land (*1) | ₩ 2,907 | 2,907 |
| Building (*1) | 20,366 | 20,366 |
| Investments in associates (*2, 3) | 42,569 | 56,374 |
| | ₩ 65,842 | 79,647 |

(*1) The board of directors of KEPCO Engineering & Construction Company, Inc., a subsidiary of the Company, determined to dispose the office building in Yongin as part of the government's plan to relocate state-run companies for balanced national development and moved the head office to Kimchun, Kyungangbukdo, in 2015. As the Company believes the book value of Yongin office will be recovered by a disposal transaction rather than continuous operation, it reclassified buildings, land and structures as assets held-for-sale.

(*2) Korea Western Power Co., Ltd., a subsidiary of the Company, plans to dispose certain portion of its investment in Dongducheon Dream Power Co., Ltd. and reclassified the relevant book value to non-current assets held-for-sale.

(*3) Korea Hydro & Nuclear Power Co., Ltd., a subsidiary of the Company, reclassified its investments in Yeongwol Energy Station Co., Ltd. to assets held-for-sale according to the shareholders' agreement. The reclassified amount is determined as using the lower amount of either the book value or net fair value.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**43. Expenses Classified by Nature**

Expenses classified by nature for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | |
|-----------------------------------|--|--------------------------|--------------|
| | Selling and administrative expenses | Cost of sales | Total |
| Raw materials used | ₩ | 13,470,586 | 13,470,586 |
| Salaries | 734,930 | 3,425,712 | 4,160,642 |
| Retirement benefit expense | 72,812 | 374,826 | 447,638 |
| Welfare and benefit expense | 162,243 | 507,691 | 669,934 |
| Insurance expense | 11,513 | 79,987 | 91,500 |
| Depreciation | 169,431 | 8,704,525 | 8,873,956 |
| Amortization of intangible assets | 35,171 | 44,544 | 79,715 |
| Bad debt expense | 38,719 | | 38,719 |
| Commission | 605,879 | 423,179 | 1,029,058 |
| Advertising expense | 34,658 | 9,693 | 44,351 |
| Training expense | 6,314 | 13,347 | 19,661 |
| Vehicle maintenance expense | 10,390 | 7,016 | 17,406 |
| Publishing expense | 3,643 | 4,615 | 8,258 |
| Business promotion expense | 3,477 | 4,836 | 8,313 |
| Rent expense | 40,020 | 133,670 | 173,690 |
| Telecommunication expense | 25,448 | 75,925 | 101,373 |
| Transportation expense | 596 | 5,153 | 5,749 |
| Taxes and dues | 46,531 | 464,962 | 511,493 |
| Expendable supplies expense | 6,834 | 34,668 | 41,502 |
| Water, light and heating expense | 9,720 | 25,820 | 35,540 |
| Repairs and maintenance expense | 75,122 | 1,896,656 | 1,971,778 |
| Ordinary development expense | 188,063 | 517,441 | 705,504 |
| Travel expense | 16,115 | 63,611 | 79,726 |
| Clothing expense | 8,273 | 5,363 | 13,636 |
| Survey and analysis expense | 666 | 3,209 | 3,875 |
| Membership fee | 1,132 | 8,714 | 9,846 |
| Power purchase | | 10,755,739 | 10,755,739 |
| Others | 331,532 | 4,488,065 | 4,819,597 |
| | ₩2,639,232 | 45,549,553 | 48,188,785 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**43. Expenses Classified by Nature, Continued**

Expenses classified by nature for the years ended December 31, 2016 and 2015 are as follows, continued:

| <i>In millions of won</i> | | 2015 | |
|-----------------------------------|--|--------------------------|--------------|
| | Selling and administrative expenses | Cost of sales | Total |
| Raw materials used | ₩ | 14,626,933 | 14,626,933 |
| Salaries | 655,432 | 2,962,476 | 3,617,908 |
| Retirement benefit expense | 61,903 | 320,700 | 382,603 |
| Welfare and benefit expense | 119,866 | 426,186 | 546,052 |
| Insurance expense | 10,636 | 83,910 | 94,546 |
| Depreciation | 102,867 | 8,158,884 | 8,261,751 |
| Amortization of intangible assets | 40,465 | 31,801 | 72,266 |
| Bad debt expense | 290 | | 290 |
| Commission | 562,171 | 353,703 | 915,874 |
| Advertising expense | 30,085 | 8,498 | 38,583 |
| Training expense | 4,988 | 11,186 | 16,174 |
| Vehicle maintenance expense | 10,529 | 8,323 | 18,852 |
| Publishing expense | 3,124 | 3,981 | 7,105 |
| Business promotion expense | 3,338 | 4,312 | 7,650 |
| Rent expense | 44,905 | 142,054 | 186,959 |
| Telecommunication expense | 22,678 | 73,180 | 95,858 |
| Transportation expense | 753 | 5,336 | 6,089 |
| Taxes and dues | 55,970 | 397,161 | 453,131 |
| Expendable supplies expense | 7,272 | 29,874 | 37,146 |
| Water, light and heating expense | 9,558 | 26,870 | 36,428 |
| Repairs and maintenance expense | 74,330 | 1,771,760 | 1,846,090 |
| Ordinary development expense | 178,472 | 432,748 | 611,220 |
| Travel expense | 14,388 | 52,910 | 67,298 |
| Clothing expense | 5,751 | 4,135 | 9,886 |
| Survey and analysis expense | 590 | 3,071 | 3,661 |
| Membership fee | 1,040 | 6,401 | 7,441 |
| Power purchase | | 11,428,027 | 11,428,027 |
| Others | 131,860 | 4,083,309 | 4,215,169 |

₩ 2,153,261 45,457,729 47,610,990

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**44. Earnings Per Share****(1) Basic earnings per share for the years ended December 31, 2016 and 2015 are as follows:**

| <i>In won</i> | | | |
|--------------------------|--|-------------|-------------|
| Type | | 2016 | 2015 |
| Basic earnings per share | | ₩ 10,980 | 20,701 |

(2) Net profit for the period and weighted average number of common shares used in the calculation of basic earnings per share for the years ended December 31, 2016 and 2015 are as follows

| <i>In millions of won except number of shares</i> | | | |
|--|---|-------------|-------------|
| Type | | 2016 | 2015 |
| Controlling interest in net income | ₩ | 7,048,581 | 13,289,127 |
| Profit used in the calculation of total basic earnings per share | | 7,048,581 | 13,289,127 |
| Weighted average number of common shares | | 641,964,077 | 641,964,077 |

(3) Weighted average number of common shares used in the calculation of basic earnings per share for the years ended December 31, 2016 and 2015 are as follows:

| <i>In number of shares</i> | | | |
|---|--|-------------|-------------|
| Type | | 2016 | 2015 |
| The number of common shares issued at beginning of the year | | 641,964,077 | 641,964,077 |
| Weighted average number of common shares | | 641,964,077 | 641,964,077 |

(4) There are no potential dilutive instruments and diluted earnings per share are same as basic earnings per share for the years ended December 31, 2016 and 2015.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management****(1) Capital risk management**

The Company manages its capital to ensure that entities in the Company will be able to continue while maximizing the return to shareholder through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (offset by cash and cash equivalents) and equity. The Company's overall capital risk management strategy remains unchanged from that of the prior year.

Details of the Company's capital management accounts as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--------------------------------------|--------------|-------------|
| Total borrowings and debt securities | ₩ 53,639,205 | 58,753,499 |
| Cash and cash equivalents | 3,051,353 | 3,783,065 |
| Net borrowings and debt securities | 50,587,852 | 54,970,434 |
| Total shareholder's equity | 73,050,545 | 67,942,475 |
| Debt to equity ratio | 69.25% | 80.91% |

(2) Financial risk management

The Company is exposed to various risks related to its financial instruments, such as, market risk (currency risk, interest rate risk, price risk), credit risk. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. The Company uses derivative financial instruments to hedge certain risk exposures. The Company's overall financial risk management strategy remains unchanged from that of the prior year.

(i) Credit risk

Credit risk is the risk of finance loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the sales activities, securities and derivatives. In addition, credit risk exposure may exist within financial guarantees and unused line of credits. As these financial institutions the Company makes transactions with are reputable financial institutions, the credit risk from them are considered limited. The Company decides credit transaction limits based on evaluation of client's credit, through information obtained from the credit bureau and disclosed financial position at committing contracts.

Credit risk management

Electricity sales, the main operations of the Company are the necessity for daily life and industrial activities of Korean nationals, and have importance as one of the national key industries. The Company dominates the domestic market supplying electricity to customers. The Company is not exposed to credit risk as customers of the Company are from various industries and areas. The Company uses publicly available information and its own internal data related to trade receivables, to rate its major customers and to measure the credit risk that a counter party will default on a contractual obligation. For the incurred but not recognized loss, it is measured considering overdue period.

Impairment and allowance account

In accordance with the Company policies, individual material financial assets are assessed on a regular basis, trade receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Value of the acquired collateral (including the confirmation of feasibility) and estimated collectable amounts are included in this assessment.

Allowance for bad debts assessed on a collective basis are recognized for (i) the group of assets which individually are not material and (ii) incurred but not recognized losses that are assessed using statistical methods, judgment and past experience.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(2) Financial risk management, continued**

Book values of the financial assets represent the maximum exposed amounts of the credit risk. Details of the Company's level of maximum exposure to credit risk as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | 2015 |
|--|-------------|-------------|
| Cash and cash equivalents | ₩ 3,051,353 | 3,783,065 |
| Derivative assets (trading) | 367,477 | 255,008 |
| Available-for-sale financial assets | 1,014,732 | 584,479 |
| Held-to-maturity investments | 3,244 | 3,623 |
| Loans and receivables | 834,207 | 735,057 |
| Long-term/short-term financial instruments | 2,695,926 | 5,890,866 |
| Derivative assets (using hedge accounting) | 413,897 | 362,142 |
| Trade and other receivables | 9,692,391 | 9,271,967 |
| Financial guarantee contracts (*) | 1,396,152 | 271,010 |

(*) Maximum exposure associated with the financial guarantee contracts is the maximum amounts of the obligation. As of the reporting date, there are no financial assets and non-financial assets that were acquired through the exercise of the right of collateralized assets and reinforcement of credit arrangement.

(ii) Market risk

Market risk is the risk that the Company's fair values of the financial instruments or future cash flows are affected by the changes in the market. Market risk consists of interest rate risk, currency risk and other price risk.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(2) Financial risk management, continued**

(iii) Sensitivity analysis

Significant assets and liabilities with uncertainties in underlying assumptions

Defined benefit obligation

A sensitivity analysis of defined benefit obligation assuming a 1% increase and decrease movements in the actuarial valuation assumptions as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | 2016 | | 2015 | |
|---------------------------|---|-------------|-------------|-------------|-------------|
| | | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Type | Accounts | | | | |
| Future salary increases | Increase (decrease) in defined benefit obligation | ₩ 344,874 | (304,685) | 293,205 | (271,758) |
| Discount rate | Increase (decrease) in defined benefit obligation | (305,031) | 371,689 | (267,648) | 315,870 |

Changes of employee benefits assuming a 1% increase and decrease movements in discount rate on plan asset for the years ended December 31, 2016 and 2015 are ₩9,096 million and ₩7,265 million, respectively.

