Auditor's Report [1]

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

OMV Aktiengesellschaft, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2016 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing. Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matters as key audit matters for our audit:

- Recoverability of intangible exploration and evaluation (E&E) assets
- Recoverability of the carrying value of property, plant and equipment
- Estimation of oil and gas reserves
- Estimation of provision for decommissioning and restoration obligations
- Recoverability of receivable from Romanian State
- Accounting for assets held for sale

[1] This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the directors' report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the directors' report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of intangible exploration and evaluation (E&E) assets The carrying value of intangible E&E assets amounted to € 1,095 mn at 31 December 2016, after a write off (impairment) of € 322 mn in 2016. Under IFRS 6, Exploration for and Evaluation of Mineral Resources, exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. The assessment of the carrying value requires management to apply judgement and estimates in assessing whether any impairment has arisen at yearend, and in quantifying any such impairment. The principal risks relate to management's intention to proceed with a future work program for a prospect or licence, the likelihood of licence renewal, and the success of drilling and geological analysis to date. OMV Group's disclosures about intangible E&E assets and related impairment testing are included in Note 4 (Accounting and valuation principles), Note 7 (Depreciation, amortization and impairment losses) and Note 13 (Intangible assets).	We evaluated management's assessment of the carrying value of intangible E&E assets performed with reference to the criteria of IFRS 6 and the Group's accounting policy. Specifically our work included, but was not limited to, the following procedures: ▶ Inquire whether management has the intention to carry out exploration and evaluation activity in the relevant exploration area which included the review of management's budget and discussions with senior management as to the intentions and strategy of the Group; ▶ Read Executive Board minutes of meetings and consider whether there were negative indicators that certain projects might be unsuccessful; ▶ Discuss with management about the status of the largest exploration projects; ▶ Assess whether the Group has the ability to finance any planned future exploration and evaluation activity; ▶ Identify the existence of any fields where the Group's right to explore is either at, or close to, expiry and review management's assessment whether there are any risks related to renewal of the licence; and ▶ Review of supporting evidence where an E&E asset has been impaired.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of the carrying value of property, plant and equipment The carrying amount of property, plant and equipment amounted to € 14,613 mn at 31 December 2016, after an impairment charge of € 355 mn in 2016. The impairment mainly relates to oil & gas assets, a Turkish gas fired power plant and a gas storage facility in Germany. Under IFRS, an entity is required to assess, whether impairment indicators exist and if they exist, an impairment test is required. The assessment of the recoverability of the carrying amount of property, plant and equipment requires judgement in assessing whether there is an indication that an asset should be impaired and in measuring any such impairment. The principal risk relates to management's estimates of future cash flows and discount rates, which are used to project the recoverability of property, plant and equipment. These future cash flows are mainly sensitive to assumptions in future oil and gas prices, production volumes (oil & gas assets), future spark spreads (gas power plant) and future summer/winter spreads (storage facility). OMV Group's disclosures about property, plant and equipment and related impairment testing are included in Note 2 (Estimates and Assumptions), Note 7 (Depreciation, amortization and impairment losses) and Note 14 (Property, plant and equipment).	We assessed and tested management's assessment of the recoverability of the carrying amount of property, plant and equipment by evaluating management's assessment whether impairment indicators exist. Where an impairment test was required, we evaluated management's assumptions. Specifically our work included, but was not limited to, the following procedures: ▶ Assess the design and implementation of the controls over the valuation process; ▶ Review and evaluation of management's assessment of the existence of impairment indicators; ▶ Compare the assumptions used within the future cash flow models to approved budgets and business plans; ▶ Compare production profiles to oil and gas reserves and future short and long term oil and gas prices to consensus analysts' forecasts and those adopted by other international oil companies (oil & gas assets); ▶ Involve our valuation specialists to assist us in performing industry benchmarking and analysis over spark spreads (gas power plant), summer/winter spreads (storage facility) and discount rates; ▶ Assess the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year; and ▶ Review of management's sensitivity analysis over key assumptions in the future cash flow model in order to assess the potential impact of a range of possible outcomes.

Key Audit Matter	How our audit addressed the key audit matter
Estimation of oil and gas reserves Oil and gas reserves are an indicator of the future potential of the group's performance. Furthermore, they have an impact on the financial statements as they are the basis for production profiles in future cash flow estimates and basis for depreciation & amortization. The estimation of oil and gas reserves requires judgement and assumptions made by management and engineers. The principal risk is the impact of the oil and gas reserves estimate on the financial statements through impairment testing, depreciation & amortization and decommissioning provision estimate. OMV Group's disclosures about oil and gas reserves and related impairment testing are included in Note 2 (Estimates and Assumptions), Note 7 (Depreciation, amortization and impairment losses) and Note 23 (Provisions).	Our procedures have focused on management's estimation process in the determination of oil and gas reserves. Specifically our work included, but was not limited to, the following procedures: ▶ Walkthrough and understand of the Group's process and controls associated with the oil and gas reserves estimation process; ▶ Test controls of the oil and gas reserves review process; ▶ Analysis of the internal certification process for technical and commercial specialists who are responsible for oil and gas reserves estimation; ▶ Assess the competence of both internal and external specialists and the objectivity and independence of external specialists, to consider whether they were appropriately qualified to carry out the estimation of oil and gas reserves; ▶ Analyse the report of the external specialists on their review of Group's estimated oil and gas reserves as at 31 December 2015; ▶ Test whether significant additions or reductions in oil and gas reserves were made in the appropriate period and in compliance with Group's Reserves and Resources Guidelines; and ▶ Test that the updated oil and gas reserve estimates were included appropriately in the Group's consideration of impairment and in accounting for depreciation & amortization.

Key Audit Matter	How our audit addressed the key audit matter
Estimation of provision for decommissioning and restoration obligations The total provision for decommissioning and restoration obligations amounted to € 3,412 mn at 31 December 2016. Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. The principal risk relates to management's estimates of future costs, discount rates and inflation rates, which are used to project the provision for decommissioning and restoration obligations. OMV Group's disclosures about the provision for decommissioning and restoration obligations are included in Note 2 (Estimates and Assumptions) and Note 23 (Provisions).	We assessed management's annual estimation of the provision for decommissioning and restoration obligations. Specifically our work included, but was not limited to, the following procedures: ▶ Assess the design and implementation of the controls over the obligation estimation process; ▶ Compare current estimates of costs with actual decommissioning and restoration costs previously incurred. Where no previous data was available, we reconciled cost estimates to third party support or internal engineers' estimates; ▶ Review of supporting evidence for any material revisions in cost estimates during the year; ▶ Confirm whether the decommissioning dates are consistent with the Group's budget and business plans; ▶ Involve our valuation specialists to assist us in performing industry benchmarking and analysis of discount rates and inflation rates; and ▶ Test the mathematical accuracy of the decommissioning and restoration obligation calculation.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of receivable from Romanian State As part of the privatization agreement regarding OMV Petrom S.A., the Group is entitled to the reimbursement by the Romanian State of part of wells abandonment (decommissioning) and environmental costs incurred to restore and clean up areas pertaining to activities prior to privatization in 2004. Consequently, the Group has recorded a receivable from the Romanian State amounting to € 542 mn at 31 December 2016. The assessment of the recoverability of the receivables from the Romanian State, requires management to make judgements and estimates to assess the uncertainty regarding the expenditure recoverable from Romanian State. The assessment process is considering inter alia history of amounts claimed, documentation process and requirements, potential litigation or arbitration proceedings. OMV Group's disclosures about Environmental and Decommissioning State Receivables are included in Note 2 (Estimates and assumptions) and Note 18 (Other financial assets).	We assessed management's estimate regarding recoverability of the receivables from the Romanian State. Our work included, but was not limited to, the following procedures: ▶ Read the stipulations of the Annex P of the privatization agreement dated 23 July 2004, related to the acquisition by OMV Aktiengesellschaft of shares in the National Petroleum Company Petrom SA, as approved by Law no. 555/2004. Annex P includes stipulations related to the obligation of the seller (i.e. Ministry of Economy and Commerce) to reimburse the Company for historical environmental losses and abandonment costs, provided certain conditions are met; ▶ Review management's assessment of the recoverability of the receivables from the Romanian State, including the history of amounts claimed vs. amounts accepted and reimbursed, and discuss with management about the status of the notices of claims submitted by the Group and of the Arbitration process; ▶ Trace the receivables for which notices of claim have been submitted to the respective notices of claims; ▶ Trace the receivables for which decommissioning was performed but the notices of claim have not yet been submitted to the respective decommissioning costs; ▶ Trace the receivables for which decommissioning has not yet been performed against the respective decommissioning provisions; ▶ Discuss with management the estimates of timing of collection; and ▶ Test the mathematical accuracy of the calculation of the net present value of the receivables recorded.

Key Audit Matter	How our audit addressed the key audit matter
Accounting for assets held for sale The carrying value of assets held for sale amounted to € 3,405 mn at 31 December 2016, after a write off (impairment) of € 1,155 mn in 2016. In 2016 OMV Group planned, signed and closed several disposal transactions. We considered the accounting treatment in the financial statements of those transactions that are not closed yet and therefore shown as assets held for sale as a key audit matter because of size, complexity and the judgement required in calculating the impairment due to reclassification to assets held for sale. Major transactions include the sale of the OMV (U. K.) Limited and the planned sale of OMV Petrol Ofisi, Turkey. OMV Group's disclosures about planned disposals are included in Note 20 (Assets and liabilities held for sale), Note 7 (Depreciation, amortization and impairment losses) and Note 38 (Subsequent events).	Our work included, but was not limited to, the following procedures: ▶ Review management's assessment of the criteria to reclassify the respective assets as assets held for sale; ▶ Review whether the loss on disposal was calculated in accordance with the relevant clauses of the Share resp. Asset Purchase Agreement and assessing the net present value of contingent considerations which are linked to future performance of the divested business; ▶ Assess the valuation of disposal groups based on management's estimate of the expected sale proceeds.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Directors' Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the directors' report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the directors' report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the directors' report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the directors' report for the Group.

Opinion

In our opinion, the directors' report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the directors' report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the directors' report for the Group and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Alexander Wlasto, Certified Public Accountant.