Provisions

Changes in provisions due to movements in underlying assumptions as of December 31, 2016 and 2015 are as follows:

| Type | Accounts | 2016 | 2015 |
|----------------|----------------|-------|-------|
| PCBs | Inflation rate | 1.29% | 2.65% |
| | Discount rate | 2.77% | 3.21% |
| Nuclear plants | Inflation rate | 1.40% | 1.40% |
| | Discount rate | 3.55% | 3.55% |

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| | | | |
|------------|----------------|-------|-------|
| Spent fuel | Inflation rate | 2.93% | 2.93% |
| | Discount rate | 4.49% | 4.49% |

A sensitivity analysis of provisions assuming a 0.1% increase and decrease movements in the underlying assumptions as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | 2016 | | 2015 | |
|---------------------------|-----------------|----------------------|----------------------|----------------------|----------------------|
| Type | Accounts | 0.1% Increase | 0.1% Decrease | 0.1% Increase | 0.1% Decrease |
| Discount rate | PCBs | ₩ (817) | 822 | (875) | 881 |
| | Nuclear plants | (209,277) | 215,139 | (201,318) | 206,720 |
| | Spent fuel | (52,353) | 54,387 | (52,390) | 54,425 |
| Inflation rate | PCBs | 834 | (830) | 885 | (881) |
| | Nuclear plants | 240,115 | (233,553) | 220,720 | (215,086) |
| | Spent fuel | 55,173 | (53,182) | 55,212 | (53,219) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(2) Financial risk management, continued**

Management judgment effected by uncertainties in underlying assumptions

Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities as of December 31, 2016 and 2015 are as follows:

| <i>In thousands of foreign currencies</i> | Assets | | Liabilities | |
|---|-----------|-----------|-------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| AED | 7,479 | 1,481 | 1,534 | 1,705 |
| AUD | 187 | 158 | 632,613 | 595,284 |
| BDT | 49,110 | 43,332 | 833 | 889 |
| BWP | 4,296 | 301 | 3,222 | |
| CAD | | | | 858 |
| CHF | | | 400,308 | 400,029 |
| CNY | | | | 26,140 |
| EUR | 17,585 | 6,141 | 14,111 | 33,552 |
| GBP | 3 | | 110 | 99 |
| IDR | 52,568 | | | |
| INR | 1,059,092 | 972,175 | 161,631 | 206,159 |
| JOD | 1,746 | 2,972 | 5 | |
| JPY | 520,746 | 1,425,163 | 20,442,504 | 20,325,211 |
| KZT | 12,157 | 47,177 | | |
| MGA | 3,408,579 | 2,768,360 | 150,430 | 151,729 |
| MXN | | 7,704 | | |
| PHP | 415,818 | 489,309 | 136,700 | 77,337 |
| PKR | 274,090 | 211,212 | 5,051 | 12,928 |
| SAR | 1,149 | 1,083 | | |
| TWD | | | | 30 |
| USD | 1,319,524 | 1,260,094 | 9,445,567 | 9,331,854 |

| | | | |
|-----|-------|-----|-----|
| UYU | 1,307 | | 586 |
| ZAR | 386 | 238 | 75 |

A sensitivity analysis on the Company's income for the period assuming a 10% increase and decrease in currency exchange rates as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|---|---------------|--------------|--------------|--------------|
| | 10% Increase | 10% Decrease | 10% Increase | 10% Decrease |
| Type | | | | |
| Increase (decrease) of income before income tax | ₩ (1,101,372) | 1,101,372 | (1,063,285) | 1,063,285 |
| Increase (decrease) of shareholder's equity (*) | (1,101,372) | 1,101,372 | (1,063,285) | 1,063,285 |

(*) The effect on the shareholders' equity excluding the impact of income taxes.

The sensitivity analysis above is conducted for monetary assets and liabilities denominated in foreign currencies other than functional currency, without consideration of hedge effect of related derivatives, as of December 31, 2016 and 2015.

To manage its foreign currency risk related to foreign currency denominated receivables and payables, the Company has a policy to enter into currency forward agreements. In addition, to manage its foreign currency risk related to foreign currency denominated expected sales transactions and purchase transactions, the Company enters into cross-currency swap agreements.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(2) Financial risk management, continued**

Interest rate risk

The Company is exposed to interest rate risk due to its borrowing with floating interest rates. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Company's borrowings and debt securities with floating interest rates as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | | |
|---------------------------|---|-------------|-------------|
| Type | | 2016 | 2015 |
| Short-term borrowings | ₩ | 289,322 | 41,608 |
| Long-term borrowings | | 1,459,969 | 1,977,745 |
| Debt securities | | 1,518,500 | 2,082,000 |
| | | ₩3,267,791 | 4,101,353 |

A sensitivity analysis on the Company's long-term borrowings and debt securities assuming a 1% increase and decrease in interest rates, without consideration of hedge effect of related derivatives for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | 2016 | | 2015 | |
|---|---|--------------------|--------------------|--------------------|--------------------|
| Type | | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Increase (decrease) of profit before income tax | ₩ | (32,678) | 32,678 | (41,014) | 41,014 |
| Increase (decrease) of shareholder's equity (*) | | (32,678) | 32,678 | (41,014) | 41,014 |

(*) The effect on the shareholders' equity excluding the impact of income taxes.

To manage its interest rate risks, the Company enters into certain interest swap agreements or maintains an appropriate mix of fixed and floating rate borrowings.

Electricity rates risk

The Company is exposed to electricity rates risk due to the rate regulation of the government which considers the effect of electricity rate on the national economy.

A sensitivity analysis on the Company's income for the period assuming a 1% increase and decrease in price of electricity for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> Type | 2016 | | 2015 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Increase (decrease) of profit before income tax | ₩ 543,045 | (543,045) | 532,295 | (532,295) |
| Increase (decrease) of shareholder's equity (*) | 543,045 | (543,045) | 532,295 | (532,295) |

(*) The effect on the shareholders' equity excluding the impact of income taxes.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(2) Financial risk management, continued****(iv) Liquidity risk**

The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition, the Company has established credit lines on its trade financing and bank overdrafts, and through payment guarantees it has received, it maintains an adequate credit (borrowing) line. In addition, the Company has the ability to utilize excess cash or long-term borrowings for major construction investments.

The following table shows the details of maturities of non-derivative financial liabilities as of December 31, 2016 and 2015. This table, based on the undiscounted cash flows of the non-derivative financial liabilities including estimated interests, has been prepared based on the respective liabilities' earliest maturity date.

In millions of won

| Type | 2016 | | | | Total |
|-----------------------------------|---------------------|------------|------------|----------------------|------------|
| | Less than 1 year | 1~2 Years | 2~5 Years | More than 5 years | |
| Borrowings and debt securities | ₩ 10,613,185 | 9,786,209 | 19,353,498 | 24,461,835 | 64,214,727 |
| Finance lease liabilities | 175,512 | 174,534 | 229,495 | 152,247 | 731,788 |
| Trade and other payables | 5,464,234 | 307,222 | 660,426 | 2,170,525 | 8,602,407 |
| Financial guarantee contracts (*) | 249,200 | 40,617 | 865,842 | 240,493 | 1,396,152 |
| | ₩ 16,502,131 | 10,308,582 | 21,109,261 | 27,025,100 | 74,945,074 |

In millions of won

| Type | 2015 | | | | Total |
|-----------------------------------|---------------------|------------|------------|----------------------|------------|
| | Less than 1 year | 1~2 Years | 2~5 Years | More than 5 years | |
| Borrowings and debt securities | ₩ 9,862,441 | 11,252,946 | 23,642,523 | 28,566,566 | 73,324,476 |
| Finance lease liabilities | 182,072 | 175,512 | 349,953 | 206,323 | 913,860 |
| Trade and other payables | 4,618,812 | 314,361 | 617,120 | 2,244,445 | 7,794,738 |
| Financial guarantee contracts (*) | 168,885 | 62,116 | 40,009 | | 271,010 |

| | | | | |
|--------------|------------|------------|------------|------------|
| ₩ 14,832,210 | 11,804,935 | 24,649,605 | 31,017,334 | 82,304,084 |
|--------------|------------|------------|------------|------------|

(*) This represents the total guarantee amounts associated with the financial guarantee contracts. Financial guarantee liabilities which are recognized as of December 31, 2016 and 2015 are ₩29,665 million and ₩4,288 million, respectively.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(2) Financial risk management, continued**

The expected maturities for non-derivative financial assets as of December 31, 2016 and 2015 in detail are as follows:

In millions of won

| Type | Less than | | 2016 More than 5 years | Other (*) | Total |
|--|--------------|-----------|---------------------------------|-----------|------------|
| | 1 year | 1~5 Years | | | |
| Cash and cash equivalents | ₩ 3,051,353 | | | | 3,051,353 |
| Available-for-sale financial assets | | | | 1,014,732 | 1,014,732 |
| Held-to-maturity investments | 114 | 3,126 | 4 | | 3,244 |
| Loans and receivables | 198,133 | 233,564 | 439,666 | 5,591 | 876,954 |
| Long-term/short-term financial instruments | 2,281,460 | 200,001 | 214,122 | 343 | 2,695,926 |
| Trade and other receivables | 7,790,953 | 915,679 | 919,901 | 74,199 | 9,700,732 |
| | ₩ 13,322,013 | 1,352,370 | 1,573,693 | 1,094,865 | 17,342,941 |

In millions of won

| Type | Less than | | 2015 More than 5 years | Other (*) | Total |
|--|--------------|-----------|---------------------------------|-----------|------------|
| | 1 year | 1~5 Years | | | |
| Cash and cash equivalents | ₩ 3,783,065 | | | | 3,783,065 |
| Available-for-sale financial assets | | | | 584,479 | 584,479 |
| Held-to-maturity investments | 381 | 3,242 | | | 3,623 |
| Loans and receivables | 106,013 | 268,820 | 397,976 | 11,330 | 784,139 |
| Long-term/short-term financial instruments | 5,132,829 | 5,000 | 752,703 | 334 | 5,890,866 |
| Trade and other receivables | 7,476,745 | 765,979 | 958,968 | 79,202 | 9,280,894 |
| | ₩ 16,499,033 | 1,043,041 | 2,109,647 | 675,345 | 20,327,066 |

(*) The maturities cannot be presently determined.

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Derivative liabilities classified by maturity periods which from reporting date to maturity date of contract as of December 31, 2016 and 2015 are as follows:

In millions of won

| Type | 2016 | | | | |
|------------------|------------------|-----------|-----------|-------------------|-----------|
| | Less than 1 year | 1~2 Years | 2~5 Years | More than 5 years | Total |
| Gross settlement | | | | | |
| - Trading | ₩ (3,081) | (24,044) | | (2,799) | (29,924) |
| - Hedging | (2,645) | (2,645) | (56,484) | (56,575) | (118,349) |
| | ₩ (5,726) | (26,689) | (56,484) | (59,374) | (148,273) |

In millions of won

| Type | 2015 | | | | |
|------------------|------------------|-----------|-----------|-------------------|-----------|
| | Less than 1 year | 1~2 Years | 2~5 Years | More than 5 years | Total |
| Gross settlement | | | | | |
| - Trading | ₩ (9,552) | (4,627) | (47,971) | | (62,150) |
| - Hedging | 1,260 | 2,032 | (44,233) | (62,534) | (103,475) |
| | ₩ (8,292) | (2,595) | (92,204) | (62,534) | (165,625) |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(3) Fair value risk**

The fair value of the Company's actively-traded financial instruments (i.e. short-term financial assets held for trading, available-for-sale financial assets, etc.) is based on the traded market-price as of the reporting period end. The fair value of the Company's financial assets is the amount which the asset could be exchanged for or the amount a liability could be settled for.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Company uses that technique.

For trade receivables and payables, the Company considers the carrying value net of impairment as fair value. While for disclosure purposes, the fair value of financial liabilities is estimated by discounting a financial instruments with similar contractual cash flows based on the effective interest method.

(i) Fair value and book value of financial assets and liabilities as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | 2015 | |
|--|-------------|------------|------------|------------|
| | Book value | Fair value | Book value | Fair value |
| Type | | | | |
| Assets recognized at fair value | | | | |
| Available-for-sale financial assets (*1) | ₩ 1,014,732 | 1,014,732 | 584,479 | 584,479 |
| Derivative assets (trading) | 367,477 | 367,477 | 255,008 | 255,008 |
| Derivative assets (using hedge accounting) | 413,897 | 413,897 | 362,142 | 362,142 |
| Long-term financial instruments | 414,466 | 414,466 | 758,037 | 758,037 |
| Short-term financial instruments | 2,281,460 | 2,281,460 | 5,132,829 | 5,132,829 |
| | 4,492,032 | 4,492,032 | 7,092,495 | 7,092,495 |
| Assets carried at amortized cost | | | | |
| Held-to-maturity investments | 3,244 | 3,244 | 3,623 | 3,623 |
| Loans and receivables | 834,207 | 834,207 | 735,057 | 735,057 |
| Trade and other receivables | 9,692,391 | 9,692,391 | 9,271,967 | 9,271,967 |

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| | | | | |
|---|-------------|------------|------------|------------|
| Cash and cash equivalents | 3,051,353 | 3,051,353 | 3,783,065 | 3,783,065 |
| | 13,581,195 | 13,581,195 | 13,793,712 | 13,793,712 |
| Liabilities recognized at fair value | | | | |
| Derivative liabilities (trading) | 21,529 | 21,529 | 49,011 | 49,011 |
| Derivative liabilities (using hedge accounting) | 117,157 | 117,157 | 117,499 | 117,499 |
| | 138,686 | 138,686 | 166,510 | 166,510 |
| Liabilities carried at amortized cost | | | | |
| Secured borrowings | 744,565 | 744,565 | 641,363 | 641,363 |
| Unsecured bond | 50,749,793 | 54,455,659 | 55,677,213 | 59,619,941 |
| Finance lease liabilities | 541,179 | 541,179 | 659,394 | 659,394 |
| Unsecured borrowings | 2,089,885 | 2,099,574 | 2,407,690 | 2,427,847 |
| Trade and other payables (*2) | 8,602,407 | 8,602,407 | 7,794,738 | 7,794,738 |
| Bank overdraft | 54,962 | 54,962 | 27,233 | 27,233 |
| | ₩62,782,791 | 66,498,346 | 67,207,631 | 71,170,516 |

(*1) Book values of equity securities held by the Company that were measured at cost as of December 31, 2016 and 2015 are ₩138,557 million and ₩207,508 million, respectively, as a quoted market price does not exist in an active market and its fair value cannot be measured reliably.

(*2) Excludes finance lease liabilities.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(3) Fair value risk, continued**

(ii) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

The discount rate used for calculating fair value as of December 31, 2016 and 2015 are as follows:

| Type | 2016 | 2015 |
|--------------------------------|----------------|----------------|
| Derivatives | 0.02% ~ 4.16% | 0.28% ~ 4.16% |
| Borrowings and debt securities | 0.02% ~ 4.38% | 0.15% ~ 5.80% |
| Finance lease | 9.00% ~ 10.83% | 9.00% ~ 10.83% |

(iii) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> Type | 2016 | | | Total |
|---------------------------------------|-----------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value | | | | |
| Available-for-sale financial assets | ₩ 268,171 | 437,015 | 269,461 | 974,647 |
| Derivative assets | | 770,851 | 10,523 | 781,374 |

| | | | | |
|--|---------|-----------|---------|-----------|
| | 268,171 | 1,207,866 | 279,984 | 1,756,021 |
|--|---------|-----------|---------|-----------|

Financial liabilities at fair value

| | | | | |
|------------------------|--|---------|--|---------|
| Derivative liabilities | | 138,686 | | 138,686 |
|------------------------|--|---------|--|---------|

In millions of won

| Type | 2015 | | | Total |
|---------------------------------------|-----------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value | | | | |
| Available-for-sale financial assets | ₩ 196,579 | | 180,390 | 376,969 |
| Derivative assets | | 617,150 | | 617,150 |
| | 196,579 | 617,150 | 180,390 | 994,119 |

Financial liabilities at fair value

| | | | | |
|------------------------|--|---------|--|---------|
| Derivative liabilities | | 166,510 | | 166,510 |
|------------------------|--|---------|--|---------|

The fair value of available-for-sale financial assets publicly traded is measured at the closing bid price quoted at the end of the reporting period. Meanwhile, the fair value of unquoted available-for-sale financial assets is calculated using the valuation results from an external pricing service in which weighted average borrowing rates of interest of evaluated companies are used as a discount rate. The fair value of derivatives is measured using valuation model which is determined at the present value of estimated future cash flows discounted at current market interest rate.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**45. Risk Management, Continued****(3) Fair value risk, continued**

Changes of financial assets and liabilities which are classified as level 3 for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | 2016 | | | | |
|---------------------------------------|------------------------------|--|------------------|-----------------|--|
| | Beginning balance | Reclassified Acquisition category | Valuation | Disposal | Foreign currency translation Ending balance |
| Financial assets at fair value | | | | | |
| Available-for-sale financial assets | | | | | |
| Unlisted securities | ₩ 180,390 | 98,472 | (9,401) | | 269,461 |
| | | | | | |
| <i>In millions of won</i> | 2015 | | | | |
| | Beginning balance | Reclassified Acquisition category | Valuation | Disposal | Foreign currency translation Ending balance |
| Financial assets at fair value | | | | | |
| Available-for-sale financial assets | | | | | |
| Unlisted securities | ₩ 168,627 | | 11,763 | | 180,390 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**46. Service Concession Arrangements****(1) Gas Complex Thermal Power Plant at Ilijan, Philippines (BOT)****(i) Significant terms and concession period of the arrangement**

The Company has entered into a contract with National Power Corporation (the NPC), based in the Republic of the Philippines whereby the Company can collect the electricity rates which are composed of fixed costs and variable costs during the concession period after building, rehabilitating, and operating the power plant.

(ii) Rights and classification of the arrangement

The Company has the rights to use and own the power plant during the concession period from 2002 to 2022. At the end of the concession period, the Company has an obligation to transfer its ownership of the power plant to NPC.

(iii) The Company's expected future collections of service concession arrangements as of December 31, 2016 are as follows:*In millions of won*

| Type | Amounts |
|------------------|----------------|
| Less than 1 year | ₩ 126,233 |
| 1~ 2 years | 126,233 |
| 2~ 3 years | 126,233 |
| Over 3 years | 305,062 |
| | ₩ 683,761 |

(2) Hydroelectric Power Generation at Semangka, Indonesia (BOT)**(i) Significant terms and concession period of the arrangement**

The Company has entered into a contract with PT. Perusahaan Listrik Negara (the PLN) whereby the Company provides electricity generated and charge tariff rates designed to recover capital cost, fixed O&M cost, water usage

cost, variable O&M cost and special facilities cost during the concession period after building, rehabilitating, and operating the power plant for approximately 30 years (2017~2047) subsequent to the completion of plant construction.

(ii) Rights and classification of the arrangement

The Company has the rights to use and own the power plant during the concession period from 2017 to 2047. At the end of the concession period, PNL has an option to take over the ownership of the power plant from the Company.

(iii) The Company's expected future collections of service concession arrangements as of December 31, 2016 are as follows:

| <i>In millions of won</i> | |
|---------------------------|----------------|
| Type | Amounts |
| Less than 1 year | ₩ 9,210 |
| 1~ 2 years | 30,739 |
| 2~ 3 years | 30,051 |
| Over 3 years | 683,233 |
| | ₩753,233 |

(iv) Accumulated contract costs and profits related to the Company's contract in process as of December 31, 2016 were ₩113,362 million and ₩7,133 million, respectively. There are no amount due from customers and advance receipts in progress.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties****(1) Related parties of the Company as of December 31, 2016 are as follows:**

| Type | Related party |
|-----------------------------------|--|
| Parent | Republic of Korea government |
| Subsidiaries (87 subsidiaries) | Korea Hydro & Nuclear Power Co., Ltd., Korea South-East Power Co., Ltd., Korea Midland Power Co., Ltd., Korea Western Power Co., Ltd., Korea Southern Power Co., Ltd., Korea East-West Power Co., Ltd., KEPCO Engineering & Construction Company, Inc., KEPCO Plant Service & Engineering Co., Ltd., KEPCO Nuclear Fuel Co., Ltd., KEPCO KDN Co., Ltd., Garolim Tidal Power Plant Co., Ltd., Gyeonggi Green Energy Co., Ltd., Korea Offshore Wind Power Co., Ltd., KOSEP Material Co., Ltd., KEPCO International HongKong Ltd., KEPCO International Philippines Inc., KEPCO Philippines Corporation, KEPCO Ilijan Corporation, KEPCO Gansu International Ltd., KEPCO Philippines Holdings Inc., KEPCO Lebanon SARL, KEPCO Neimenggu International Ltd., KEPCO Australia Pty., Ltd., KEPCO Shanxi International Ltd., KOMIPO Global Pte Ltd., KOSEP Australia Pty., Ltd., KOMIPO Australia Pty., Ltd., KOWEPO Australia Pty., Ltd., KOMIPO Global Pte Ltd., KOSPO Australia Pty., Ltd., KEPCO Canada Energy Ltd., KEPCO Netherlands B.V., KOREA Imouraren Uranium Investment Corp., KEPCO Middle East Holding Company, Qatrana Electric Power Company, Korea Electric Power Nigeria Ltd., KOWEPO International Corporation, KOSPO Jordan LLC, Korea Waterbury Uranium Limited Partnership, PT. Cirebon Power Service, EWP America Inc., KHNP Canada Energy, Ltd., KEPCO Bylong Australia Pty., Ltd., KNF Canada Energy Limited, KEPCO Holdings de Mexico, KST Electric Power Company, KEPCO Energy Service Company, KEPCO Netherlands S3 B.V., PT. KOMIPO Pembangkitan Jawa Bali, PT KEPCO Resource Indonesia, EWP Barbados 1 SRL, PT. Tanggamus Electric Power, KOMIPO America Inc., KOSEP USA, INC., PT. EWP Indonesia, KEPCO Netherlands J3 B.V., Global One Pioneer B.V., Global Energy Pioneer B.V., Mira Power Limited, EWP Philippines Corporation, KEPCO Singapore Holdings Pte., Ltd., KOWEPO India Private Limited, KEPCO KPS Philippines Corp., KOSPO Chile SpA, PT. KOWEPO Sumsel Operation And Maintenance Services, Commerce and Industry Energy Co., Ltd., Gyeongju Wind Power Co., Ltd., California Power Holdings, LLC, DG Fairhaven Power, LLC, DG Whitefield, LLC, EWP Renewable Co., EWPRC Biomass Holdings, LLC, Springfield Power, LLC, HeeMang Sunlight Power Co., Ltd., Fujeij Wind Power Company, KOSPO Younngnam Power Co., Ltd., Global One Carbon Private Equity Investment Trust 2., Chitose Solar Power Plant LLC., Solar School Plant Co., Ltd., KEPCO Energy Solution Co. Ltd., KOSPO Power Services Limitada, KOEN Bylong Pty., Ltd., KOWEPO Bylong Pty., Ltd., KOSPO Bylong |

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Pty., Ltd., EWP Bylong Pty., Ltd., KOWEPO Lao International, KOMIPO Bylong Pty Ltd., Energy New Industry Specialized Investment Private Investment Trust

Associates

(57 associates)

Dongducheon Dream Power Co., Ltd., Korea Gas Corporation, SE Green Energy Co., Ltd., Daegu Photovoltaic Co., Ltd., Jeongam Wind Power Co., Ltd., Korea Power Engineering Service Co., Ltd., Yeongwol Energy Station Co., Ltd., KS Solar Co., Ltd., Heang Bok Do Si Photovoltaic Power Co., Ltd., Korea Electric Power Industrial Development Co., Ltd., DS POWER Co., Ltd., Goseong Green Energy Co., Ltd., Gangneung Eco Power Co., Ltd., Shin Pyeongtaek Power Co., Ltd., Naepo Green Energy Co., Ltd., Noeul Green Energy Co., Ltd., YTN Co., Ltd., Cheongna Energy Co., Ltd., Samcheok Eco Materials Co., Ltd., Gangwon Wind Power Co., Ltd., Hyundai Green Power Co., Ltd., Korea Power Exchange, AMEC Partners Korea Ltd., Hyundai Energy Co., Ltd., Ecollite Co., Ltd., Taebaek Wind Power Co., Ltd., Taebaek Guinemi Wind Power Co., Ltd. (formerly, Muju Wind Power Co., Ltd.), Pyeongchang Wind Power Co., Ltd., Daeryun Power Co., Ltd., Changjuk Wind Power Co., Ltd., KNH Solar Co., Ltd., S-Power Co., Ltd., Hadong Mineral Fiber Co., Ltd., Green Biomass Co., Ltd., SPC Power Corporation, Gemeng International Energy Co., Ltd., PT. Cirebon Electric Power, KNOC Nigerian East Oil Co., Ltd., KNOC Nigerian West Oil Co., Ltd., PT Wampu Electric Power, PT. Bayan Resources TBK, Nepal Water & Energy Development Company Private Limited, Pioneer Gas Power Limited, Eurasia Energy Holdings, Xe-Pian Xe-Namnoy Power Co., Ltd., PT. Mutiara Jawa, Jinbhuvish Power Generation Pvt. Ltd., Busan Green Energy Co., Ltd., Jungbu Bio Energy Co., Ltd., Korea Electric Vehicle Charge Service, Ulleungdo Natural Energy Co., Ltd., Korea Nuclear Partners Co., Ltd., Tamra Offshore Wind Power Co., Ltd., Korea Electric Power Corporation Fund, Energy Infra Asset Management Co., Ltd., Daegu clean Energy Co., Ltd., YaksuESS Co.,Ltd