Vienna, March 22, 2017

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

A. Wlasto

Schrenk

Alexander Wlasto
Wirtschaftsprüfer / Certified Public Accountant

Katharina Schrenk
Wirtschaftsprüferin / Certified Public Accountant

Consolidated Income Statement for 2016

Consolidated income statement

EUR mn

	Note	2016	2015
Sales revenues		**19,260**	**22,527**
Direct selling expenses		(355)	(327)
Cost of sales		(16,559)	(22,174)
Gross profit		**2,347**	**26**
Other operating income	8	644	392
Selling expenses		(1,004)	(906)
Administrative expenses		(343)	(371)
Exploration expenses		(808)	(707)
Research and development expenses		(28)	(28)
Other operating expenses	9	(1,264)	(413)
Earnings Before Interest and Taxes (EBIT)		**(457)**	**(2,006)**
Income from equity-accounted investments	10	425	345
Dividend income		41	37
Interest income	10	66	89
Interest expenses	10	(261)	(304)
Other financial income and expenses	10	(44)	(70)
Net financial result		**227**	**97**
Profit from ordinary activities		**(230)**	**(1,909)**
Taxes on income	11	47	654
Net income for the year		**(183)**	**(1,255)**
thereof attributable to stockholders of the parent		(403)	(1,100)
thereof attributable to hybrid capital owners		103	42
thereof attributable to non-controlling interests		118	(197)
Basic Earnings Per Share (EPS) in EUR	12	**(1.24)**	**(3.37)**
Diluted Earnings Per Share (EPS) in EUR	12	**(1.23)**	**(3.37)**

Consolidated Statement of Comprehensive Income for 2016

Consolidated statement of comprehensive income

EUR mn

	Note	2016	2015
Net income for the year		**(183)**	**(1,255)**
Exchange differences from translation of foreign operations		**(113)**	**(109)**
Gains/(losses) arising during the year, before income taxes		(114)	(109)
Reclassification of (gains)/losses to net income		2	—
Gains/(losses) on available-for-sale financial assets		**1**	**(1)**
Gains/(losses) arising during the year, before income taxes		1	9
Reclassification of (gains)/losses to net income		0	(10)
Gains/(losses) on hedges		**(102)**	**119**
Gains/(losses) arising during the year, before income taxes		(43)	104
Reclassification of (gains)/losses to net income		(59)	15
Share of other comprehensive income of equity-accounted investments		**63**	**95**
Total of items that may be reclassified (“recycled”) subsequently to the income statement		**(151)**	**103**
Remeasurement gains/(losses) on defined benefit plans		**(67)**	**19**
Share of other comprehensive income of equity-accounted investments		**(18)**	**9**
Total of items that will not be reclassified (“recycled”) subsequently to the income statement		**(86)**	**28**
Income taxes relating to items that may be reclassified (“recycled”) subsequently to the income statement		15	(36)
Income taxes relating to items that will not be reclassified (“recycled”) subsequently to the income statement		2	(5)
Total income taxes relating to components of other comprehensive income	21	**17**	**(41)**
Other comprehensive income for the year, net of tax	21	**(220)**	**90**
Total comprehensive income for the year		**(403)**	**(1,166)**
thereof attributable to stockholders of the parent		(611)	(987)
thereof attributable to hybrid capital owners		103	42
thereof attributable to non-controlling interests		105	(221)

Consolidated Statement of Financial Position as of December 31, 2016

Assets

EUR mn

	Note	2016	2015
Intangible assets	13	1,713	3,275
Property, plant and equipment	14	14,613	16,440
Equity-accounted investments	15	2,860	2,562
Other financial assets	18	947	846
Other assets	19	70	81
Deferred taxes	25	839	850
Non-current assets		**21,042**	**24,054**
Inventories	16	1,663	1,873
Trade receivables	17	2,459	2,567
Other financial assets	18	1,245	2,245
Income tax receivables		32	108
Other assets	19	198	374
Cash and cash equivalents		2,069	1,348
Current assets		**7,666**	**8,516**
Assets held for sale	20	3,405	94
Total assets		**32,112**	**32,664**

Equity and liabilities

EUR mn

	Note	2016	2015
Share capital		327	327
Hybrid capital		2,231	2,231
Reserves		8,357	9,114
OMV equity of the parent [1]		**10,915**	**11,672**
Non-controlling interests	22	3,010	2,626
Total equity	21	**13,925**	**14,298**
Provisions for pensions and similar obligations	23	1,057	1,045
Bonds	24	3,725	3,721
Other interest-bearing debts	24	1,012	871
Provisions for decommissioning and restoration obligations	23	3,320	3,342
Other provisions	23	553	535
Other financial liabilities	24	409	410
Other liabilities	24	155	160
Deferred taxes	25	122	229
Non-current liabilities		**10,354**	**10,314**
Trade payables	24	3,731	3,380
Bonds	24	38	295
Other interest-bearing debts	24	222	200
Income tax liabilities		212	215
Decommissioning and restoration obligations	23	92	100
Other provisions	23	435	418
Other financial liabilities	24	1,169	2,341
Other liabilities	24	828	1,074
Current liabilities		**6,727**	**8,021**
Liabilities associated with assets held for sale	20	1,107	32
Total equity and liabilities		**32,112**	**32,664**

[1] 2016 includes EUR 148 mn recognized in other comprehensive income and accumulated in equity related to OMV (U.K.) Limited disposal group and EUR (1,127) mn related to OMV Petrol Ofisi disposal group

Consolidated Statement of Changes in Equity for 2016

Consolidated statement of changes in equity in 2016 [1]

EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Translation of foreign operations	Available-for-sale financial assets
January 1, 2016	**327**	**1,500**	**2,231**	**8,613**	**(1,148)**	**0**
Net income for the year	—	—	—	(301)	—	—
Other comprehensive income for the year	—	—	—	(66)	(103)	1
Total comprehensive income for the year	**—**	**—**	**—**	**(366)**	**(103)**	**1**
Dividend distribution and hybrid coupon	—	—	—	(464)	—	—
Disposal of treasury shares	—	1	—	—	—	—
Share-based payments	—	6	—	1	—	—
Increase/(decrease) in non-controlling interests	—	—	—	206	—	—
December 31, 2016	**327**	**1,507**	**2,231**	**7,990**	**(1,251)**	**0**

Consolidated statement of changes in equity in 2015 [1]

EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Translation of foreign operations	Available-for-sale financial assets
January 1, 2015	**327**	**1,503**	**741**	**10,117**	**(1,055)**	**0**
Net income for the year	—	—	—	(1,058)	—	—
Other comprehensive income for the year	—	—	—	10	(87)	(1)
Total comprehensive income for the year	**—**	**—**	**—**	**(1,048)**	**(87)**	**(1)**
Capital increase	—	—	1,490	—	—	—
Dividend distribution and hybrid coupon	—	—	—	(459)	—	—
Disposal of treasury shares	—	1	—	—	—	—
Share-based payments	—	(4)	—	3	—	—
Increase/(decrease) in non-controlling interests	—	—	—	(1)	(6)	—
December 31, 2015	**327**	**1,500**	**2,231**	**8,613**	**(1,148)**	**0**

[1] See Note 21
[2] Includes EUR 148 mn recognized in other comprehensive income and accumulated in equity related to OMV (U.K.) Limited disposal group and EUR (1,127) mn related to OMV Petrol Ofisi disposal group

Hedges	Share of other compr. income of equity-accounted investments	Treasury shares	OMV equity of the parent [2]	Non-controlling interests	Total equity
60	**99**	**(10)**	**11,672**	**2,626**	**14,298**
—	—	—	(301)	118	(183)
(84)	45	—	(208)	(12)	(220)
(84)	**45**	**—**	**(508)**	**105**	**(403)**
—	—	—	(464)	(2)	(466)
—	—	1	2	—	2
—	—	—	7	—	7
—	—	—	206	280	486
(24)	**144**	**(9)**	**10,915**	**3,010**	**13,925**

Hedges	Share of other compr. income of equity-accounted investments	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
(27)	**(4)**	**(11)**	**11,591**	**2,924**	**14,514**
—	—	—	(1,058)	(197)	(1,255)
87	104	—	113	(24)	90
87	**104**	**—**	**(945)**	**(221)**	**(1,166)**
—	—	—	1,490	—	1,490
—	—	—	(459)	(72)	(531)
—	—	1	3	—	3
—	—	—	(1)	—	(1)
—	—	—	(7)	(4)	(12)
60	**99**	**(10)**	**11,672**	**2,626**	**14,298**

Consolidated Statement of Cash Flows for 2016

Consolidated statement of cash flows [1]

EUR mn

	2016	2015
Net income for the year	**(183)**	**(1,255)**
Depreciation, amortization and impairments	3,898	5,159
Write-ups of fixed assets	(114)	(6)
Deferred taxes	(178)	(787)
Current taxes	130	133
Income taxes paid	(143)	(310)
Tax refunds	88	61
Losses/(gains) from disposal of non-current assets	(81)	(19)
Income from equity-accounted investments and other dividend income	(466)	(382)
Dividends received from equity-accounted investments and other companies	217	84
Interest expense	119	144
Interest paid	(168)	(166)
Interest income	(56)	(79)
Interest received	26	78
Increase/(decrease) in personnel provisions	(49)	(27)
Increase/(decrease) in long-term provisions	23	260
Other changes	(37)	347
	3,026	**3,234**
Decrease/(increase) in inventories	(110)	207
Decrease/(increase) in receivables	(840)	512
Increase/(decrease) in liabilities	747	(1,004)
Increase/(decrease) in short-term provisions	54	(114)
Cash flow from operating activities	**2,878**	**2,834**
Investments		
Intangible assets and property, plant and equipment	(2,022)	(2,978)
Investments, loans and other financial assets	(66)	(88)
Acquisitions of subsidiaries and businesses net of cash acquired	(54)	—
Disposals		
Proceeds from the sale of non-current assets	331	193
Proceeds from the sale of subsidiaries and businesses, net of cash disposed	14	—
Cash flow from investing activities	**(1,797)**	**(2,874)**
Increase in long-term borrowings	242	332
Repayments of long-term borrowings	(414)	(195)
Increase/(decrease) in short-term borrowings	74	(327)
Increase in non-controlling interest	454	—
Decrease in non-controlling interest	36	(12)
Dividends paid to OMV equity holders	(464)	(459)
Dividends paid to non-controlling interests	(2)	(71)
Hybrid bond	—	1,490
Cash flow from financing activities	**(74)**	**758**
Effect of foreign exchange rate changes on cash and cash equivalents	(42)	(19)
Net increase/(decrease) in cash and cash equivalents	**965**	**700**
Cash and cash equivalents at beginning of year	1,348	649
Cash and cash equivalents at end of year	2,314	1,348
Thereof cash disclosed within Assets held for sale	245	—
Cash and cash equivalents presented in the consolidated statement of financial position	**2,069**	**1,348**

[1] See Note 26

Notes: Accounting Principles and Policies

1 Legal principles and general accounting policies

OMV Aktiengesellschaft (registered in the Austrian Register of Companies with its office based at Trabrennstraße 6-8, 1020 Vienna, Austria), is an integrated, international oil and gas company with activities in Upstream and Downstream. **Upstream** engages in the business of oil and gas exploration, development and production and focuses on the regions CEE (Romania, Austria and Kazakhstan), North Sea as well as Middle East and Africa and selected development areas. **Downstream** operates the refineries in Schwechat (Austria), Burghausen (Germany) and Petrobrazi (Romania) and a filling station network in Central and Southeastern Europe and Turkey (Downstream Oil). Downstream Gas engages in gas transit through and transport within Austria, as well as in gas storage, marketing and trading. The power business extends the gas value chain into gas-fired power plants.

These financial statements have been prepared and are in **compliance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the supplementary accounting regulations pursuant to Sec. 245a, Para. 1 of the Austrian Company Code (UGB).** The financial year corresponds to the calendar year.

The consolidated financial statements are in general based on the historical cost principle, except for certain items that have been measured at fair value as described in Note 4 Accounting and valuation principles.

The consolidated financial statements for 2016 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

The consolidated financial statements for 2016 were approved by the Supervisory Board on March 22, 2017.

2 Estimates and assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, as well as the amounts disclosed in the Notes. Actual outcomes could differ from these estimates. Estimates and assumptions need to be made particularly with respect to oil and gas reserves, provisions for decommissioning and restoration costs, provisions for onerous contracts and the recoverability of intangible assets and property, plant and equipment.

Oil and gas production assets are depreciated using the units of production (UOP) method on the basis of total proved developed reserves or total proved reserves (see Note 4.3g). Reserves are estimated by the Group's own engineers. In addition, external reviews are performed every two years. In 2016, an external review was performed by DeGolyer and MacNaughton for the reserves as of December 31, 2015. The results of the external review did not show significant deviations from the internal estimates.

Estimates of future restoration costs are also based on reports prepared by Group engineers and on past experience. Provisions for decommissioning and restoration costs require estimates of interest rates, which have material effects on the amounts of the provision. The real interest rates applied for calculating the provision for decommissioning and restoration costs are between 0.0% and 3.0% (2015: 0.0% and 3.0%). With regard to provisions for onerous contracts, the discount factor to be applied is an important estimate, in addition to the amount and timing of future cash flows.

The management is periodically assessing the receivable related to expenditure recoverable from the Romanian State. The assessment process is considering inter alia the history of amounts claimed, documentation process related requirements, potential litigation or arbitration proceedings.

The Group assesses each asset or cash generating unit (CGU) each reporting period to determine whether any indication of impairment exists (except for goodwill, which is assessed annually regardless of indicators). Where an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of different estimates and assumptions depending on the business such as oil and gas prices, discount rates, reserves, growth rates, gross margins and spark spreads. There is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

In the Upstream business segment each field is a CGU. If a group of two or more fields and related infrastructure facilities generate cash flows that are mutually interdependent ("area"), they are grouped into one CGU. The key valuation assumptions for the recoverable amounts of Upstream assets are the oil and natural gas prices, production volumes and the discount rates. The production profiles were estimated based on past experience and represent management's best estimate of future production. The cash flow projections for the first five years are based on the mid-term plan and thereafter on a "life of field" planning and therefore cover the whole life term of the field.

The nominal oil price assumptions and the EUR-USD exchange rate used in the impairment reviews are listed below:

2016

	2017	2018	2019	2020	2021 and thereafter
Brent oil price (USD/bbl)	55	65	70	75	75
EUR-USD exchange rate	1.10	1.15	1.15	1.15	1.15
Brent oil price (EUR/bbl)	50	57	61	65	65

2015

	2016	2017	2018	2019	2020 and thereafter
Brent oil price (USD/bbl)	40	55	65	70	75
EUR-USD exchange rate	1.15	1.15	1.15	1.15	1.15
Brent oil price (EUR/bbl)	35	48	57	61	65

The assumptions used for oil and gas prices for short and medium term are based on management's best estimate and were consistent with external sources. The long-term assumptions were consistent with data provided by external studies and consider long term views of global supply and demand.

In the Downstream Gas business each power plant and each gas storage facility is considered as a separate CGU. Besides the discount rates, the main valuation assumptions for the calculation of the recoverable amounts are the spark spreads for the power plants and the summer/winter spreads for the gas storages.

Further information on the assumptions and estimates upon which these consolidated financial statements are based can be found in the explanations of the individual items (for impairment tests see Notes 7 and 13 and for provisions see Note 23).

3 Consolidation

The consolidated financial statements comprise the financial statements of OMV Aktiengesellschaft and the entities it controls (its subsidiaries) as at December 31, 2016.

Control is achieved when OMV is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To have power over an investee, the investor must have existing rights that give it the current ability to direct the relevant activities of the investee.

There is a presumption that a majority of voting rights result in control. To support this presumption and when OMV has less than a majority of the voting or similar rights of an investee, OMV considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements as well as voting rights and potential voting rights. OMV reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when OMV obtains control over the subsidiary and ceases when OMV loses control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date OMV gained control until the date OMV ceased to control the subsidiary.

A list of subsidiaries, equity-accounted investments and other investments is included under Note 39 including consolidation method, Business Segment, place of business and interest held by OMV.

The financial statements of all consolidated companies have the statement of financial position date December 31, and are prepared in accordance with uniform group-wide accounting standards.

Number of consolidated companies

	2016			2015		
	Full consolidation	Share of assets and liabilities	Equity consolidation	Full consolidation	Share of assets and liabilities	Equity consolidation
At the beginning of the year	**104**	**1**	**11**	**104**	**1**	**11**
Included for the first time	5	—	1	1	—	—
Merged	(2)	—	—	—	—	—
Deconsolidated during the year	(6)	—	—	(1)	—	—
At the end of the year	**101**	**1**	**12**	**104**	**1**	**11**
[thereof domiciled and operating abroad]	[52]	[1]	[6]	[50]	[1]	[6]
[thereof domiciled in Austria and operating abroad]	[23]	[—]	[—]	[25]	[—]	[—]

Consolidated group

In **Upstream**, OMV Abu Dhabi Offshore GmbH, based in Vienna, was included starting from May 1, 2016 and OMV Middle East & Africa GmbH, based in Vienna, was included starting from December 31, 2016.

OMV Petrom Ukraine Finance Services GmbH and OMV Petrom Ukraine E&P GmbH, both based in Vienna, were liquidated and deconsolidated as of May 1, 2016 and June 1, 2016, respectively.

OMV Tellal Hydrocarbons GmbH, OMV (FAROE ISLANDS) Exploration GmbH, OMV Oystercatcher Exploration GmbH and OMV (TUNESIEN) Sidi Mansour GmbH, all based in Vienna, were deconsolidated as of December 31, 2016.

On November 9, 2016, OMV has agreed to sell 100% of the shares in its wholly owned subsidiary OMV (U.K.) Limited to Siccar Point Energy Limited, based in Aberdeen, United Kingdom. The transaction was subject to conditions, including regulatory approval and was closed on January 13, 2017.

In **Downstream**, FE-Trading GmbH, based in Anif (Austria), and FE-Trading trgovina d.o.o., based in Ljubljana (Slovenia), were acquired and included in the consolidation scope starting from April 30, 2016.

PEGAS CEGH Gas Exchange Services GmbH, based in Vienna, has been consolidated at equity starting from September 1, 2016. The company was set up together with Powernext S.A. and Central European Gas Hub AG holds a 49% share. Since OMV has significant influence over the company within the meaning of IAS 28, the company is classified as an associated company and hence consolidated at equity.

OMV Gas Marketing Trading & Finance B.V., based in Amsterdam, was included starting from December 9, 2016.

Adria-Wien Pipeline GmbH and VIVA International Marketing- und Handels-GmbH were merged to OMV Refining and Marketing GmbH as of January 1, 2016, and August 31, 2016, respectively.

All entities included for the first time in 2016 and 2015 were newly formed or existing, wholly owned subsidiaries, except if specifically described otherwise above.

Business combinations

On October 12, 2015, OMV signed a contract to acquire 100% of the shares in FE-Trading GmbH, based in Anif (Austria) and FE-Trading trgovina d.o.o., based in Ljubljana (Slovenia). The companies ("FE Trading") operate a chain of unmanned filling stations in Austria and Slovenia. The transaction was closed on April 30, 2016. FE Trading has been acquired to further extend the unmanned filling station network of OMV.

The following tables show the acquired net assets as well as the calculation of the goodwill related to the transaction:

Fair values acquired

EUR mn

	April 30, 2016
Intangible assets	16
Property, plant and equipment	19
Inventories	2
Trade receivables	2
Cash and cash equivalents	3
Total assets	**44**
Provisions for decommissioning and restoration obligations	(3)
Deferred taxes	(2)
Trade payables	(25)
Income tax liabilities	(1)
Other financial liabilities	(6)
Total liabilities	**(37)**
Net assets acquired	**6**

Measurement of goodwill

EUR mn

	April 30, 2016
Consideration given (cash)	26
Net assets acquired	(6)
Goodwill	**20**

More details on the impact of the transaction in OMV cash flow can be found in Note 26.

The goodwill substantially relates to the integration effect of FE-Trading into the Austrian refinery business as a marketing outlet. The goodwill is not expected to be tax deductible for income tax purposes.

In 2016, FE-Trading GmbH and FE-Trading trgovina d.o.o. contributed EUR 61.5 mn to consolidated sales and EUR 1.0 mn to consolidated net income of OMV Group since their inclusion. If the acquisition had already taken place at the beginning of the year, the calculated value of the sales and net income contribution to the OMV Group would have been EUR 86.9 mn and EUR 0.9 mn, respectively.

On November 15, 2016, OMV increased its stake in four Exploration and Production Sharing Agreements (EPSAs) in the Sirte Basin in Libya. OMV acquired 75% of the Second Party interests and now holds 100% of the Second Party interests in blocks C103, NC29/74, C102 and Nafoora Augila. As a result of the transaction, OMV acquired joint control of the operations.

Changes in ownership of subsidiaries without change of control

In 2016, the Group increased its interest in OMV Gas Marketing & Trading GmbH (former EconGas GmbH) and its wholly owned subsidiaries in Germany, Italy, Hungary and Croatia to 100% (2015: 64.25%) by acquiring the remaining non-controlling interest for a consideration of EUR 3.

OMV also completed the sale of a 49% minority stake in GAS CONNECT AUSTRIA GmbH to a consortium composed of Allianz and Snam S.p.A. The assessment of all relevant facts and circumstances as stated by IFRS 10 led to the conclusion that OMV continues to have control over the investee as it has the ability to direct the relevant activities of GAS CONNECT AUSTRIA GmbH through its decisions and is exposed to variable returns which it can influence. As a consequence, the full consolidation of GAS CONNECT AUSTRIA GmbH was maintained. More details on the impact of the transaction in OMV cash flow can be found in Note 26.

In 2015, the Group increased its interest in OMV Petrol Ofisi A.Ş. to 100% (2014: 98.79%) by acquiring the remaining non-controlling interest.

The following table summarizes the effects described above:

Changes in ownership of subsidiaries – without change of control

EUR mn

	2016	Thereof GAS CONNECT AUSTRIA GmbH	Thereof OMV Gas Marketing & Trading GmbH	2015 [1]
Cash consideration received from/(paid to) non-controlling shareholders	454	454	0	(12)
less transaction costs	(4)	(4)	—	—
Carrying value of related NCI	245	137	108	4
Difference recognized in retained earnings	206	313	(108)	(7)

[1] Entirely related to OMV Petrol Ofisi non-controlling interest acquisition as described above

Changes in ownership of subsidiaries with gain/loss of control

In 2016 and in 2015, the Group did not engage in any transaction leading to gain/loss of control of subsidiaries.

Joint arrangements

The consolidated financial statements also include OMV's share of the assets, obligations for liabilities, share of income and expenses of joint operations as defined by IFRS 11.

The table below includes a list of material joint operations:

Material joint operations (IFRS 11)

Name	Nature of activities	Operating segment	Principal place of business	% ownership 2016	% ownership 2015
Nafoora – Augila [1]	Onshore development of hydrocarbon reservoirs	Upstream	Libya	100	25
Concession 103 [1]	Onshore development and production of hydrocarbons	Upstream	Libya	100	25
Pohokura	Offshore production of hydrocarbons	Upstream	New Zealand	26	26
Latif	Onshore development and production of hydrocarbons	Upstream	Pakistan	33	33
Mehar [2]	Onshore development and production of hydrocarbons	Upstream	Pakistan	59	59
Neptun Deep	Offshore exploration for hydrocarbons	Upstream	Romania	50	50
Cherouq	Onshore development and production of hydrocarbons	Upstream	Tunisia	50	50
Nawara	Onshore development of hydrocarbons reservoirs	Upstream	Tunisia	50	50
Cambo [3]	Offshore exploration for hydrocarbons	Upstream	United Kingdom	48	48
Schiehallion [3]	Offshore development of hydrocarbon reservoirs	Upstream	United Kingdom	12	12
Block S(2)	Onshore development and production of hydrocarbons	Upstream	Yemen	44	44
Marmara [4]	Product terminal	Down-stream	Turkey	45	45

[1] The percentage disclosed represents the Second Party Share. The state owned Libyan national oil corporation NOC is entitled to of 88% to 90% of the production ("primary split")
[2] OMV has no control over the Mehar joint operation as the minimum percentage for relevant decision taking is 76%
[3] Part of OMV (U.K.) Limited divestment
[4] Part of OMV Petrol Ofisi divestment

Other significant arrangements

Significant joint exploration and production activities are conducted also through unincorporated arrangements that do not meet the definition of joint control according to IFRS 11. This is mainly because the required votes for control can be achieved by more than one combination of consenting votes of involved parties. Such agreements are accounted for by showing OMV's share of the assets, obligations for liabilities, share of income and expense.