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(1) Related parties of the Company as of December 31, 2016 are as follows, Continued:**

| Type | Related party |
|---------------------------------------|---|
| Joint ventures (41 joint ventures) | Daegu Green Power Co., Ltd., KEPCO SPC Power Corporation, Daejung Offshore Wind Power Co., Ltd., KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.), Dangjin Eco Power Co., Ltd., Honam Wind Power Co., Ltd., Seokmun Energy Co., Ltd., Incheon New Power Co., Ltd., Chun-cheon Energy Co., Ltd., Yeonggwangbaeksu Wind Power Co., Ltd., KW Nuclear Components Co., Ltd., KEPCO-Uhde Inc., GS Donghae Electric Power Co., Ltd., Busan Shinho Solar Power Co., Ltd., Global Trade Of Power System Co., Ltd., Expressway Solar-light Power Generation Co., Ltd., Gansu Datang Yumen Wind Power Company Ltd., Datang Chifeng Renewable Power Co., Ltd., Rabigh Electricity Company, Eco Biomass Energy Sdn. Bhd., Rabigh Operation & Maintenance Company, Datang KEPCO Chaoyang Renewable Power Co., Ltd., Shuweihat Asia Power Investment B.V., Shuweihat Asia Operation & Maintenance Company, Waterbury Lake Uranium L.P., ASM-BG Investicii AD, RES Technology AD, Jamaica Public Service Company Limited, KV Holdings, Inc., Datang Chaoyang Renewable Power Co., Ltd., KODE NOVUS I LLC, KODE NOVUS II LLC, Amman Asia Electric Power Company, Kelar S.A, PT. Tanjung Power Indonesia, Nghi Son 2 Power Ltd., Canada Korea Uranium Limited Partnership, Daehan Wind Power PSC, MOMENTUM, Barakah One Company, Nawah Energy Company |
| Others | Korea Development Bank |

(2) Transactions between the Company and its subsidiaries are eliminated during the consolidation and are not disclosed in notes.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(3) Related party transactions for the years ended December 31, 2016 and 2015 are as follows:****<Sales and Others>**

| <i>In millions of won</i> | | Sales and others | |
|---|-------------------------|-------------------------|-------------|
| Company name | Transaction type | 2016 | 2015 |
| <Associates> | | | |
| Dongducheon Dream Power Co., Ltd. | Electricity sales | ₩ 15,221 | 14,811 |
| Korea Gas Corporation | Electricity sales | 89,030 | 90,480 |
| Jeongam Wind Power Co., Ltd. | Electricity sales | 6 | 8 |
| Korea Power Engineering Service Co., Ltd. | Service | 1,455 | 1,743 |
| Yeongwol Energy Station Co., Ltd. | Service | 858 | 814 |
| KS Solar Co., Ltd. | Electricity sales | 20 | 21 |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Service | 2 | 1 |
| Korea Electric Power Industrial Development Co., Ltd. | Service | 10,723 | 12,361 |
| DS POWER Co., Ltd. | Service | 35,133 | 106,183 |
| Goseong Green Energy Co., Ltd. | Electricity sales | 9,195 | 9,306 |
| Gangneung Eco Power Co., Ltd. | Service | 5,223 | 9,761 |
| Shin Pyeongtaek Power Co., Ltd. | Electricity sales | 3,579 | 11,344 |
| Naepo Green Energy Co., Ltd. | Electricity sales | 104 | 66 |
| Noeul Green Energy Co., Ltd. | Electricity sales | 177 | 45 |
| Samcheok Eco Materials Co., Ltd. | Electricity sales | 64 | |
| YTN Co., Ltd. | Electricity sales | 1,785 | 1,753 |
| Busan Green Energy Co., Ltd. | Service | 133 | 1 |
| Jungbu Bio Energy Co., Ltd. | Electricity sales | 6 | |
| Korea Electric Vehicle Charge Service | Service | 89 | 2 |
| Ulleungdo Natural Energy Co., Ltd. | Service | 691 | 229 |
| Tamra Offshore Wind Power Co., Ltd., | Electricity sales | 12 | |
| Cheongna Energy Co., Ltd. | Service | 6,831 | 21,081 |
| Gangwon Wind Power Co., Ltd. | Electricity sales | 1,273 | 1,046 |
| Hyundai Green Power Co., Ltd. | Design service | 14,835 | 15,401 |
| Korea Power Exchange | Service | 7,141 | 4,272 |
| Hyundai Energy Co., Ltd. | Service | 24,719 | 25,402 |
| Taebaek Wind Power Co., Ltd. | Service | 796 | 872 |
| Pyeongchang Wind Power Co., Ltd. | Design service | 497 | 72 |
| Daeryun Power Co., Ltd. | Electricity sales | 1,516 | 1,731 |

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| | | | |
|--|-------------------|--------|--------|
| Changjuk Wind Power Co., Ltd. | Electricity sales | 863 | 754 |
| KNH Solar Co., Ltd. | Electricity sales | 17 | 17 |
| S-Power Co., Ltd. | Service | 5,994 | 7,278 |
| Busan Solar Co., Ltd. | Electricity sales | 8 | 16 |
| Green Biomass Co., Ltd. | Electricity sales | 2 | 51 |
| SPC Power Corporation | Dividend income | 8,346 | 1,433 |
| Gemeng International Energy Co., Ltd. | Dividend income | 16,476 | 37,163 |
| Dolphin Property Limited | Dividend income | 35 | |
| PT. Bayan Resources TBK | Service | 160 | 164 |
| Nepal Water & Energy Development Company | | | |
| Private Limited | Service | 375 | |
| Pioneer Gas Power Limited | Service | 164 | 274 |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | Service | 773 | 584 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(3) Related party transactions for the years ended December 31, 2016 and 2015 are as follows, continued:**

| <i>In millions of won</i> | | Sales and others | |
|--|-------------------------|-------------------------|-------------|
| Company name | Transaction type | 2016 | 2015 |
| <Joint ventures> | | | |
| Daegu Green Power Co., Ltd. | Electricity sales | ₩ 768 | 1,055 |
| KEPCO SPC Power Corporation | Service | 10,344 | 29,572 |
| Daejung Offshore Wind Power Co., Ltd. | Electricity sales | 1 | 1 |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | Commission | 1,176 | 1,315 |
| Dangjin Eco Power Co., Ltd. | Technical fee | 1,787 | 334 |
| Honam Wind Power Co., Ltd. | Electricity sales | 169 | 65 |
| Seokmun Energy Co., Ltd. | Technical fee | 1,627 | 2,395 |
| Incheon New Power Co., Ltd. | Construction revenue | 524 | 388 |
| Chun-cheon Energy Co., Ltd. | Service | 3,079 | 2,201 |
| Yeonggwangbaeksu Wind Power Co., Ltd. | Electricity sales | 1,591 | 927 |
| KW Nuclear Components Co., Ltd. | Service | 3,327 | 1,948 |
| KEPCO-Uhde Inc. | Service | 6 | |
| GS Donghae Electric Power Co., Ltd. | Electricity sales | 12,994 | 5,614 |
| Busan Shinho Solar Power Co., Ltd. | Electricity sales | 210 | 24 |
| Datang Chifeng Renewable Power Co., Ltd. | Interest income | 8,216 | 9,702 |
| Rabigh Electricity Company | Interest income | 699 | 565 |
| Rabigh Operation & Maintenance Company | Service | 2,395 | 1,780 |
| Shuweiha Asia Power Investment B.V. | Dividend income | 2,957 | |
| Shuweiha Asia Operation & Maintenance Company | Service | 1,179 | 1,006 |
| ASM-BG Investicii AD | Service | 322 | |
| Jamaica Public Service Company Limited | Service | 1,905 | 3,077 |
| KV Holdings, Inc. | Dividend income | 302 | |
| Datang KEPCO Chaoyang Renewable Power Co., LTD. | Dividend income | 440 | |
| Amman Asia Electric Power Company | Service | 21,915 | 48,968 |
| Kelar S.A | Service | 1,702 | 6,229 |
| Barakah One Company | Service | 25,244 | |
| <Others> | | | |
| Korea Development Bank | Electricity sales | 3,102 | 4,039 |
| | Interest income | 3,164 | 2,402 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued**

(3) Related party transactions for the years ended December 31, 2016 and 2015 are as follows, continued:

<Purchase and Others>

| <i>In millions of won</i> | | Purchase and others | |
|---|-----------------------------------|----------------------------|-------------|
| Company name | Transaction type | 2016 | 2015 |
| <Associates> | | | |
| Dongducheon Dream Power Co., Ltd. | Electricity purchase | ₩ 946,463 | 1,003,346 |
| Korea Gas Corporation | Purchase of power generation fuel | 3,633,198 | 4,598,763 |
| Daegu Photovoltaic Co., Ltd. | REC purchase | 3,243 | 3,978 |
| Korea Power Engineering Service Co., Ltd. | Service | 723 | 3,241 |
| Yeongwol Energy Station Co., Ltd. | REC purchase | 14,875 | 16,408 |
| KS Solar Co., Ltd. | REC purchase | 4,080 | 6,211 |
| Heang Bok Do Si Photovoltaic Power Co., Ltd. | Rental fee and others | 410 | 479 |
| Korea Electric Power Industrial Development Co., Ltd. | Electricity metering service fee | 250,057 | 273,057 |
| YTN Co., Ltd. | Advertisement fee | 554 | 440 |
| Ulleungdo Natural Energy Co., Ltd. | Electricity purchase | 60 | |
| Cheongna Energy Co., Ltd. | Services | 73 | |
| Gangwon Wind Power Co., Ltd. | Electricity purchase | 22,780 | 21,946 |
| Hyundai Green Power Co., Ltd. | Electricity purchase | 469,547 | 486,443 |
| Korea Power Exchange | Trading fees | 91,433 | 79,283 |
| Hyundai Energy Co., Ltd. | Electricity purchase | 1,313 | 1,684 |
| Taebaek Wind Power Co., Ltd. | REC purchase | 5,741 | 6,626 |
| Pyeongchang Wind Power Co., Ltd. | Services | 1,594 | |
| Daeryun Power Co., Ltd. | Electricity purchase | 244,023 | 274,379 |
| Changjuk Wind Power Co., Ltd. | Electricity purchase | 5,786 | 6,472 |
| KNH Solar Co., Ltd. | Electricity purchase | 4,006 | 4,598 |
| S-Power Co., Ltd. | Services | 437,206 | 614,658 |
| Busan Solar Co., Ltd. | Electricity purchase | 1,079 | 4,055 |
| Green Biomass Co., Ltd. | Woodchip purchase | 2,232 | 3,782 |
| <Joint ventures> | | | |
| Daegu Green Power Co., Ltd. | Electricity purchase | 263,797 | 318,221 |

| | | | |
|---|------------------------|---------|--------|
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power | | | |
| Electronics Systems, Inc.) | Service | 140,555 | 47,130 |
| Honam Wind Power Co., Ltd. | Electricity purchase | 6,776 | 5,944 |
| Yeonggwangbaeksu Wind Power Co., Ltd. | Electricity purchase | 11,208 | 4,974 |
| GS Donghae Electric Power Co., Ltd. | Service | 903 | |
| Busan Shinho Solar Power Co., Ltd. | REC purchase | 6,770 | 7,565 |
| Global Trade Of Power System Co., Ltd. | Service | 882 | 192 |
| Expressway Solar-light Power Generation Co., Ltd. | Electricity purchase | 2,942 | 3,451 |
| Jamaica Public Service Company Limited | Service | 127 | 106 |
| Amman Asia Electric Power Company | Service | | 125 |
| <Others> | | | |
| Korea Development Bank | Interest expense | 8,231 | 21,719 |
| | Provision of dividends | 654,829 | 96,087 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued**(4) **Receivables and payables arising from related party transactions as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | | Receivables | | Payables | |
|---|----------------------------------|--------------------|-------------|-----------------|-------------|
| Company name | Type | 2016 | 2015 | 2016 | 2015 |
| <Associates> | | | | | |
| Dongducheon Dream Power Co., Ltd. | Trade receivables | ₩ 1,073 | 1,206 | | |
| | Trade payables | | | 93,493 | 100,396 |
| Korea Gas Corporation | Trade receivables | 8,739 | 7,931 | | |
| | Non-trade receivables and others | 78 | 255 | | |
| | Trade payables | | | 399,563 | 302,752 |
| | Non-trade payables and others | | | 9,090 | |
| Daegu Photovoltaic Co., Ltd. | Trade payables | | | 56 | |
| Jeongam Wind Power Co., Ltd. | Non-trade payables and others | | | 4 | 1 |
| Yeongwol Energy Station Co., Ltd. | Trade receivables | 7,064 | 7,063 | | |
| | Trade payables | | | 229 | 229 |
| KS Solar Co., Ltd. | Trade receivables | 2 | 2 | | |
| | Trade payables | | | 53 | 68 |
| | Non-trade payables and others | | | | 281 |
| Korea Electric Power Industrial Development Co., Ltd. | Trade receivables | 362 | 469 | | |
| | Non-trade receivables and others | 47 | 27 | | |
| | Non-trade payables and others | | | 18,628 | 27,569 |
| DS Power Co., Ltd. | Trade receivables | 1,775 | 260 | | |
| | Non-trade payables and others | | | | 135 |
| Goseong Green Energy Co., Ltd. | Non-trade payables and others | | | 3,900 | 3,900 |
| Gangneung Eco Power Co., Ltd. | Trade receivables | 1 | 1 | | |
| | | 2,137 | 1,701 | | |