Other significant arrangements

Name	Nature of activities	Operating segment	Principal place of business	% ownership 2016	% ownership 2015
NC 115 [1]	Onshore development and production of hydrocarbons	Upstream	Libya	30	30
NC 186 [1]	Onshore development and production of hydrocarbons	Upstream	Libya	24	24
Maari [2]	Offshore production of hydrocarbons	Upstream	New Zealand	69	69
Aasta Hansteen	Offshore development of hydrocarbon reservoirs	Upstream	Norway	15	15
Edvard Grieg	Offshore production of hydrocarbons	Upstream	Norway	20	20
Gudrun	Offshore production of hydrocarbons	Upstream	Norway	24	24
Gullfaks	Offshore production of hydrocarbons	Upstream	Norway	19	19
Rosebank [3]	Offshore exploration for and development of hydrocarbon reservoirs	Upstream	United Kingdom	20	50

[1] The percentage disclosed represents the Second Party Share. The state owned Libyan national oil corporation is entitled to 88% to 90% of the production ("primary split")
[2] OMV does not have control nor joint control over the Maari fields as there is more than one combination of parties which ensures the necessary majority (75%) for relevant decisions
[3] Part of OMV (U.K.) Limited divestment; joint operation in 2015, joint control lost in 2016 following the divestment of a 30% stake

For details on equity-accounted joint arrangements please refer to Note 15 Equity-accounted investments.

Interests in unconsolidated structured entities

OMV is selling trade receivables in a securitization program to Carnuntum Ltd., based in Dublin, Ireland. In 2016, OMV transferred trade receivables amounting in total to EUR 3,658 mn to Carnuntum Ltd (2015: EUR 4,485 mn).

As at December 31, 2016, OMV held seller participation notes in Carnuntum Ltd. amounting to EUR 110 mn (2015: EUR 97 mn) shown in other financial assets. There were no complementary notes held at the end of 2016 and 2015. As of December 31, 2016, the maximum exposure to loss from the securitization transaction was EUR 123 mn (2015: EUR 104 mn).

The fair value of the seller participation notes and complementary notes corresponds to their book value. The seller participation notes are senior to a loss reserve and a third party investor participation. The complementary notes are of the same seniority as the senior notes issued by the program. The risk retained by OMV Group is insignificant and therefore the trade receivables sold are derecognized in their entirety. The receivables are sold at their nominal amount less a discount. The discount was recognized in profit or loss and amounted in total to EUR 23 mn in 2016 (2015: EUR 28 mn). Interest income on the notes held in Carnuntum Ltd. amounted to EUR 3 mn in 2016 (2015: EUR 4 mn). In addition, OMV received a service fee for the debtor management services provided for the receivables sold.

OMV did not provide any financial support to Carnuntum Ltd. and does not intend to provide such support in the future.

4 Accounting and valuation principles

1) First-time adoption of revised standards

The accounting policies adopted are consistent with those of the previous financial year, except for the changes as described below.

The Group has adopted the following amended standards with a date of initial application of January 1, 2016:

- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 16 and IAS 41 Agriculture – Bearer Plants
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the Consolidation Exception
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

They did not have a material impact on the consolidated financial statements of the Group.

2) New or revised standards and interpretations not yet mandatory

OMV has not applied the following new and revised IFRSs and interpretations that have been issued but are not yet effective. EU endorsement is still pending in some cases.

- IFRS 9 Financial Instruments. In July 2014, the IASB completed its project to replace IAS 39, Financial Instruments: Recognition and Measurement by publishing the final version of IFRS 9 Financial Instruments. IFRS 9 introduces key changes to the classification and measurement of financial assets being based on a business model and contractual cash flows approach and implements a new impairment model based on expected credit losses. Changes to hedge accounting have been made with the objective to better represent the effect of risk management activities that an entity adopts to manage exposures.

  The Group is currently assessing the impact of adopting IFRS 9 on the Group's financial statements. IFRS 9 is not expected to significantly change the recognition and measurement of OMV's financial assets and liabilities. The new impairment requirements will, however, generally result in earlier recognition of credit losses and the Group will perform a detailed assessment in 2017 to determine the extent. Based on the preliminary assessment, the types of hedge accounting relationships that the Group currently designates should be capable of meeting the requirements of IFRS 9, provided that certain changes to the internal documentation and monitoring processes are made. It is, however, not planned to apply hedge accounting for any additional hedging strategies at the time of first application. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permissible. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. The Group plans to adopt the new standard on the required effective date.

- IFRS 15 Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 replaces all existing revenue recognition requirements in IFRS and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. The standard is effective for annual periods beginning on or after January 1, 2018.

The Group performed a review of its existing sales contracts in 2016. Key considerations for oil and gas entities are, for example, the accounting for production imbalances in the Upstream business, performance obligations in long-term supply agreements as well as principal versus agent considerations.

As the Group applies the sales method which is generally considered to be in line with IFRS 15, no impact from IFRS 15 is expected on the accounting for production imbalances. Long-term supply contracts were analyzed with regards to the identification of the performance obligations, determination of the transaction price and the allocation of the transaction price to the performance obligations. IFRS 15 is expected to lead to a change in the allocation of the transaction price to the performance obligations in long-term gas sales contracts with stepped prices. Furthermore, OMV has identified additional transactions, mainly in the Downstream business, in which it acts in the capacity of an agent. An agent recognizes revenue for the commission or fee earned for facilitating the transfer of goods or services. Under IFRS 15, the assessment will be based on whether the Group controls the specific goods or services before transferring to the customer, rather than whether it has exposure to significant risks and rewards associated with the sale of the goods or services.

The Group will need to perform further assessments in the future to determine the impact of IFRS 15 to its financial statements. In this assessment the clarifications issued by the IASB in April 2016 are considered and any further developments are monitored. Based on the preliminary assessment IFRS 15 is not expected to have a significant impact on the Group's financial statements. The Group plans to adopt the new standard on January 1, 2018, using the cumulative effect method.

- IFRS 16 Leases. In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard IAS 17 and several interpretations and sets out new rules for lease accounting. For the lessee's accounting, IFRS 16 will eliminate the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, will introduce a single lessee accounting model. Applying that model, a lessee will be required to recognize assets and liabilities for most leases and depreciation of lease assets separately from interest on lease liabilities in the income statement. For lessors, there will only be minor changes compared to IAS 17.

  The Group has started an initial assessment of the potential impact of IFRS 16 on its consolidated financial statements. The most significant impact identified is that the Group will recognize new assets and liabilities for most of its operating leases (see Note 14). In the income statement, depreciation charges and interest expense will be reported instead of lease expense. Some commitments may be covered by the exceptions for short-term and low-value leases. There is no significant impact expected on the existing finance leases.

  IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. OMV plans to apply IFRS 16 initially on January 1, 2019 and did not decide yet which transitional provision to adopt.

In addition, the following amendments to standards and interpretations were issued which are not expected to have any material effects on the Group's financial statements:

Amendments to standards and interpretations	IASB effective date
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Amendments to IAS 7 Disclosure Initiative	January 1, 2017
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	January 1, 2018
Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018
Annual Improvements to IFRSs 2014–2016 Cycle	January 1, 2018/ January 1, 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments to IAS 40 Transfers of Investment Property	January 1, 2018

3) Summary of accounting and valuation principles

a) Business combinations

Business combinations are accounted for using the acquisition method. Assets and liabilities of subsidiaries acquired are included at their fair value at the time of acquisition. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Goodwill is calculated as the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest and the fair value of the equity previously held by OMV in the acquired entity over the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as an asset and is tested for impairment at least yearly. Impairments are recorded immediately through profit or loss, subsequent write-ups are not possible. Any gain on a bargain purchase is recognized in profit or loss immediately.

b) Revenue recognition

In general, revenues are realized when goods or services are supplied to and acknowledged by the customer, the amount receivable is fixed or can be determined, and collection is probable. Specifically, revenues are recognized in the Upstream segment when products are delivered and risks as well as rewards of ownership have passed to the customer. In the gas business, sales under long-term contracts are recognized on delivery. Additional gas volumes supplied under these contracts are recognized when accepted by the customer. Gas storage revenues are recognized on the basis of committed storage volumes and withdrawal rates; similarly, gas transport revenues are recognized on the basis of committed volumes. Revenue from the delivery of electricity is realized at the performance date. In the retail business, revenues from the Group's own filling stations are recognized when products are supplied to the customers. In the case of non-Group filling stations, revenues are recognized when products are delivered to the stations. Award credits, related to customer loyalty programs operated within the Downstream Oil business, are recognized as a separate component of the sales transaction in which they are granted. Consideration received is allocated between the products sold and the award credits issued in the form of points. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed. Where forward sales and purchase contracts for commodities are determined to be for trading purposes and not for the final physical delivery, the associated sales and purchases are reported net within sales revenues.

c) Exploration expenses
Exploration expenses relate exclusively to Upstream and comprise the costs associated with unproved reserves. These include geological and geophysical costs for the identification and investigation of areas with possible oil and gas reserves and administrative, legal and consulting costs in connection with exploration. They also include all impairments on exploration wells where no proved reserves could be demonstrated. Depreciation of economically successful exploration wells forms part of cost of sales.

d) Research and development expenses
Research and development (R&D) expenses include all direct and indirect materials, personnel and external services costs incurred in connection with the focused search for new development techniques and significant improvements in products, services and processes and in connection with research activities. Expenditure related to research activities is shown as R&D expenses in the period in which it is incurred. Development costs are capitalized if the recognition criteria according to IAS 38 are fulfilled.

R&D grants received from third parties are shown in other operating income. Government grants provided for projects or services are generally deducted from the cost of the assets. For grants received from customers, income is recognized over the service period in case of a future service obligation; without a service obligation the entire income is recognized immediately.

e) Exploration and production sharing agreements
Exploration and production sharing agreements (EPSAs) are contracts for oil and gas licenses in which production is shared between one or more oil companies and the host country/national oil company in defined proportions. Exploration expenditures are carried by the oil companies as a rule and recovered from the state or the national oil company through so called "cost oil" in a successful case only. Under certain EPSA contracts the host country's/national oil company's profit share represents imposed income taxes and is treated as such for purposes of the income statement presentation.

f) Intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are recognized at costs of acquisition or construction (where and to the extent applicable) net of accumulated depreciation, amortization and impairment losses. Such cost includes directly attributable costs of major inspections and general overhauls which are capitalized in the year in which they are incurred, and thereafter depreciated on a straight-line basis over the period until the next inspection/overhaul. The costs for replacements of components are capitalized and carrying values of the replaced parts are derecognized. Costs relating to minor maintenance and repairs are treated as expenses in the year in which they are incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives and goodwill are not subject to amortization, but must be tested for impairment at least annually. Intangible assets with finite useful lives (except exploration licenses, see Note 4.3g) and depreciable property, plant and equipment are amortized or depreciated over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired.

Depreciation and amortization is calculated on a straight-line basis, except for upstream activities, where depletion occurs to a large extent on a unit-of-production basis. In the consolidated income statement, depreciation and amortization as well as impairment losses for filling stations are disclosed as part of selling expenses, those for exploration assets as exploration expenses, and those for other assets are reported as cost of sales or as other operating expenses.

Useful life		Years
Intangible assets		
Goodwill		Indefinite
Software		3–5
Concessions, licenses, etc.		5–20 or contract duration
Business-specific property, plant and equipment		
Upstream	Oil and gas wells	Unit-of-production method
Downstream Gas	Gas pipelines	30
	Gas power plants	8–30
	Wind power station	10–20
Downstream Oil	Storage tanks	40
	Refinery facilities	25
	Pipeline systems	20
	Filling stations	5–20
Other property, plant and equipment		
Production and office buildings		20–50
Other technical plant and equipment		10–20
Fixtures and fittings		5–10

g) Oil and gas assets

Upstream activities are recorded using the successful efforts method. The acquisition costs of geological and geophysical studies before the discovery of proved reserves form part of expenses for the period. The costs of wells are capitalized and reported as intangible assets until the existence or absence of potentially commercially viable oil or gas reserves is determined. Wells which are not commercially viable are expensed. The costs of exploration wells whose commercial viability has not yet been determined continue to be capitalized as long as the following conditions are satisfied:

- Sufficient oil and gas reserves have been discovered that would justify completion as a production well
- Sufficient progress is being made in assessing the economic and technical feasibility to justify beginning field development in the near future

Exploratory wells in progress at period end which are determined to be unsuccessful subsequent to the statement of financial position date are treated as non-adjusting events, meaning that the costs incurred for such exploratory wells remain capitalized in the financial statements of the reporting period under review and will be expensed in the subsequent period. Information on such non-adjusting subsequent events after the statement of financial position date is disclosed in Note 38.

License acquisition costs and capitalized exploration and appraisal activities are generally not amortized as long as they are related to unproved reserves, but tested for impairment. Once the reserves are proved and commercial viability is established, the related assets are reclassified into tangible assets. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms and pipelines and drilling development wells is capitalized within tangible assets. Once production starts, depreciation commences. Capitalized exploration and development costs and support equipment are generally depleted based on proved developed reserves by applying the unit-of-production method; only capitalized exploration rights and acquired reserves are amortized on the basis of total proved reserves.

h) Impairment of non-financial assets
In accordance with IAS 36, the Group assesses at each statement of financial position date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case the impairment test is done on the level of the cash generating unit. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset has to be considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The pre-tax discount rate is determined by way of iteration. The cash flows are generally derived from the recent budgets and planning calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the reasons for impairment no longer apply in a subsequent period, a reversal is to be recognized in profit or loss. The increased carrying amount related to the reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization, depreciation or depletion) had no impairment loss been recognized in prior years.

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amounts are to be realized by sale rather than through continued use. This is the case when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are no longer depreciated.

j) Leases
The Group holds a number of assets for its various activities under lease contracts. These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases. A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not meet the definition of a finance lease are classified as operating leases.

Finance leases are capitalized at the lower of the present value of the minimum lease payments or fair value and then depreciated over their expected useful lives or the duration of the lease, if shorter. A liability equivalent to the capitalized amount is recognized, and future lease payments are split into the finance charge and the capital repayment element.

In the case of operating leases, lease payments are recognized on a straight-line basis over the lease term.

Lease contracts are distinguished from service contracts, which do not convey the right to use a specific asset. OMV has entered into long-term contracts for storage capacities, pipeline and other transportation capacities, and contracts for processing, producing or modifying goods. Such capacity contracts are not considered leases if they do not involve specified single assets or do not convey the right to control the use of the assets. Payments for such contracts are expensed in the period for which the capacities are contractually available to OMV.

k) Associated companies and joint arrangements

Associated companies are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint arrangements, which are arrangements of which the Group has joint control together with one or more parties, are classified into joint ventures and joint operations. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associated companies or joint ventures are accounted for using the equity method, under which the investment is initially recognized at cost and subsequently adjusted for the Group's share of the profit or loss less dividends received and the Group's share of other comprehensive income and other movements in equity.

At each statement of financial position date, investments in associates and joint ventures are reviewed for any objective evidence of impairment. If there is such evidence, the amount of impairment is calculated as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognized in profit and loss.

For joint operations, which exist mainly in the Upstream segment, the Group's share of all assets, liabilities, income and expenses is included in the consolidated financial statements. Acquisitions of interests in a joint operation, in which the activity of the joint operation constitutes a business, are accounted for according to the relevant IFRS 3 principles for business combinations accounting.

l) Non-derivative financial assets

At initial recognition OMV classifies its financial assets into the following three categories: Financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial asset. All regular way trades are recognized and derecognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Securities are classified as **at fair value through profit or loss** when they are either held for trading or if they are designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Loans and **receivables** are measured at amortized cost less any impairment. Whether loans and receivables are impaired is assessed individually for financial assets that are individually significant and collectively for financial assets that are not individually significant.

Available-for-sale financial assets, which include mainly investment funds and debt instruments, are recognized at fair value. The fair value of these instruments is the published exchange price as these instruments were traded on active markets as of statement of financial position date.

Unrealized gains and losses are disclosed separately in other comprehensive income net of any attributable tax effects. If there is objective evidence of impairment, write-downs including amounts previously recognized in other comprehensive income, are recognized in profit and loss. If the reason for the recognition of an impairment loss subsequently ceases to exist, the amount of the reversal up to amortized costs is included either as income in the case of debt instruments, or is taken to equity in the case of equity instruments.

Investments in unconsolidated subsidiaries and **other companies**, whose fair value cannot be reliably estimated, are measured at acquisition cost less any impairment losses.

At every statement of financial position date, the carrying amounts of financial assets not classified as at fair value through profit or loss are reviewed for objective evidence of impairment. Evidence of impairment may include for example indications that the debtor or issuer is experiencing significant financial difficulty, default or delinquency in payments, the probability that the debtor or issuer will enter bankruptcy or a considerable detrimental change in the debtor's or issuer's technological, economical, legal environment and/or market environment. In the case of equity instruments classified as available for sale, objective evidence would include significant or prolonged decrease in fair value below cost. Any impairment is recognized in profit or loss.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

m) Derivative financial instruments

Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices. Derivative instruments are recognized at fair value, which reflects the estimated prices that OMV would pay or receive if the positions were transferred at statement of financial position date. Quotations from respective exchanges, banks or appropriate pricing models have been used to estimate the fair value of these instruments at statement of financial position date. Price calculation in these models is based on forward prices of the underlying, foreign exchange rates, counterparty credit risk as well as volatility indicators as of statement of financial position date. Unrealized gains and losses are recognized as income or expense, except where hedge accounting is applied.

Those derivatives qualifying and designated as hedges are either (i) a fair value hedge when hedging exposure to changes in the fair value of a recognized asset or liability or (ii) a cash flow hedge when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

In the case of fair value hedges, changes in the fair value resulting from the risk being hedged for both the underlying and the hedging instrument are recognized as income or expense.

For cash flow hedges, the effective part of the changes in fair value is recognized in other comprehensive income, while the ineffective part is recognized immediately in the income statement. Where the hedging of cash flows results in an asset or liability, the amounts that have previously been recognized in other comprehensive income are reclassified into profit and loss in the period in which the hedged position affects earnings.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts. However, even though such contracts are not financial instruments, they may contain embedded derivatives. Embedded derivatives are accounted for separately from the host contract when the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

Currently embedded derivatives exist mainly within long-term gas contracts, amongst others. These embedded derivatives are regarded as clearly and closely related to the host gas contracts because for the time being no active market for such volumes exists. Consequently these instruments are not separated from their host contracts.

n) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized until these assets are substantially ready for their intended use or sale. All other costs of borrowing are expensed in the period in which they are incurred.

o) Government grants
Government grants – except for emission rights (see Note 4.3r) – are recognized as income or deducted from the related asset where it is reasonable to expect that the granting conditions will be met and that the grants will be received.

p) Inventories
Inventories are recognized at the lower of cost and net realizable value using the average price method for acquisition or production or the individual costs for not interchangeable goods respectively. Costs of production comprise directly attributable costs as well as fixed and variable indirect material and production overhead costs. Production-related administrative costs, the costs of company pension schemes and voluntary employee benefits are also included. In refineries, a carrying capacity approach is applied according to which the production costs are allocated to product groups on the basis of their relative market values at the end of the period.

A special accounting treatment is applied to inventories held according to compulsory stock obligations in Austria and Turkey. The additional quantities in crude oil and products held under the Austrian Oil Stockholding Act (2013) are valued using a long-term weighted average price method, applied on the basis of oil equivalents. A similar method, however on the basis of product groups, is applied in Turkey. Quantities exceeding the compulsory stocks are valued at the lower of current production or acquisition costs and the net realizable value.

q) Cash and cash equivalents
Cash and cash equivalents include cash balances, bank accounts and highly liquid short-term investments with low realization risk i.e. negligible short-term exchange and interest risks. The maximum maturity at the time of acquisition for such investments is three months.

r) Provisions
A provision is recorded when it is probable that an obligation will be settled and the settlement amount can be estimated reliably. Provisions for individual obligations are based on the best estimate of the amount necessary to settle the obligation, discounted to the present value in the case of long-term obligations.

Decommissioning and environmental obligations: The Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. These decommissioning and restoration obligations are principally of material importance in the Upstream segment (oil and gas wells, surface facilities) and in connection with filling stations on third-party property. At the time the obligation arises, it is provided for in full by recognizing the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalized as part of the carrying amount of long-lived assets. Any such obligation is calculated on the basis of best estimates. The capitalized asset is depreciated on a straight-line basis in Downstream and using the unit-of-production method in Upstream. The unwinding of discounting leads to interest expense and accordingly to increased obligations at each statement of financial position date until decommissioning or restoration. For other environmental risks and measures, provisions are recognized if such obligations are probable and the amount of the obligation can be estimated reliably.

Pensions and similar obligations: OMV has both defined contribution and defined benefit pension plans. In the case of defined contribution plans, OMV has no obligations beyond payment of the agreed premiums, and no provision is therefore recognized. In contrast, participants in defined benefit plans are entitled to pensions at certain levels. The risks associated with these defined benefit pension plans remain with OMV. Defined benefit pension obligations are accounted for by recognizing provisions for pensions.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected unit credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains and losses for defined benefit pension and severance payment obligations are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are not reclassified to profit or loss in subsequent periods. Actuarial gains and losses on obligations for jubilee payments are recognized in profit or loss. Net interest expense is calculated on the basis of the net defined benefit obligation and disclosed as part of the financial result. Differences between the return on plan assets and interest income on plan assets included in the net interest expense is recognized in other comprehensive income.

Provisions for voluntary and mandatory separations under restructuring programs are recognized if a detailed plan has been approved by management and communicated to those affected prior to the statement of financial position date and an irrevocable commitment is thereby established. Voluntary modifications to employees' remuneration arrangements are recognized on the basis of the expected number of employees accepting the employing company's offer. Provisions for obligations related to individual separation agreements which lead to fixed payments over a defined period of time are recognized at the present value of the obligation.

Emission allowances received free of cost from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) reduce financial obligations related to CO_2 emissions; provisions are recognized only for shortfalls (see Note 23).

s) Non-derivative financial liabilities
Liabilities are carried at amortized cost, with the exception of derivative financial instruments, which are recognized at fair value. Long-term liabilities are discounted using the effective interest rate method.

t) Taxes on income including deferred taxes
In addition to corporate income taxes and trade earnings taxes, typical upstream taxes from oil and gas production like the country's/national oil company's profit share for certain EPSAs (see Note 4.3e) are disclosed as income taxes.