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| | | | | | |
|---------------------------------------|----------------------------------|--------|--------|--------|--------|
| | Non-trade receivables and others | | | | |
| Shin Pyeongtaek Power Co., Ltd. | Non-trade receivables and others | 215 | 272 | | |
| Naepo Green Energy Co., Ltd. | Trade receivables | 14 | 9 | | |
| Noeul Green Energy Co., Ltd. | Trade receivables | 18 | | | |
| Samcheok Eco Materials Co., Ltd. | Trade receivables | 21 | | | |
| YTN Co., Ltd. | Trade receivables | 165 | 93 | | |
| | Non-trade payables and others | | | 132 | 154 |
| Busan Green Energy Co., Ltd. | Trade receivables | 9 | | | |
| Korea Electric Vehicle Charge Service | Trade receivables | 12 | | | |
| Ulleungdo Natural Energy Co., Ltd. | Non-trade receivables and others | 111 | | | |
| Cheongna Energy Co., Ltd. | Trade receivables | 165 | 157 | | |
| | Non-trade receivables and others | | 375 | | |
| | Non-trade payables and others | | | 82 | |
| Gangwon Wind Power Co., Ltd. | Trade receivables | 8 | 12 | | |
| | Trade payables | | | 2,031 | 1,753 |
| Hyundai Green Power Co., Ltd. | Trade receivables | 569 | 962 | | |
| | Trade payables | | | 31,507 | 36,079 |
| Korea Power Exchange | Trade receivables | 1,066 | 1,452 | | |
| | Non-trade receivables and others | 53 | 112 | | |
| | Trade payables | | | | 3,529 |
| | Non-trade payables and others | | | 1,235 | 1,529 |
| Hyundai Energy Co., Ltd. | Trade receivables | 72 | 44,510 | | |
| | Non-trade receivables and others | 68,798 | | | |
| | Trade payables | | | 86 | 178 |
| | Non-trade payables and others | | | | 8,030 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of December 31, 2016 and 2015 are as follows, continued:**

| <i>In millions of won</i> | | Receivables | | Payables | |
|----------------------------------|----------------------------------|--------------------|-------------|-----------------|-------------|
| Company name | Type | 2016 | 2015 | 2016 | 2015 |
| Ecollite Co., Ltd. | Non-trade receivables and others | ₩ 210 | 210 | | |
| Taebaek Wind Power Co., Ltd. | Non-trade receivables and others | 112 | 147 | | |
| | Trade payables | | | 386 | 349 |
| | Non-trade payables and others | | | 304 | |
| Pyeongchang Wind Power Co., Ltd. | Trade receivables | 4 | | | |
| | Non-trade receivables and others | | 170 | | |
| | Non-trade payables and others | | | 255 | |
| Daeryun Power Co., Ltd. | Trade receivables | 140 | 117 | | |
| | Trade payables | | | 21,646 | 27,374 |
| Changjuk Wind Power Co., Ltd. | Non-trade receivables and others | 100 | 153 | | |
| | Trade payables | | | 358 | |
| | Non-trade payables and others | | | 334 | 330 |
| KNH Solar Co., Ltd. | Trade receivables | 1 | 2 | | |
| | Non-trade payables and others | | | 204 | |
| S-Power Co., Ltd. | Trade receivables | 142 | 121 | | |
| | Non-trade receivables and others | 393 | | | |
| | Trade payables | | | 51,844 | 54,141 |
| Green Biomass Co., Ltd. | Non-trade receivables and others | | 109 | | |
| | Non-trade payables and others | | | 113 | 152 |
| Nepal Water & Energy Development | | 889 | | | |

| | | | | | |
|--|----------------------------------|-------|-------|--------|--------|
| Company Private Limited | Non-trade receivables and others | | | | |
| Pioneer Gas Power Limited | Non-trade receivables and others | 82 | 26 | | |
| Xe-Pian Xe-Namnoy Power Co., Ltd. | Non-trade receivables and others | 58 | | | |
| <Joint ventures> | | | | | |
| Daegu Green Power Co., Ltd. | Trade receivables | 52 | 95 | | |
| | Non-trade receivables and others | 1 | | | |
| | Trade payables | | | 27,400 | 22,200 |
| KEPCO SPC Power Corporation | Non-trade receivables and others | 2,349 | 252 | | |
| KAPES, Inc. (formerly, KEPCO-ALSTOM Power Electronics Systems, Inc.) | Non-trade receivables and others | 235 | 251 | | |
| | Non-trade payables and others | | | 11,992 | 61 |
| Dangjin Eco Power Co., Ltd. | Non-trade receivables and others | 833 | 300 | | |
| Honam Wind Power Co., Ltd. | Trade payables | | | 424 | 342 |
| | Non-trade payables and others | | | 3,082 | 2,124 |
| Seokmun Energy Co., Ltd. | Trade receivables | 114 | | | |
| | Non-trade receivables and others | 160 | 2,086 | | |
| Incheon New Power Co., Ltd. | Trade receivables | 128 | 128 | | |
| Chun-cheon Energy Co., Ltd. | Non-trade receivables and others | 255 | 112 | | |
| Yeonggwangbaeksu Wind Power Co., Ltd. | Trade receivables | 6 | 7 | | |
| | Non-trade receivables and others | 145 | 136 | | |
| | Trade payables | | | 761 | 627 |
| | Non-trade payables and others | | | 1,362 | 2,000 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(4) Receivables and payables arising from related party transactions as of December 31, 2016 and 2015 are as follows, continued:**

| <i>In millions of won</i> | | Receivables | | Payables | |
|--|----------------------------------|--------------------|-------------|-----------------|-------------|
| Company name | Type | 2016 | 2015 | 2016 | 2015 |
| KEPCO-Uhde Inc. | Non-trade payables and others | ₩ | | 4 | |
| GS Donghae Electric Power Co., Ltd. | Trade receivables | 775 | 970 | | |
| | Non-trade receivables and others | 1,497 | 1,216 | | |
| | Non-trade payables and others | | | 993 | |
| Busan Shinho Solar Power Co., Ltd. | Trade receivables | 3 | 2 | | |
| | Trade payables | | | 129 | 272 |
| | Non-trade payables and others | | | 670 | 970 |
| Datang Chifeng Renewable Power Co., Ltd. | Non-trade receivables and others | 210 | 368 | | |
| Rabigh Operation & Maintenance Company | Trade receivables | 2,275 | | | |
| | Non-trade receivables and others | | 1,780 | | |
| ASM-BG Investicii AD | Non-trade receivables and others | 64 | | | |
| Jamaica Public Service Company Limited | Trade receivables | 615 | 1,193 | | |
| | Non-trade receivables and others | | 581 | | |
| Amman Asia Electric Power Company | Trade receivables | 2,509 | 739 | | |
| <Others> | | | | | |
| Korea Development Bank | Accrued interest income | 672 | 212 | | |
| | Non-trade receivables and others | 217,481 | 45,623 | | |
| | Non-trade payables and others | | | 408 | 493 |
| | Derivatives | 25,306 | 3,777 | 3,278 | 2,313 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(5) Loans and others arising from related party transactions as of December 31, 2016 and 2015 are as follows:***In millions of won*

| Type | Company name | Beginning balance | Loans | Collection | Others | Ending balance |
|----------------|-----------------------------------|-------------------|---------|------------|--------|----------------|
| Associates | KNOC Nigerian East Oil Co., Ltd., | | | | | |
| | KNOC Nigerian West Oil Co., Ltd. | ₩ 28,296 | 129 | | 857 | 29,282 |
| | (Allowance for doubtful accounts) | (17,755) | | | (436) | (18,191) |
| Associates | PT. Cirebon Electric Power | 40,979 | 2,976 | (17,838) | 616 | 26,733 |
| Associates | PT. Mutiara Jawa | 450 | | (450) | | |
| Associates | Xe-Pian Xe-Namnoy Power Co., Ltd. | 1,413 | | | | 1,413 |
| Associates | PT Wampu Electric Power | | 13,465 | | 557 | 14,022 |
| Associates | Jungbu Bio Energy Co., Ltd. | | 9,000 | | 396 | 9,396 |
| Associates | Hyundai Energy Co., Ltd. | | 2,465 | | | 2,465 |
| Joint ventures | KEPCO SPC Power Corporation | 29,651 | | (2,669) | 813 | 27,795 |
| Joint ventures | Datang Chifeng Renewable Power | | | | | |
| | Co., Ltd. | 23,775 | | (7,847) | 416 | 16,344 |
| Joint ventures | Jamaica Public Service Company | | | | | |
| | Limited | 2,345 | | (2,322) | (23) | |
| Joint ventures | Rabigh Electricity Company | 45,552 | | (42,594) | (317) | 2,641 |
| Joint ventures | KODE NOVUS II LLC | | 1,360 | | 3,172 | 4,532 |
| | (Allowance for doubtful accounts) | | (4,352) | | (180) | (4,532) |
| | Daehan Wind Power PSC | | 683 | | | 683 |
| | | ₩ 154,706 | 25,726 | (73,720) | 5,871 | 112,583 |

(6) Borrowings arising from related party transactions as of December 31, 2016 and 2015 are as follows:*In millions of won*

| Related parties | Type | Borrowings | Repayment | Others |
|-----------------|------|------------|-----------|--------|
|-----------------|------|------------|-----------|--------|

| | | Beginning balance | | | Ending balance |
|-------------------|-----------------|------------------------------|--------|----------|---------------------------|
| Korea Development | Facility | ₩ 261,437 | 33,958 | (87,402) | 207,993 |
| Bank | Others | 6,418 | | (755) | 5,663 |
| | Operating funds | 12,000 | 25,000 | | 37,000 |
| | Syndicated Loan | | 6,344 | (269) | 6,075 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of December 31, 2016 are as follows:***In millions of won and thousands of foreign currencies*

| Primary guarantor | Secondary guarantor | Type of guarantees | Credit limit | | Guarantee |
|----------------------------------|---|---|---------------------|--------------------------|--|
| Korea Electric Power Corporation | KEPCO SPC Power Corporation | Debt guarantees | USD | 71,192 | SMBC, Export-Import Bank of Korea and ADB |
| Korea Electric Power Corporation | Shuweihat Asia Operation & Maintenance Company | Performance guarantees | USD | 11,000 | SAPCO |
| Korea Electric Power Corporation | KNOC Nigerian East Oil Co., Ltd. and KNOC Nigerian West Oil Co., Ltd. | Performance guarantees | USD | 34,650 | Korea National Oil Corporation (Nigerian government) |
| Korea Electric Power Corporation | Rabigh Operation & Maintenance Company | Performance guarantees and others | USD | 1,387 | RABEC |
| Korea Electric Power Corporation | Nghi Son 2 Power Ltd. | Bidding guarantees | USD | 10,000 | SMBC Ho Chi Minh |
| Korea Electric Power Corporation | Barakah One Company | Debt guarantees Performance guarantees and others | USD | 900,000 USD 3,404,275 | Export-Import Bank of Korea and others |
| Korea Western Power Co., Ltd. | Cheongna Energy Co., Ltd. | Collateralized money invested Guarantees for supplemental funding and others | KRW | 27,211 | KEB Hana Bank and others |