Deferred taxes are recognized for temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Tax losses carried forward are taken into account in calculating deferred tax assets. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Where a deferred tax asset or liability arises on a business combination, that deferred tax asset or liability is calculated at the date of acquisition and affects goodwill.

Deferred tax is not recognized for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities at Group level are shown net where there is a right of set-off and the taxes relate to matters subject to the same tax jurisdiction.

u) Long Term Incentive (LTI) plans, Matching Share Plan (MSP) and Strategic Incentive Plan (SIP)
Starting with 2009, LTI plans were introduced for the Executive Board, selected senior executives and selected employees with outstanding development potential. In 2013, a MSP has been introduced for the Executive Board. At each vesting date bonus shares, respectively bonuses will be granted to the participants; disbursement is made in cash or shares. In 2014, the SIP was granted to Executive Board members, selected executive managers and selected Upstream experts in the Group. It is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period.

Fair values are determined using models which are based on the expected target achievements and the expected share prices. For cash-settled awards, provisions based on applicable fair values are built up over the vesting period, so that by the end of the vesting period the fair value of the bonus share to be granted is fully provided for. For equity-settled awards, a corresponding entry in equity is recognized for the movement in cumulative expense. For more details on the plans see Note 32.

5 Foreign currency translation

Monetary foreign currency balances are measured at closing rates, and exchange gains and losses accrued at statement of financial position date are recognized in the income statement.

The financial statements of Group companies with functional currencies different from the Group's presentation currency are translated using the closing rate method. Differences arising from statement of financial position items translated at closing rates are disclosed in other comprehensive income. Income statement items are translated at average rates for the period (mean rates). The use of average rates for the income statement creates additional differences compared to the application of the closing rates in the statement of financial position which are directly adjusted in other comprehensive income.

The main rates applied in translating currencies to EUR were as follows:

Foreign currency translation

	2016		2015	
	Statement of financial position date	Average	Statement of financial position date	Average
Australian dollar (AUD)	1.460	1.488	1.490	1.478
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Romanian leu (RON)	4.539	4.490	4.524	4.445
New Zealand dollar (NZD)	1.516	1.589	1.592	1.593
Norwegian krone (NOK)	9.086	9.291	9.603	8.950
Czech crown (CZK)	27.021	27.034	27.023	27.279
Turkish lira (TRY)	3.707	3.343	3.177	3.026
Hungarian forint (HUF)	309.830	311.438	315.980	309.996
US dollar (USD)	1.054	1.107	1.089	1.110

Notes to the Income Statement

6 Personnel expenses

The positions of the income statement contain the following **personnel expenses**:

Personnel expenses

EUR mn

	2016	2015
Wages, salaries and other employee benefits	1,085	1,185
Costs of defined benefit plans	8	11
Costs of defined contribution plans	28	27
Net expenses for personnel reduction schemes	48	38
Total	**1,169**	**1,260**

The total expenses for pensions included in the costs of defined benefit plans, costs of defined contribution plans and net expenses for personnel reduction schemes amounted to EUR 48 mn (2015: EUR 43 mn).

7 Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses of intangible assets and property, plant and equipment, consisted of:

Depreciation, amortization and impairment losses

EUR mn

	2016	2015
Depreciation and amortization	2,057	2,147
Impairment losses	1,836	3,010
Total	**3,894**	**5,157**

Impairment losses include EUR 1,155 mn related to non-current assets which were reclassified to assets held for sale. More details are provided in Note 20.

Impairment testing in Upstream

The divestment of a 30% stake in Rosebank (more details in Note 20) triggered a reassessment of the retained 20% interest, which led to a pre-tax impairment of EUR 217 mn in 2016, impacting exploration expenses. The basis of the valuation was the fair value less costs of disposal derived from the expected sales price of the 30% stake in Rosebank (Level 3 valuation).

Due to a downward revision of the reserves, a pre-tax impairment loss of EUR 55 mn was incurred on gas fields in Pakistan, which was recognized in cost of sales. The recoverable amount was based on the value in use and amounted to EUR 46 mn. The pre-tax discount rate used was 11.7%.

Other impairments in 2016 were mainly related to unsuccessful exploration wells and write-offs of exploration licenses in North Sea, Romania and Madagascar (EUR 90 mn), and to unsuccessful workovers and obsolete or replaced assets in Romania (EUR 73 mn).

In 2015, significant impairments have been recognized in the Upstream segment due to a significant drop in the oil and gas prices and the change in OMV's long-term price assumptions, as well as to severe production interruptions in the short and medium term in Libya and Yemen. These impairment losses amounted in total to EUR 2,449 mn, covering exploration assets (EUR 281 mn), assets under production and development (EUR 2,101 mn) and goodwill (EUR 67 mn). The goodwill impairment was related to the goodwill allocated to the former Middle East and Caspian Region, which was fully written off (see Note 13).

The table below summarizes the material impairments, the recoverable amounts of impaired assets and the discount rates used in 2015:

Material Upstream impairments in 2015 [1]

EUR mn

Impairments per country	Impairment	Recoverable amount of impaired assets	After-tax discount rate
Romania	554	820	7.8%
Tunisia	504	129	9.5%
Yemen	402	121	10.8%
New Zealand	255	135	7.7%
Norway	205	1,751	7.0%
Pakistan	143	93	10.5%
Libya	143	331	10.8%
United Kingdom	65	461	8.4%
Kazakhstan	55	109	8.9%

[1] Other impairments not shown above were related to goodwill and to assets in Australia, Austria and Bulgaria

The pre-tax discount rates used ranged from 7% to 48%. The pre-tax discount rates, which were derived by way of iteration, were impacted by high taxation on upstream activities in some countries as well as tax effects such as permanent differences. In addition, there were in 2015 impairments related to unsuccessful exploration wells mainly in Romania (EUR 92 mn), Norway (EUR 29 mn), Tunisia (EUR 15 mn) and Pakistan (EUR 13 mn) and impairments due to unsuccessful workovers and obsolete or replaced assets in Romania (EUR 93 mn).

Impairment testing in Downstream

A decrease in the expected long-term spark spreads in Turkey led to an impairment amounting to EUR 101 mn recognized in cost of sales in 2016. The recoverable amount was computed based on the future use of the power plant over its useful life. The cash flows were based on the mid-term planning assumptions of the Group and on macroeconomic assumptions for the period beyond the mid-term plan time frame. The key valuation assumptions for the recoverable amount are the spark spreads, being the differences between the electricity prices and the gas prices, and the power quantities produced. The recoverable amount was computed based on a pre-tax discount rate of 7.0% (2015: 7.1%) and amounted to EUR 171 mn (2015: EUR 337 mn). A 1 percentage point increase in the discount rate used would lead to an additional impairment of EUR 19 mn. Furthermore, a decrease of EUR 1/MWh of the spark spreads would lead to an additional impairment of EUR 73 mn. The asset was also tested for impairment in 2015, which led to an impairment of EUR 194 mn.

The economic surroundings for the gas storage business have further worsened in 2016 with a significant decrease in the summer/winter spreads, which led to a EUR 73 mn impairment of Etzel gas storage in Germany recognized in cost of sales. The recoverable amount, which was determined on the basis of the value in use, was EUR 74 mn (2015: EUR 143 mn). The pre-tax discount rate used was 3.9 % (2015: 4.5%). The profitability of the Etzel storage facility is mainly dependent on the summer/winter spread of gas prices. The short-term assumptions are based on market data, while the long-term assumptions are based on management expectations and are in line with external studies. A reduction of the summer/winter spread assumption would not lead to an additional impairment loss but to the recognition of a provision for onerous contracts to the extent that the operating costs in connection with the storage exceed the expected revenue. The asset was also tested for impairment in 2015, which led to an impairment of EUR 58 mn.

In addition to the impairments described above, impairment losses have been recognized on reclassification of assets and disposal groups to held for sale both in Upstream and in Downstream (see Note 20).

In the consolidated income statement, the impairment losses are disclosed as follows:

Disclosure of impairment losses

	2016	2015
Cost of sales	349	2,546
Exploration expenses	658	456
Selling and administration expenses	1	3
Other operating expenses	828	5

8 Other operating income

Other operating income

EUR mn

	2016	2015
Other operating income	**644**	**392**
[thereof gains on the disposal and write-up of non-current assets not including financial assets]	[245]	[51]
[thereof exchange gains from operating activities]	[123]	[106]

In 2016, **other operating income** included mainly a write-up of EUR 113 mn related to the reclassification of an asset in the Middle East and Africa region to "held for sale" and a gain of EUR 87 mn in OMV Petrol Ofisi A.Ş. from the sale of Aliağa Terminal.

In 2015, other operating income included gains related to insurance reimbursements resulting from a damage claim in New Zealand in the amount of EUR 44 mn and the positive outcome of a litigation dispute during 2015 in OMV Petrom SA of EUR 25 mn.

9 Other operating expenses

Other operating expenses

EUR mn

	2016	2015
Other operating expenses	**1,264**	**413**
[thereof expenses on disposals of non-current assets not including financial assets]	[32]	[38]
[thereof exchange losses from operating activities]	[133]	[136]
[thereof personnel reduction schemes]	[48]	[34]

In 2016, **other operating expenses** included impairment losses of EUR 827 mn following the reclassification of OMV (U.K.) Limited and OMV Petrol Ofisi disposal groups to held for sale. For further details see Note 20. They also included a valuation allowance for other financial assets considering the uncertainty regarding the expenditure recoverable from Romanian state.

In 2015, other operating expenses included bad debt provisions of EUR 20 mn for receivables from two Romanian customers within the Downstream Gas business.

10 Net financial result

Income from equity-accounted investments included income of EUR 425 mn (2015: EUR 369 mn) and expenses of EUR 1 mn (2015: EUR 24 mn).

Interest income

EUR mn

	2016	2015
Interest income from available-for-sale financial instruments	0	1
Interest income from loans, receivables and cash deposits	27	37
Interest income on discounted receivables	9	10
Other interest income	29	41
Interest income	**66**	**89**

In 2016, there was no income from already impaired receivables (2015: EUR 0.3 mn).

Interest income on discounted receivables is mainly related to the unwinding of receivables from the Romanian State related to decommissioning and environmental provisions. **Other interest income** is mainly related to the positive outcome of a litigation dispute in OMV Petrom SA in both 2016 and 2015.

Interest expenses

EUR mn

	2016	2015
Interest expenses on financial liabilities measured at amortized cost	119	143
Interest expenses component of provisions	134	152
Interest expenses non-financial liabilities	7	8
Interest expenses	**261**	**304**

The **interest expenses component of provisions** contained accrued interest on pension provisions and severance of EUR 20 mn (2015: EUR 22 mn) and interest accrued on provisions for jubilee payments, personnel reduction plans and other employee benefits of EUR 3 mn (2015: EUR 4 mn). The interest expenses on pension provisions were netted against interest income on pension plan assets amounting to EUR 11 mn (2015: EUR 11 mn).

The position also contained the interest component on the provision for decommissioning and restoration obligations in an amount of EUR 78 mn (2015: EUR 85 mn).

Other financial income and expense

EUR mn

	2016	2015
Net foreign exchange gain/(loss)	3	(27)
Financing charges for factoring and securitization	(26)	(32)
Other	(22)	(12)
Other financial income and expense	**(44)**	**(70)**

The position **Other** was mainly related to bank charges amounting to EUR 17 mn (2015: EUR 22 mn) and impairments of financial assets of EUR 5 mn (2015: EUR 1 mn), whereas 2015 was positively impacted by a gain on disposal of financial assets of EUR 11 mn.