| (*1) | | | | | |
|-------------------------------|--|---|-----|--------|---------------------------|
| Korea Western Power Co., Ltd. | Xe-Pian Xe-Namnoy Power Co., Ltd. | Payment guarantees for business reserve | USD | 2,500 | Krung Thai Bank |
| | | Collateralized money invested | USD | 43,276 | |
| | | Impounding bonus guarantees | USD | 5,000 | SK E&C |
| Korea Western Power Co., Ltd. | Rabigh Operation & Maintenance Company | Performance guarantees and others | SAR | 5,600 | Saudi Arabia British Bank |
| Korea Western Power Co., Ltd. | Daegu Photovoltaic Co., Ltd. | Collateralized money invested | KRW | 1,230 | IBK |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of December 31, 2016 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Primary guarantor | Secondary guarantor | Type of guarantees | Credit limit | Guarantee |
|---------------------------------|--|--|---------------------|--|
| Korea Western Power Co., Ltd. | Dongducheon Dream Power Co., Ltd. | Collateralized money invested | KRW 111,134 | Kookmin Bank and others |
| Korea Western Power Co., Ltd. | PT. Mutiara Jawa | Collateralized money invested | USD 2,610 | Woori Bank |
| Korea Western Power Co., Ltd. | Heang Bok Do Si Photovoltaic Power Co., Ltd. | Collateralized money invested | KRW 194 | Nonghyup Bank |
| Korea Western Power Co., Ltd. | Shin Pyeongtaek Power Co., Ltd. | Collateralized money invested | KRW 40 | Kookmin Bank |
| Korea East-West Power Co., Ltd. | Busan Shinho Solar Power Co., Ltd. | Collateralized money invested | KRW 2,100 | Heungkuk Life Insurance Co., Ltd. and others |
| Korea East-West Power Co., Ltd. | Seokmun Energy Co., Ltd. | Collateralized money invested | KRW 580 | KEB Hana Bank and others |
| | | Guarantees for supplemental funding (*1) | KRW 15,370 | |
| Korea East-West Power Co., Ltd. | Chun-cheon Energy Co., Ltd. | Collateralized money invested | KRW 52,700 | Kookmin Bank and others |
| | | Guarantees for supplemental funding (*1) | KRW 60,270 | |
| Korea East-West Power Co., Ltd. | Honam Wind Power Co., Ltd. | Collateralized money invested | KRW 3,480 | Shinhan Bank |
| Korea East-West Power Co., Ltd. | GS Donghae Electric Power Co., Ltd. | Collateralized money invested | KRW 204,000 | Korea Development Bank and others |

| | | | | | |
|---------------------------------|---------------------------------------|-------------------------------|-----|--------|--|
| Korea East-West Power Co., Ltd. | Yeonggwangbaeksu Wind Power Co., Ltd. | Collateralized money invested | KRW | 3,000 | Hyundai Marine & Fire Insurance Co., Ltd. and others |
| Korea East-West Power Co., Ltd. | PT. Tanjung Power Indonesia | Debt guarantees | USD | 49,221 | The Bank of Tokyo-Mitsubishi |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of December 31, 2016 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Primary guarantor | Secondary guarantor | Type of guarantees | Credit limit | Guarantee |
|--------------------------------|-------------------------------|--|---------------------|---|
| Korea Southern Power Co., Ltd. | KNH Solar Co., Ltd. | Collateralized money invested | KRW 1,296 | Shinhan Bank and Kyobo Life Insurance Co., Ltd. |
| | | Performance guarantees and guarantees for supplemental funding and others (*1) | | |
| Korea Southern Power Co., Ltd. | Daeryun Power Co., Ltd. | Collateralized money invested | KRW 25,477 | Korea Development Bank and others |
| | | Guarantees for supplemental funding and others (*1) | | |
| Korea Southern Power Co., Ltd. | Changjuk Wind Power Co., Ltd. | Collateralized money invested | KRW 3,801 | Shinhan Bank and Woori Bank |
| | | Guarantees for supplemental funding (*1) | | |
| Korea Southern Power Co., Ltd. | Daegu Green Power Co., Ltd. | Collateralized money invested | KRW 46,226 | Shinhan Bank |
| Korea Southern Power Co., Ltd. | KS Solar Co., Ltd. | Collateralized money invested | KRW 637 | Shinhan Capital Co., Ltd. |

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| | | | | | |
|--------------------------------|--------------------|---|-----|---------|---|
| Korea Southern Power Co., Ltd. | Kelar S.A | Performance guarantees | USD | 50,700 | KEB Hana Bank, SMBC, Mizuho Bank, BTMU, Natixis |
| | | Debt guarantees | USD | 132,600 | BANCO SANTANDER-CHILE, SMBC, Mizuho Bank |
| Korea Southern Power Co., Ltd. | DS Power Co., Ltd. | Collateralized money invested | KRW | 2,900 | Korea Development Bank and others |
| | | Guarantees for supplemental funding and others (*1) | | | |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of December 31, 2016 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Primary guarantor | Secondary guarantor | Type of guarantees | Credit limit | Guarantee |
|--|----------------------------------|--|---------------------|-----------------------------------|
| Korea Southern Power Co., Ltd. | Pyeongchang Wind Power Co., Ltd. | Collateralized money invested | KRW 3,875 | Woori Bank and Shinhan Bank |
| | | Performance guarantees and guarantees for supplemental funding and others (*1) | | |
| Korea Southern Power Co., Ltd. | Taebaek Wind Power Co., Ltd. | Guarantees for supplemental funding and others (*1) | | Shinhan Bank |
| KEPCO Engineering & Construction Company, Inc. | DS Power Co., Ltd. | Collateralized money invested | KRW 15,000 | Korea Development Bank and others |
| Korea Midland Power Co., Ltd. | Hyundai Green Power Co., Ltd. | Collateralized money invested | KRW 87,003 | Korea Development Bank and others |
| | | Guarantees for supplemental funding and others (*1) | | |
| Korea Midland Power Co., Ltd. | PT. Cirebon Electric Power | Debt guarantees | USD 9,653 | Mizuho Bank |
| Korea Midland Power | PT Wampu Electric | Debt guarantees | USD 5,367 | SMBC |

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| Co., Ltd. | Power | | | |
|----------------------------------|------------------------------|--|------------|-----------------------------------|
| Korea Midland Power Co., Ltd. | Gangwon Wind Power Co., Ltd. | Collateralized money invested | KRW 7,409 | IBK and others |
| Korea South-East Power Co., Ltd. | Hyundai Energy Co., Ltd. | Collateralized money invested | KRW 47,067 | Korea Development Bank and others |
| | | Performance guarantees and guarantees for supplemental funding and others (*1) | KRW 78,600 | |
| Korea South-East Power Co., Ltd. | RES Technology AD | Collateralized money invested | KRW 15,595 | Korea Development Bank and others |
| | | Debt guarantees | EUR 4,271 | |
| Korea South-East Power Co., Ltd. | ASM-BG Investicii AD | Collateralized money invested | KRW 16,101 | Korea Development Bank and others |
| | | Debt guarantees | EUR 4,175 | |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued****(7) Guarantees provided to associates or joint ventures as of December 31, 2016 are as follows, continued:***In millions of won and thousands of foreign currencies*

| Primary guarantor | Secondary guarantor | Type of guarantees | Credit limit | Guarantee |
|---|--|---|---------------------|--|
| Korea South-East Power Co., Ltd. | Express Solar-light Power Generation Co., Ltd. | Guarantees for supplemental funding and others (*1, 2) | KRW 2,500 | Woori Bank |
| Korea South-East Power Co., Ltd. | S-Power Co., Ltd. | Collateralized money invested | KRW 132,300 | Korea Development Bank and others |
| KOSEP USA, INC. | KODE NOVUS II LLC | Guarantees for supplemental funding and others (*1) | USD 3,750 | Korea Development Bank |
| KOSEP USA, INC. | KODE NOVUS I LLC | Guarantees for supplemental funding and others (*1) | | Export-Import Bank of Korea and others |
| Korea Hydro & Nuclear Power Co., Ltd. | Yeongwol Energy Station Co., Ltd. | Collateralized money invested | KRW 1,400 | Meritz Fire & Marine Insurance Co., Ltd. |
| Korea Hydro & Nuclear Power Co., Ltd. | Noeul Green Energy Co., Ltd., | Collateralized money invested | KRW 1,740 | KEB Hana Bank and others |
| Korea Hydro & Nuclear Power Co., Ltd. | Busan Green Energy Co., Ltd. | Collateralized money invested | KRW 14,564 | Shinhan Bank and others |
| KEPCO Plant Service & Engineering Co., Ltd. | Incheon New Power Co., Ltd. | Collateralized money invested Guarantees for supplemental funding and others | KRW 6,800 | Shinhan Bank |

(*1)

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**47. Related Parties, Continued**

(*1) The Company guarantees to provide supplemental funding for business with respect to excessive business expenses or insufficient repayment of borrowings.

(*2) The Company has provided rights to Hana Financial Investment Co.,Ltd., an agent financial institution of the majority stockholders, that it can dispose the stocks of Express Solar-light Power Generation Co., Ltd. that the Company owns to repay the borrowings when Express Solar-light Power Generation Co., Ltd. triggers clauses related to its borrowings.

(8) As of December 31, 2016, there is no financial guarantee contract provided by related parties.

(9) Derivatives transactions with related parties as of December 31, 2016 are as follows:

(i) Currency Swap

In millions of won and thousands of U.S. dollars

| Counterparty | Contract year | Contract Amount | | Contract interest rate per annum | | Contract exchange rate |
|------------------------|---------------|-----------------|-------------|----------------------------------|------------|------------------------|
| | | Pay | Receive | Pay(%) | Receive(%) | |
| Korea Development Bank | 2016~2019 | ₩ 105,260 | USD 100,000 | 2.48% | 2.38% | ₩ 1,052.60 |
| | 2015~2025 | 111,190 | USD 100,000 | 2.62% | 3.25% | 1,111.90 |
| | 2016~2021 | 121,000 | USD 100,000 | 2.15% | 2.50% | 1,210.00 |

(ii) Interest Rate Swap

In millions of won

| Counterparty | Contract year | Contract amount | Contract interest rate per annum | | |
|----------------------------|---------------|-----------------|----------------------------------|-------------|-------|
| | | | Pay (%) | Receive (%) | |
| Korea Development Bank (*) | 2014~2029 | 40,000 | 3M CD | 0.03% | 4.65% |

(*)

The contract is an interest rate swap hedging on Electricity Bonds 885, and the banks would notify the Company of the early termination every year on the early termination notification date (every year on April 28, from 2017 until 2028). The contract will be terminated if the early termination is notified.

(10) Salaries and other compensations to the key members of management of the Company for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | |
|---------------------------|-------------|-------------|
| Type | 2016 | 2015 |
| Salaries | ₩ 1,463 | 1,271 |
| Employee benefits | 33 | 59 |
| | ₩ 1,496 | 1,330 |

48. Non-Cash Transactions

Significant non-cash investing and financing transactions for the years ended December 31, 2016 and 2015 are as follows:

| <i>In millions of won</i> | | |
|--|--------------|-------------|
| Transactions | 2016 | 2015 |
| Transfer from construction-in-progress to other assets | ₩ 19,971,599 | 10,491,054 |
| Recognition of asset retirement cost and related provision for decommissioning costs | 470,941 | 699,673 |
| Transfer from provision for disposal of spent nuclear fuel to accrued expenses | 283,675 | 491,755 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

49. Commitments for Expenditure**(1) The agreements for acquisition of property, plant and equipment as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---|----------------|----------------|----------------|----------------|
| Contracts | Amounts | Balance | Amounts | Balance |
| Purchase of cable (PVC, 1C, 2500SQ) 103,374M and others (Bukdangjin-Shintangjung) | ₩ 42,500 | 42,500 | | |
| Purchase of GIS (800KV 8000A 50KA) 10CB SinjungbuS/S | 63,730 | 63,730 | | |
| Purchase of GIS (362KV 6300A 63KA) 26CB SingosungS/S | 36,950 | 19,897 | | |
| Purchase of GIS (362KV 6300A 63KA) 27CB KwangyangS/S | 37,476 | 27,760 | | |
| Purchase of GIS (362KV 6300A 63KA) and 1 other 18CB BukbusanS/S | 34,000 | 20,766 | | |
| Purchase of cable (TR CNCE-W/AL,1C,400SQ) | 71,986 | 50,593 | | |
| Purchase of cable (TR CNCE-W,600MM2, 13, 2KV) | 50,581 | | 50,581 | 50,581 |
| Purchase of transformer (765/345/23kV 666.7MVA, 2TANK) 6 units ShinjungbuS/S | 37,500 | 37,500 | | |
| Purchase of Ground Switch (44-D-A125, 600AX4) | 43,624 | | 43,624 | 42,912 |
| Purchase of Concrete Poles (10M, 350KGF) | 129,175 | 105,905 | | |
| Purchase of Concrete Poles (10M, 350KGF) | 106,037 | | 106,037 | 74,549 |
| Purchase of switch (25.8kV Eco) | 40,226 | 28,072 | | |
| Purchase of cable (PVC,1C,2000SQ) | 50,256 | 50,256 | | |
| Construction of New Kori units (#3,4) | 6,856,150 | | 6,856,150 | 214,678 |
| Construction of New Kori units (#5,6) | 8,625,387 | 7,286,503 | 8,625,387 | 7,899,368 |
| Construction of New Hanwool units (#1,2) | 7,982,342 | 1,157,700 | 7,982,343 | 2,578,707 |
| Construction of New Hanwool units (#3,4) | 8,261,818 | 8,170,896 | 8,261,817 | 8,238,651 |
| Construction of Yeosu Thermal Power units (#1) | 174,291 | 1,139 | 489,440 | 30,853 |
| Other 31 contracts | 430,204 | 222,555 | 199,846 | 140,563 |
| Purchase of main machine for construction of Seoul Combined units (#1,2) | 360,500 | 300,663 | 360,500 | 328,210 |
| Construction of Seoul Combined units (#1,2) | 225,205 | 129,589 | 227,000 | 182,630 |
| | 354,740 | 26,878 | 245,357 | 36,893 |