In 2016, interest on borrowings amounting to EUR 40 mn (2015: EUR 25 mn) was capitalized, using an average interest rate of 2.6% applied to the carrying value of qualifying assets and was mainly related to the development of oil and gas assets in Norway and the United Kingdom.

11 Taxes on income

In 2016, total tax income recognized in the income statement amounted to EUR 47 mn (2015: EUR 654 mn), thereof EUR 130 mn current tax expenses (2015: EUR 133 mn) and EUR 178 mn deferred tax income (2015: EUR 787 mn). Current tax expenses included tax expenses related to previous years of EUR 4 mn (2015: income of EUR 83 mn).

The reconciliation of deferred taxes was as follows:

Changes in deferred taxes

EUR mn

	2016	2015
Deferred taxes January 1	622	(113)
Deferred taxes December 31 [1]	837	622
Changes in deferred taxes	**215**	**735**
Deferred taxes accounted for in other comprehensive income	(19)	35
Changes in consolidated Group, exchange differences	(18)	17
Deferred taxes per income statement	**178**	**787**
The deferred taxes per income statement comprise the following elements:		
Change in tax rate	4	26
Release of and allocation to valuation allowance for deferred taxes	(17)	(753)
Adjustments within loss carryforwards (not recognized in prior years, expired loss carryforwards and other adjustments)	(33)	(56)
Reversal of temporary differences, including additions to and use of loss carryforwards	224	1,570

[1] Including deferred taxes reclassified to assets or liabilities associated with assets held for sale of EUR 120 mn (2015: EUR 1 mn)

Taxes on income accounted for in other comprehensive income totaled EUR (17) mn (2015: EUR 41 mn), thereof EUR (19) mn deferred taxes (2015: EUR 35 mn) and EUR 2 mn current taxes (2015: EUR 6 mn).

In 2016, tax loss carryforwards of EUR 179 mn (2015: EUR 169 mn) were used. The corresponding deferred tax impact amounted to EUR 22 mn (2015: EUR 44 mn).

OMV Aktiengesellschaft forms a **tax group** in accordance with section 9 of the Austrian Corporate Income Tax Act 1988 (KStG), which aggregates the taxable profits and losses of all the Group's main subsidiaries in Austria and possibly arising losses of one foreign subsidiary (OMV AUSTRALIA PTY LTD). In 2015, two additional foreign subsidiaries (OMV (U.K.) Limited and OMV Slovensko s.r.o.) have been members of the Austrian tax group.

Investment income from domestic subsidiaries is in general exempt from taxation in Austria. Dividends from EU- and EEA-participations as well as from subsidiaries whose residence state has a comprehensive administrative assistance agreement with Austria are exempt from taxation in Austria if certain conditions are fulfilled. Dividends from other foreign investments that are comparable to Austrian corporations, for which the Group holds a 10% investment share or more for a minimum period of one year, are also excluded from taxation at the level of the Austrian parent company.

In 2016 as well as in the previous year, a **valuation allowance for deferred tax assets for the Austrian tax group** was recognized. Hence deferred tax assets of the Austrian tax group were only recognized to the extent that it is probable that taxable profit will be available in the foreseeable future against which the deductible temporary differences can be utilized. The valuation allowance was reported as deferred tax expense in the income statement, except to the extent that the deferred tax assets arose from transactions or events which were recognized outside profit or loss, i.e. in other comprehensive income or directly in equity.

The **effective tax rate** is the ratio of income tax to profit from ordinary activities – to the extent that the income tax is attributable to profit from ordinary activities. The table hereafter reconciles the effective tax rate and the standard Austrian corporate income tax rate of 25% showing the major influencing factors.

Tax rates

%

	2016	2015
Austrian corporate income tax rate	**25.0**	**25.0**
Tax effect of:		
Differing foreign tax rates	107.0	26.7
Non-deductible expenses	(269.0)	(24.0)
Non-taxable income	160.6	14.5
Change in tax rate	1.7	1.4
Permanent effects within tax loss carryforwards	(1.0)	(0.4)
Tax write-downs and write-ups on investments at parent company level	110.6	25.9
Change in valuation allowance for deferred taxes	(7.4)	(39.4)
Taxes related to previous years	(71.5)	3.7
Other	(35.4)	0.9
Effective Group income tax rate	**20.6**	**34.3**

The Group's effective tax rates in 2016 and 2015 were impacted by impairments.

Non-deductible expenses in 2016 mainly contained permanent effects attributable to impairments, in particular related to assets in the United Kingdom, and permanent effects in depreciation, depletion and amortization from acquisitions. Non-deductible expenses in 2015 mainly comprised permanent effects related to impairments of assets in the Upstream business.

Non-taxable income in 2016 and 2015 was predominantly attributable to tax incentives in Norway and the United Kingdom as well as to the result contribution from equity-accounted investments.

In 2016, the position **tax write-downs and write-ups on investments at parent company level** was predominantly impacted by tax deductible impairments of participations in Downstream companies. In 2015, the position primarily contained tax deductible impairments of participations in Upstream companies as well as in OMV Petrol Ofisi A.Ş., in OMV Petrol Ofisi Holding Anonim Şirketi and in OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. According to Austrian Corporate Tax Law the tax relief may only be claimed in installments over seven years.

Other in 2016 mainly included tax effects related to the sale of a 49% minority stake in GAS CONNECT AUSTRIA GmbH. According to IFRS, this transaction was recognized in equity in the consolidated financial statements (see Note 3 for further details).

12 Earnings Per Share

Earnings Per Share (EPS)

	2016			2015		
	Earnings attributable to stockholders of the parent in EUR mn	Weighted average number of shares outstanding	EPS EUR	Earnings attributable to stockholders of the parent in EUR mn	Weighted average number of shares outstanding	EPS EUR
Basic	(403)	326,424,527	(1.24)	(1,100)	326,333,966	(3.37)
Diluted	(403)	327,066,226	(1.23)	(1,100)	326,637,889	(3.37)

The calculation of diluted Earnings Per Share takes into account the weighted average number of ordinary shares in issue following the conversion of all potentially diluting ordinary shares. This includes 641,699 (2015: 303,923) contingently issuable bonus shares related to the Long Term Incentive and Matching Share Plans.

Notes to the Statement of Financial Position

13 Intangible assets

Intangible assets

EUR mn

	Concessions, software, licenses, rights	Oil and gas assets with unproved reserves	Goodwill	Total
		2016		
Costs of acquisition and production				
January 1, 2016	**1,846**	**2,832**	**1,012**	**5,690**
Exchange differences	(60)	18	(59)	**(100)**
Changes in consolidated Group	16	—	20	**36**
Additions	97	153	—	**250**
Internally generated additions	—	2	—	**2**
Transfers	(1)	215	—	**214**
Assets held for sale	(1,019)	(1,315)	(474)	**(2,807)**
Disposals	(20)	(198)	(7)	**(225)**
December 31, 2016	**859**	**1,707**	**492**	**3,059**
Development of amortization				
January 1, 2016	**1,110**	**962**	**343**	**2,415**
Exchange differences	(28)	12	(52)	**(68)**
Changes in consolidated Group	—	—	—	**—**
Amortization	157	—	—	**157**
Impairments	4	322	—	**326**
Transfers	(1)	(2)	—	**(3)**
Assets held for sale	(493)	(488)	(291)	**(1,272)**
Disposals	(15)	(193)	—	**(208)**
Write-ups	0	0	—	**0**
December 31, 2016	**733**	**612**	**—**	**1,346**
Carrying amount January 1, 2016	736	1,870	669	**3,275**
Carrying amount December 31, 2016	**126**	**1,095**	**492**	**1,713**
		2015		
Costs of acquisition and production				
January 1, 2015	**1,793**	**2,531**	**1,078**	**5,402**
Exchange differences	(121)	111	1	**(9)**
Changes in consolidated Group	—	—	—	**—**
Additions	211	422	—	**633**
Internally generated additions	—	3	—	**3**
Transfers	1	(54)	—	**(52)**
Assets held for sale	(10)	0	—	**(10)**
Disposals	(28)	(181)	(67)	**(276)**
December 31, 2015	**1,846**	**2,832**	**1,012**	**5,690**
Development of amortization				
January 1, 2015	**973**	**633**	**343**	**1,949**
Exchange differences	(47)	31	—	**(16)**
Changes in consolidated Group	—	—	—	**—**
Amortization	157	—	—	**157**
Impairments	53	456	67	**576**
Transfers	(13)	—	—	**(13)**
Assets held for sale	(7)	—	—	**(7)**
Disposals	(7)	(157)	(67)	**(230)**
Write-ups	0	(2)	—	**(2)**
December 31, 2015	**1,110**	**962**	**343**	**2,415**
Carrying amount January 1, 2015	820	1,898	735	3,453
Carrying amount December 31, 2015	**736**	**1,870**	**669**	**3,275**

As at the statement of financial position date, there were contractual obligations for the acquisition of intangible assets amounting to EUR 661 mn (2015: EUR 859 mn) out of which EUR 268 mn are related to OMV (U.K.) Limited and OMV Petrol Ofisi disposal groups.

Intangible assets with a total carrying amount of EUR 1,535 mn (2015: EUR 3 mn) were transferred to assets held for sale. For details please see Note 20, Assets and liabilities held for sale.

At the statement of financial position date there are no intangible assets whose title is restricted or which are pledged as security for liabilities.

Exploration for and evaluation of oil and natural gas resources

The following financial information represents the amounts included within the Group totals relating to exploration for and evaluation of oil and natural gas resources. All such activities are recorded within the Upstream segment.

Exploration for and evaluation of mineral resources EUR mn

EUR mn

	2016	2015
Exploration write-off (impairments)	658	456
Other exploration costs	150	251
Exploration expenses	**808**	**707**
Total assets – exploration and appraisal expenditure incl. acquisition of unproved reserves	1,095	1,870
Net cash used in operating activities	129	187
Net cash used in investing activities	145	427

Goodwill arising from business combinations has been allocated to the following CGUs and groups of CGUs, for impairment testing:

Goodwill allocation to CGUs

EUR mn

	2016	2015
Northwest Europe, Africa and Australasia [1]	—	365
Middle East and Africa	377	—
Goodwill allocated to Upstream	**377**	**365**
Downstream Gas Austria	38	38
Refining West	51	60
Downstream Oil Turkey	—	199
Retail Slovakia	7	7
Refining Austria [2]	20	—
Goodwill allocated to Downstream	**115**	**304**
Total	**492**	**669**

[1] Former region before the changes in Upstream organizational structure implemented in 2016
[2] Related to the acquisition of FE-Trading as described in Note 3

The goodwill which resulted from the acquisition of Pioneer's subsidiaries in Tunisia in 2011 and was originally allocated to the Northwest Europe, Africa and Australasia region, was reallocated to the Middle East and Africa region due to an internal reorganization within the Upstream Business Segment. The goodwill was tested for impairment based on the value in use using an after-tax discount rate of 9.43% (2015: 7.5%). An increase of 1% point in the discount rate would not lead to an impairment.

The goodwill allocated to OMV Petrol Ofisi A.Ş. (Downstream Oil Turkey) was reclassified to “held for sale” as of December 31, 2016, and following this reclassification an impairment in the amount of EUR 183 mn was recognized (see Note 20).