Electricity construction of New Boryeong units
(#1,2)

| | | | | |
|---|---------|--------|---------|---------|
| Purchase of smoke eliminating machine for construction of New Boryeong units (#1,2) | 121,093 | 2,023 | 118,058 | 8,775 |
| Purchase of coal handling machine for construction of New Boryeong units (#1,2) | 146,353 | 3,543 | 146,353 | 25,266 |
| Service of designing New Boryeong units (#1,2) | 126,038 | 24,333 | 126,038 | 32,910 |
| Purchase of main machine for construction of New Boryeong units (#1,2) | 851,132 | 10,746 | 851,132 | 137,744 |
| Construction of New Boryeong units (#1,2) | 288,438 | 17,828 | 246,964 | 10,859 |
| Purchase of factory process piping of New Boryeong units (#1,2) | 37,294 | | 37,294 | 11 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**49. Commitments for Expenditure, Continued****(1) The agreements for acquisition of property, plant and equipment as of December 31, 2016 and 2015 are as follows, continued:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|--|----------------|----------------|----------------|----------------|
| | Amounts | Balance | Amounts | Balance |
| Contracts | | | | |
| Purchase of processing plant of New Boryeong units (#1,2) | 34,490 | | 33,269 | 9,116 |
| Construction of port facilities for New Boryeong units (#1,2) | 78,166 | | 78,166 | |
| Purchase of generator for Wonju RDF combined & heat power plant | 52,877 | | 52,877 | |
| Purchase of main machine for Heang Bok Do Si combined & heat power plant | 337,283 | | 337,283 | |
| Purchase of coal handling machine for construction of Taeon (#9,10) and IGCC units (conditional contract for installation) | 192,945 | 38,218 | 146,634 | 9,943 |
| Purchase of furnace for construction of Taeon units (#9,10) | 584,148 | 46,059 | 546,637 | 66,271 |
| Service of designing Taeon units (#9,10) | 109,700 | 18,981 | 107,516 | 26,437 |
| Purchase of desulfurization machine for construction of Taeon units (#9,10) | 92,086 | 1,017 | 91,592 | 6,175 |
| Purchase of turbine generator for construction of Taeon units (#9,10) | 228,794 | 6,788 | 426,139 | 103,146 |
| Purchase of gas plant machine for construction of Taeon IGCC units | 457,991 | | 457,423 | 4,541 |
| Purchase of combined generating machine for construction of Taeon IGCC units | 208,972 | 2,102 | 204,514 | 25,808 |
| Purchase of oxygen plant for construction of Taeon IGCC units | 98,979 | 221 | 97,804 | 4,252 |
| Service of designing Taeon IGCC plant units | 44,802 | 3,342 | 44,374 | 5,520 |
| Construction of Samcheok units (#1,2) | 457,943 | 15,851 | 384,716 | 27,018 |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**49. Commitments for Expenditure, Continued**

(1) **The agreements for acquisition of property, plant and equipment as of December 31, 2016 and 2015 are as follows, continued:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---|-------------|---------|-----------|---------|
| | Amounts | Balance | Amounts | Balance |
| Contracts | | | | |
| Purchase of furnace for construction of Samcheok units (#1,2) | ₩ 1,091,303 | 51,594 | 1,091,303 | 115,896 |
| Purchase of coal handling machine for construction of Samcheok units (#1,2) | 303,273 | 155 | 290,417 | 23,795 |
| Service of designing Samcheok units (#1,2) | 114,047 | 36,510 | 112,949 | 42,631 |
| Service of designing Dangjin units (#9,10) | 122,426 | 6,125 | 109,340 | 16,261 |
| Construction of yard for Andong natural gas power plant | 41,961 | 2,600 | 40,960 | 2,528 |
| Purchase of main equipments | 152,286 | 39,248 | 152,286 | 138,057 |

(2) **As of December 31, 2016, details of contracts for inventory purchase are as follows:**

The Company imports all of its uranium ore concentrates from sources outside Korea (including the United States, United Kingdom, Kazakhstan, France, Russia, South Africa, Canada and Australia) which are paid for with currencies other than Won, primarily in U.S. dollars. In order to ensure stable supply, the Company entered into long-term and medium-term contracts with various suppliers, and supplements such supplies with purchases of fuels on spot markets. The long-term and medium-term contract periods vary among contractors and the stages of fuel manufacturing process. Contract prices for processing of uranium are generally based on market prices. Contract periods for ore concentrates, conversion, enrichment and design and fabrication are as follows:

| Type | Periods | Contracted amounts |
|-------------|-------------|--------------------|
| Concentrate | 2016 ~ 2030 | 34,719 Ton U3O8 |
| Transformed | 2016 ~ 2022 | 18,738 Ton U |
| Enrichment | 2016 ~ 2029 | 34,879 Ton SWU |
| Molded | 2016 ~ 2022 | 1,852 Ton U |

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**50. Contingencies and Commitments****(1) Ongoing litigations related with contingent liabilities and assets as of December 31, 2016 and 2015 are as follows:**

| <i>In millions of won</i> | 2016 | | 2015 | |
|---------------------------|------------------------|---------------------|------------------------|---------------------|
| | Number of cases | Claim amount | Number of cases | Claim amount |
| As the defendant | 675 | ₩ 636,433 | 750 | ₩ 1,052,301 |
| As the plaintiff | 193 | 489,605 | 202 | 580,987 |

As of December 31, 2016, in addition to the litigations mentioned above, there are ongoing litigations of Korea Hydro & Nuclear Power Co., Ltd. (KHNP), a subsidiary of KEPCO, against KEPCO Engineering & Construction Company, Inc., a subsidiary of KEPCO, as a co-defendant (one case amounting to ₩62,744 million) and KEPCO Plant Service & Engineering Co., Ltd., a subsidiary of KEPCO, as a co-defendant (two cases amounting to ₩201 million).

A national litigation agency filed a lawsuit against NSSC regarding NSSC's approval to continue operation of Wolsung Unit 1 nuclear power plant and it is ongoing as of December 31, 2016.

The Company is the defendant against a number of claims. The followings are potentially significant claims pertaining to the Company.

Hyundai Engineering & Construction Co., Ltd. (Hyundai E&C), SK Engineering & Construction Co., Ltd. and GS Engineering & Construction Co., Ltd. filed a lawsuit for increase in contract bill (formerly, amounted to ₩1,000 million) against KHNP in September 2013, in relation to the design changes on the plant construction of New Hanwool 1 & 2. Hyundai Engineering & Construction Co., Ltd. and two other companies increased the contract bill to ₩133,426 million in October 2014 and ₩204,040 million in November 2015, respectively, and submitted an application to demand extra contract payments due to the design changes. KHNP has paid ₩217,624 million of the claim amounts in full upon the first ruling in November 2016 and recognized the amount as addition to construction-in-progress accordingly. KHNP has made an appeal against the first ruling and the lawsuit is currently ongoing.

In December 2013, the Supreme Court of Korea ruled that regular bonuses also fall under the category of ordinary wages on the condition that those bonuses are paid regularly and uniformly. Also, the

Supreme Court ruled that employees are entitled to retroactively demand certain wages based on the new ordinary wages that include regular bonuses as additional wages. However, the request may be limited to the extent of the principle of good faith.

The Company believes that the possibility of economic outflow is probable on the ongoing and the expected lawsuit. For this reason, the Company recognized ₩178,572 million of other provision in relation to the lawsuit.

Except these significant claims, there are seven arbitration cases pertaining to the Company as of December 31, 2016 and the significant arbitration cases are as follows:

KEPCO and KEPCO KDN Co., Ltd., a subsidiary of KEPCO, have been accused of breach of contract in relation to ERP software, which is provided by SAP Korea Ltd. The litigation was filed in the International Chamber of Commerce International Court of Arbitration but the Company has not recognized any provision because the probability of economic benefit outflow is remote and the related amount cannot be reliably estimated.

Hyundai Samsung Joint Venture (HSJV), one of the subcontractors of the Company, filed an arbitration against the Company at the London Court of International Arbitration (LCIA) in 2016 due to disagreements in UAE nuclear power plant construction project, but the Company has not recognized any losses because the probability of economic benefit outflow is remote and the related amount cannot be reasonably estimated.

Hyundai E&C, GS Engineering & Construction Corp., and Hansol SeenTec Co., Ltd. filed on arbitration against the Company to the Korea Commercial Arbitration Board in relation to the request for additional construction costs but the Company has not recognized any provision because the probability of economic benefit outflow is remote and the related amount cannot be reliably estimated.

Halla Corporation filed on arbitration against the Company to the Korea Commercial Arbitration Board in relation to the request for additional construction costs but the Company has not recognized any losses because the probability of economic benefit outflow is remote and the related amount cannot be reasonably estimated.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

50. Contingencies and Commitments, Continued

(2) Guarantees of payments and commitments provided to other companies as of December 31, 2016 and 2015 are as follows:

In order to secure its status as a shareholder of Navanakorn Electric Co., Ltd., the Company has signed a fund supplement contract. According to the contract, in case Navanakorn Electric Co., Ltd. does not have sufficient funds for its operation or repayment of borrowings, the Company bears a payment obligation in proportion to its ownership.

The Company has outstanding borrowings with a limit of USD 275,600 thousand from its creditors such as International Finance Corporation. Regarding the borrowing contract, the Company has guaranteed capital contribution of USD 69,808 thousand and additional contribution up to USD 19,000 thousand for contingencies, if any. Moreover, for one of the electricity purchasers, Central Power Purchasing Agency Guarantee Ltd., the Company has provided performance guarantee up to USD 2,110 thousand, in case of construction delay or insufficient contract volume after commencement of the construction.

The Company has provided PT. Perusahaan Listrik Negara performance guarantee up to USD 917 thousand in proportion to its ownership in the electricity purchase contract with PT. Cirebon Energi Prasarana in relation to the second electric power generation business in Cirebon, Indonesia. Also, in relation to the business, the Company has provided Limited Notice To Proceed 2 (LNTP 2) Offshore performance payment guarantee amounting to USD 2,784 thousand to Hyundai Engineering Co. Ltd., Toshiba Corporation and MHPS, and LNTP 2 Onshore performance payment guarantee amounting to USD 380 thousand to Hyundai E&C and Toshiba Asia Pacific Indonesia (TAPI) based on the interest owned by the Company to progress the construction.

The Company has provided the Export-Import Bank of Korea and SMBC guarantee of mutual investment of USD 401 thousand, which is equivalent to the ownership interest of PT Mega Power Mandiri, in order to guarantee the expenses related to hydroelectric power business of PT Wampu Electric Power, an associate of the Company.

The Company has provided the Export-Import Bank of Korea, BNP Paribas and ING Bank guarantee of mutual investment of USD 2,684 thousand, which is equivalent to the ownership interest of PT BS Energy and PT Nusantara Hydro Alam, in order to guarantee the expenses related to hydroelectric power business of

Tanggamus, Indonesia.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**50. Contingencies and Commitments, Continued****(3) Credit lines provided by financial institutions as of December 31, 2016 are as follows:***In millions of won and thousands of foreign currencies*

| Commitments | Financial institutions | Currency | Limited amount | Exercised amount |
|--|--------------------------------------|-----------------|-----------------------|-------------------------|
| Commitments on bank-overdraft | Nonghyup Bank and others | KRW | 1,635,000 | 54,962 |
| Commitments on bank-daylight overdraft | Nonghyup Bank | KRW | 280,000 | |
| Limit amount available for CP | Shinhan Bank and others | KRW | 700,000 | |
| Limit amount available for card | KEB Hana Bank and others | KRW | 46,323 | 3,102 |
| | Banco de Oro | PHP | 5,000 | 5,000 |
| Loan limit | Kookmin Bank and others | KRW | 1,132,282 | 718,617 |
| | BNP Paribas and others | USD | 1,954,150 | 127,395 |
| Certification of payment on L/C | Shinhan Bank (*) | KRW | 19,721 | 19,721 |
| | Woori Bank and others | USD | 881,380 | 227,315 |
| Certification of performance guarantee on contract | Kookmin Bank and others | EUR | 21,291 | 21,291 |
| | KEB Hana Bank | INR | 236,443 | 185,077 |
| | Seoul Guarantee Insurance and others | KRW | 93,781 | 93,781 |
| | Bank of Kathmandu | NPR | 32,633 | 32,633 |
| | KEB Hana Bank and others | USD | 634,223 | 579,844 |
| Certification of bidding | SMBC and others | USD | 18,660 | 18,660 |
| Advance payment bond, Warranty bond, Retention bond and others | Bank of Kathmandu | NPR | 7,176 | 7,176 |
| | KEB Hana Bank | SAR | 95,756 | 91,097 |
| | HSBC and others | USD | 3,615,443 | 523,114 |
| Others | Export-Import Bank of Korea | EUR | 1,400 | |
| | KEB Hana Bank | INR | 157,830 | 157,830 |
| | KEB Hana Bank | JPY | 756,669 | 756,669 |
| | Nonghyup Bank and others | KRW | 277,336 | 7,257 |
| | KEB Hana Bank | SAR | 2,240 | |
| | KEB Hana Bank and others | USD | 1,111,636 | 561,443 |
| Inclusive credit | Shinhan Bank | INR | 47,489 | 47,489 |
| | KEB Hana Bank | KRW | 258,000 | 143,840 |
| | HSBC and others | USD | 302,510 | 2,510 |
| | KEB Hana Bank | USD | 30,000 | 7,730 |
| INR | | | | 256,582 |

| | | | | |
|---------------|------------------------|-----|---------|------------|
| BRL | | | | 426 |
| Trade finance | BNP Paribas and others | USD | 750,000 | |

(*) The Company was provided with a guarantee of ₩198 million from Daewoo Engineering & Construction Co. Ltd. for some of its commitments.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**50. Contingencies and Commitments, Continued**

(4) As of December 31, 2016, blank check and assets provided as collaterals or pledges to financial institutions by the Company are follows:

In millions of won and thousands of foreign currencies

| Guarantor | Guarantee | Type of guarantee | Currency | Amount | Description |
|--|--|---|-----------------|---------------|-------------------------------|
| Korea East-West Power Co., Ltd. | Korea Development Bank and others | Shareholdings of Gyeongju Wind Power Co., Ltd. | KRW | 15,958 | Collateral for borrowings |
| Korea Midland Power Co., Ltd. | IBK and others | Shareholdings of Commerce and Industry Energy Co., Ltd. | KRW | 13,605 | Collateral for borrowings |
| Korea Southern Power Co., Ltd. | Shinhan Bank and others | Shareholdings of KOSPO Youngnam Power Co., Ltd. | KRW | 40,000 | Collateral for borrowings |
| Korea South-East Power Co., Ltd. | International Finance Corporation and others | Shareholdings of Mira Power Limited | KRW | 38,206 | Collateral for borrowings |
| Korea Hydro & Nuclear Power Co., Ltd. | Korea Development Bank and others | Shareholdings of Gyeonggi Green Energy Co., Ltd. | KRW | 47,000 | Collateral for borrowings |
| Gyeonggi Green Energy Co., Ltd. | Korea Development Bank and others | Factory estate and others | KRW | 327,080 | Collateral for borrowings (*) |
| Commerce and Industry Energy Co., Ltd. | IBK and others | Land, buildings, structures and machinery and others | KRW | 110,500 | Collateral for borrowings |
| | | Cash and cash equivalents | KRW | 9,051 | |
| Gyeongju Wind Power Co., Ltd. | SK Securities Co., Ltd. and others | Property, plant and equipment and others | KRW | 31,962 | Collateral for borrowings |
| | | Existing or expected trade receivables | KRW | 3,431 | |
| | | Cash and cash equivalents | KRW | 716 | |
| KOSPO Youngnam Power Co., Ltd. | Shinhan Bank and others | Bank deposit and insurance claim | KRW | 396,120 | Collateral for borrowings |

| | | | | | |
|--------------------------------|---|---|-----|---------|---------------------------|
| Qatrana Electric Power Company | The Islamic Development Bank and others | Finance Lease receivable and property, plant and equipment and others | JOD | 188,580 | Collateral for borrowings |
| KST Electric Power Company | Scotiabank Inverlat, S.A | Finance Lease receivable and others | USD | 332,850 | Collateral for borrowings |

(*) The Company was provided with shares of Gyeonggi Green Energy Co., Ltd., one of its subsidiaries, from the investors as collateral related to long-term borrowings. Additionally, pledge for shares, pledge for transfer of rights of long-term borrowings, pledge for insurance claims and other pledges were established.

The Company has ₩1,197 million of project loans from Korea Resource Corporation as of December 31, 2016. The Company has provided a blank check as repayment guarantee.

(5) The Company temporarily suspended operations of the Gangneung hydroelectric generating plant, with a carrying amount of ₩94,886 million as of December 31, 2016, to improve the quality of water used in generating electricity. The expenses related to the suspension of operations of ₩459 million and depreciation on the utility plant of ₩6,639 million are recorded to other expenses for the year ended December 31, 2016.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016

50. Contingencies and Commitments, Continued

(6) Due to the Korean government's announcement of suspension of operation in the Gaeseong Industrial District, it is uncertain if the Company can exercise the property rights for the Company's facility in the Gaeseong Industrial District as of December 31, 2016. The book value of facility is ₩19,820 million and the amount of trade receivables related to the companies residing in Gaeseong industrial complex is ₩3,172 million. The Company has entered into an insurance agreement covering up to ₩7,000 million with the Export-Import Bank of Korea related to Gaeseong industrial complex.

The ultimate outcome of this event cannot be reasonably estimated.

51. Subsequent Events

(1) Subsequent to December 31, 2016, Korea Western Power Co., Ltd., a subsidiary of the Company, issued non-guaranteed bonds and additional foreign currency short-term borrowings for funding facilities and operations as follows:

In millions of won and thousands of foreign currencies

| Company Name | Type | Issued date | Maturity | Maturity | Amounts |
|-------------------------------|-----------------------|-------------|------------|----------|------------|
| Korea Western Power Co., Ltd. | Short-term borrowings | 2017.01.11 | 2017.07.10 | 1.62% | USD 13,618 |
| | Corporate bonds #33-1 | 2017.02.22 | 2022.02.22 | 2.04% | ₩ 70,000 |
| | Corporate bonds #33-2 | 2017.02.22 | 2027.02.22 | 2.34% | 130,000 |

(2) On January 19, 2017, Marubeni Korea Corporation filed on arbitration against the Company to the Korean Commercial Arbitration Board in relation to the refund of ₩4,050 million paid by Marubeni Korea Corporation to the Company as a penalty payment for the delayed delivery of Pyeongtaek 2 compound main equipment. The Company was notified on February 14, 2017 and is planning to appoint an arbitrator to proceed with arbitration. The management of the Company anticipates that the result of the arbitration will not have a significant impact on the Company's business or financial position.

(3) Ordinary wage lawsuit

As of December 31, 2016, a total of eight lawsuits filed at the Busan High Court and others against KHNP in relation to the ordinary wages were ongoing. Two of these lawsuits filed to the Seoul Central District Court were ruled on

February 3, 2017 with a partial favor to the plaintiff. The Company believes the ruling did not have any significant impact on the provisions recorded at December 31, 2016.

(4) Result of Wolsung Unit 1 lawsuit

On February 7, 2017, regarding the lawsuit as disclosed in note 2.(4).(vii), a national litigation agency filed against NSSC, the Seoul Administrative Court ruled to annul the life extension of Wolsung Unit 1 nuclear power plant. On February 14, 2017, NSSC appealed against the first judgment. KHNP, a subsidiary of the Company, is continuing to operate Wolsung Unit 1 nuclear power plant based on the judgment of NSSC that the approval of NSSC is valid, and believes that Wolsung Unit 1 nuclear power plant will be operated until 2022. Meanwhile, the Joint Action for a Nuclear-free Society submitted a suspension of execution of permission to operate Wolsung Unit 1 nuclear power plant to the Seoul Administrative Court. On February 14, 2017, KHNP joined in the lawsuit for a suspension of execution of permission to operate Wolsung Unit 1 nuclear power plant as a third party and a stakeholder.

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KOREA ELECTRIC POWER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements, Continued

December 31, 2016**52. Adjusted Operating Income**

The operating profit in the Company's consolidated statements of comprehensive income prepared in accordance with K-IFRS included in this report differs from that in its consolidated statements of comprehensive income prepared in accordance with IFRS as issued by IASB. The table below sets forth a reconciliation of the Company's results from operating activities as presented in the Company's consolidated statements of comprehensive income prepared in accordance with K-IFRS for the years ended December 31, 2016 and 2015 to the operating profit or loss as presented in the Company's consolidated statements of comprehensive income prepared in accordance with IFRS as issued by IASB for each of the corresponding years.

| <i>In millions of won</i> | 2016 | 2015 |
|--|---------------------|-------------------|
| Operating profit on the consolidated statements of comprehensive income | ₩ 12,001,599 | 11,346,732 |
| Add | | |
| Other income | | |
| Reversal of other provisions | 22,034 | 6,355 |
| Reversal of other allowance for bad debt | 5,489 | 413 |
| Gains on government grants | 111 | 204 |
| Gains on assets contributed | 12,254 | 9,004 |
| Gains on liabilities exempted | 1,959 | 2,588 |
| Compensation and reparations revenue | 114,530 | 166,355 |
| Revenue from research contracts | 13,143 | 5,342 |
| Rental income | 211,580 | 196,406 |
| Others | 31,787 | 45,552 |
| Other gains | | |
| Gains on disposal of property, plant and equipment | 74,035 | 8,637,508 |
| Gains on disposal of intangible assets | | 32 |
| Reversal of impairment loss on intangible assets | 3 | 275 |
| Gains on foreign currency translation | 15,311 | 13,784 |
| Gains on foreign currency transaction | 55,377 | 61,007 |
| Gains on insurance proceeds | | 30 |
| Others | 187,792 | 162,128 |
| Deduct | | |
| Other expense | | |
| Compensation and indemnification expense | | (16,959) |
| Accretion expenses of other provisions | (4,556) | (4,575) |
| Depreciation expenses on investment properties | (678) | (669) |
| Depreciation expenses on idle assets | (6,639) | (6,698) |
| Other bad debt expense | (4,585) | (18,473) |
| Donations | (114,094) | (34,134) |

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| | | |
|---|---------------------|-------------------|
| Others | (58,072) | (27,340) |
| Other loss | | |
| Losses on disposal of property, plant and equipment | (42,715) | (73,073) |
| Losses on disposal of intangible assets | (158) | (16) |
| Impairment loss on property, plant and equipment | | (30,344) |
| Impairment loss on intangible assets | (3,945) | (22) |
| Losses on foreign currency translation | (23,835) | (15,097) |
| Losses on foreign currency transaction | (72,058) | (75,615) |
| Others | (119,309) | (69,824) |
| Adjusted operating profit | ₩ 12,296,360 | 20,280,876 |

Table of Contents**DIVIDEND PAYMENT
FOR THE FISCAL YEARS 2016 AND 2015**

| Fiscal year | 2016 | 2015 |
|-----------------------------|-----------------------|-----------------------|
| Dividend per share | KRW 1,980 | KRW 3,100 |
| Aggregate dividend amount | KRW 1,271,088,872,460 | KRW 1,990,088,638,700 |
| Market value dividend ratio | 4.3% | 6.2% |

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Agenda 2. Approval of the ceiling amount of remuneration for directors

Proposed aggregate ceiling on remuneration for directors:

2,108,298 thousand won in fiscal year 2017 (total number of directors: 15; number of non-standing directors: 8)

2,020,992 thousand won in fiscal year 2016 (total number of directors: 15; number of non-standing directors: 8)

We proposed to increase the maximum aggregate amount of remuneration for directors in 2017 by 4.3% compared to 2016 as a result of (i) the notification by the Government to increase the remuneration for directors of government controlled entities by 3.3% and (ii) the increased severance payments due to the increase in the average incumbency of our directors from 18 months to 26 months.

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Agenda 3. Election of President and CEO

| Candidate | Biographic Details |
|---------------|---|
| Cho, Hwan-Eik | Date of Birth: February 27, 1950 |

Term of office: One year (consecutive term)

Current Position: President and CEO of KEPCO

Previous Positions:

President, Korea Trade-Investment Promotion Agency

CEO, Korea Export Insurance Corporation

Vice Minister, Ministry of Trade, Industry and Energy of Korea

Education: Ph.D. in business administration from Hanyang University

Any Material Dealings or Pre-existing links to KEPCO and/or our Major Shareholder:
None