In 2015, the goodwill allocated to the Middle East and Caspian Region, which originated from the acquisition of OMV Petrol Ofisi A.Ş. in 2010, was fully written off leading to an impairment loss of EUR 67 mn. The after-tax discount rate used in the impairment test was 10.4%.

In case there are changes in the organizational structure that affect regions or groups of CGUs to which goodwill has been allocated, the goodwill is generally reallocated using the relative value approach, unless individual facts and circumstances indicate that another allocation method better reflects the goodwill associated with the reorganized units.

14 Property, plant and equipment

Property, plant and equipment

EUR mn

	Land, land rights and buildings, including buildings on third-party property	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	Assets under construction	**Total**
Costs of acquisition and construction						
January 1, 2016	**2,892**	**21,507**	**8,607**	**2,198**	**376**	**35,580**
Exchange differences	(20)	406	(63)	(17)	(2)	**303**
Changes in consolidated Group	14	302	4	1	1	**322**
Additions	40	1,417	122	64	151	**1,795**
Transfers	15	(221)	123	34	(165)	**(214)**
Assets held for sale	(196)	(1,686)	(42)	(360)	(1)	**(2,283)**
Disposals	(29)	(246)	(172)	(48)	(21)	**(516)**
December 31, 2016	**2,717**	**21,480**	**8,578**	**1,871**	**339**	**34,987**
Development of depreciation						
January 1, 2016	**1,420**	**11,193**	**5,014**	**1,468**	**46**	**19,140**
Exchange differences	(4)	233	(35)	(7)	0	**187**
Changes in consolidated Group	0	0	0	0	—	**—**
Depreciation	88	1,328	362	122	—	**1,901**
Impairments	14	179	157	3	3	**355**
Transfers	0	3	(1)	0	1	**3**
Assets held for sale	(2)	(543)	(11)	(162)	—	**(718)**
Disposals	(17)	(135)	(163)	(44)	(21)	**(380)**
Write-ups	0	(113)	(1)	0	0	**(114)**
December 31, 2016	**1,499**	**12,144**	**5,322**	**1,380**	**29**	**20,374**
Carrying amount January 1, 2016	1,473	10,314	3,593	730	330	**16,440**
Carrying amount December 31, 2016	**1,219**	**9,336**	**3,257**	**491**	**310**	**14,613**

Property, plant and equipment

EUR mn

	Land, land rights and buildings, including buildings on third-party property	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	Assets under construction	**Total**
Costs of acquisition and construction						
January 1, 2015	**2,999**	**19,473**	**8,358**	**2,147**	**558**	**33,534**
Exchange differences	(38)	318	(63)	(41)	2	**179**
Changes in consolidated Group	0	0	0	0	0	**0**
Additions	23	2,107	139	86	200	**2,555**
Transfers	17	18	294	76	(352)	**52**
Assets held for sale	(61)	(152)	(71)	(8)	—	**(293)**
Disposals	(47)	(257)	(49)	(63)	(31)	**(447)**
December 31, 2015	**2,892**	**21,507**	**8,607**	**2,198**	**376**	**35,580**
Development of depreciation						
January 1, 2015	**1,361**	**7,681**	**4,552**	**1,402**	**51**	**15,047**
Exchange differences	(3)	225	(15)	(15)	0	**192**
Changes in consolidated Group	—	0	0	0	0	**0**
Depreciation	92	1,404	363	131	—	**1,990**
Impairments	30	2,154	218	7	25	**2,434**
Transfers	(4)	1	13	3	0	**13**
Assets held for sale	(48)	(152)	(55)	(7)	—	**(263)**
Disposals	(7)	(119)	(61)	(53)	(28)	**(268)**
Write-ups	(1)	(1)	0	0	(2)	**(4)**
December 31, 2015	**1,420**	**11,193**	**5,014**	**1,468**	**46**	**19,140**
Carrying amount January 1, 2015	1,638	11,792	3,806	745	507	**18,488**
Carrying amount December 31, 2015	**1,473**	**10,314**	**3,593**	**730**	**330**	**16,440**

Land, land rights and buildings, including buildings on third-party property include land in the amount of EUR 460 mn (2015: EUR 641 mn).

Property, plant and equipment with a total carrying amount of EUR 1,566 mn (2015: EUR 33 mn) was transferred to **assets held for sale**. Assets with a total carrying amount of EUR 1 mn (2015: EUR 3 mn) were reinstated in property, plant and equipment. For details please see Note 20, Assets and liabilities held for sale.

For details on impairments see Note 7, Depreciation, amortization and impairment losses.

At December 31, 2016, there were contractual obligations for the acquisition of property, plant and equipment amounting to EUR 880 mn (2015: EUR 1,049 mn) out of which EUR 16 mn are related to OMV (U.K.) Limited disposal group.

At the statement of financial position date there was no property, plant and equipment whose title was restricted or which was pledged as security for liabilities.

Finance leases

Finance lease assets were mainly related to gas storage caverns in Germany, land and filling stations in Austria, Germany, Slovakia and the Czech Republic, gas equipment at filling stations, a hydrogen plant at Petrobrazi refinery in Romania as well as power generators in Upstream Romania. OMV has an option to prolong the finance lease contract for the gas storage caverns in Germany for additional 10 years.

Lease and rental agreements

EUR mn

	2016			2015		
	Acquisition cost	Accumulated depreciation	Carrying amount	Acquisition cost	Accumulated depreciation	Carrying amount
Land, land rights and buildings, including buildings on third-party property	41	23	18	39	21	18
Oil and gas assets	14	5	9	12	5	7
Plant and machinery	270	227	42	276	157	119
Other fixtures, fittings and equipment	1	0	1	4	3	1
Total	**326**	**256**	**70**	**331**	**185**	**146**

In 2016, contingent lease payments under finance lease agreements amounted to EUR 7 mn (2015: EUR 6 mn).

Commitments under existing finance leases as of December 31

EUR mn

	2016			2015		
	≤1 year	1–5 years	>5 years	≤1 year	1–5 years	>5 years
Total future minimum lease commitments	33	98	428	31	109	449
[thereof interest component]	[17]	[63]	[201]	[20]	[67]	[213]
Present value of minimum lease payments	**15**	**36**	**227**	**12**	**42**	**236**

Operating leases

OMV also makes use of operating leases, mainly for land in Upstream Segment, filling station sites, office buildings and vehicle fleets. In 2016, these expenses amounted to EUR 149 mn (2015: EUR 129 mn). There are options to renew the leases for some of the leased filling station sites.

Future minimum lease payments under non-cancellable operating leases

EUR mn

	2016	2015
Payable within 1 year	95	82
Payable between 1 and 5 years	212	194
Payable after more than 5 years	178	205
Total future minimum lease commitments	**485**	**482**

15 Equity-accounted investments

As per IAS 28, an associate is an entity over which an investor has a significant influence. This is normally presumed to exist when the investor has 20% or more of the voting power of the entity.

According to the contractual agreement between OMV and Pearl Petroleum Company Limited (Pearl), OMV has significant influence within the meaning of IAS 28, as unanimous consent is required for some strategic decisions; therefore Pearl is accounted for using the equity method although OMV's share is just 10%.

OMV holds 55.6% of Erdöl-Lagergesellschaft m.b.H (ELG), which is holding the major part of the emergency stock of crude and petroleum products in Austria. In spite of holding the majority of voting rights in the general assembly, OMV does not have control over ELG. The significant decisions on the financial and operating policies are delegated to the standing shareholder's committee in which a quorum of two thirds of the share capital is required for decisions.

OMV holds 15.53% in Trans Austria Gasleitung GmbH. As unanimous consent of the parties is required for decisions about relevant activities and OMV has rights to the net assets of Trans Austria Gasleitung GmbH based on the legal structure, OMV classified it as a joint venture according to IFRS 11.

Material associates

OMV has a 36% (2015: 36%) interest in Borealis AG, a provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. The company is incorporated in Vienna, Austria and operates on a global level.

Furthermore OMV has 10% (2015: 10%) of Pearl Petroleum Company Limited, registered in Road Town, British Virgin Islands, which is involved in exploration and production of hydrocarbons in the Kurdistan Region of Iraq.

Both companies are not listed on public exchanges thus quoted market prices do not exist.

The tables below contain summarized financial information for the material associates:

Statement of comprehensive income

EUR mn

	2016		2015	
	Borealis	Pearl	Borealis	Pearl
Revenue	7,218	201	7,700	322
Profit from continuing operations	1,109	135	988	(233)
Other comprehensive income	115	—	298	—
Total comprehensive income	1,224	135	1,286	(233)
Group's share	441	14	463	(23)
Dividends received	153	—	36	—

Statement of financial position

EUR mn

	2016		2015	
	Borealis	Pearl	Borealis	Pearl
Current assets	2,828	2,225	2,524	1,950
Non-current assets	7,103	624	6,737	630
Current liabilities	1,669	115	1,486	80
Non-current liabilities	1,767	1	2,078	211
Equity	6,496	2,732	5,697	2,289
Group's share	2,338	273	2,051	229
Goodwill	30	—	30	—
Other adjustments	(8)	61	(5)	81
Group's carrying amount of investment	2,360	334	2,076	310

Carrying amount reconciliation

EUR mn

	2016		2015	
	Borealis	Pearl	Borealis	Pearl
January 1	**2,076**	**310**	**1,649**	**299**
Exchange differences	—	11	—	34
Net income	399	14	356	(23)
Other comprehensive income	41	—	107	—
Dividends and elimination of intercompany profits	(156)	—	(37)	—
December 31	**2,360**	**334**	**2,076**	**310**

Contingent liabilities

On December 30, 2015, **Borealis Polymers Oy (BPOY)**, a Finnish subsidiary of Borealis AG (BAG), received a reassessment decision by the Finnish Tax Authority (FTA) regarding the year 2009. Based on this reassessment decision the taxable income of BPOY has been increased by an amount of EUR 364 mn, leading to an additional requested payment of EUR 153 mn (EUR 95 mn as additional income tax, EUR 58 mn for penalties and interests).

The reassessment decision relates to a license arrangement and other agreements entered into between BPOY and BAG in connection with the conclusion of a toll manufacturing agreement, whereby BPOY's contractual status was amended from that of a full-risk manufacturer to one of a toll manufacturer. The purpose of the toll manufacturing agreement was to align the contractual allocation of risks and responsibilities between BPOY and BAG with the commercial reality of a centralized group management structure of the Borealis group that had gradually evolved over the years. The FTA claims that the license agreement concluded between BPOY and BAG on December 19, 2008 together with the other connected agreements should be considered a sales agreement constituting a transfer of intangibles (including goodwill).

Borealis appealed the reassessment decision to the FTA's Board of Adjustment on February 29, 2016. The decision of the Board of Adjustment is expected for the first half of calendar year 2017. The management of Borealis believes that the FTA's decision is unjustified and is confident that the decision of the FTA will be reversed in one of the next phases of the proceeding.

On December 29, 2014, the management of **Borealis Technology Oy (TOY)**, a Finnish subsidiary of Borealis, which owns intellectual property (IP) for both polyolefin and catalyst technologies, has received a re-assessment decision by the Finnish Tax Authority (FTA) regarding polyolefin IP. Based on this re-assessment the taxable income of TOY in the year 2008 has been increased by an amount of EUR 700 mn. This led to a requested additional total payment of EUR 282 mn, comprising taxes, late payment interest and penalties.

On June 9, 2015, TOY received from the FTA a second re-assessment decision requesting TOY to pay an additional amount of EUR 125 mn in taxes, penalties and interest regarding catalyst IP. The claimed amount is based on an additional taxable income in the year 2010 of EUR 340 mn.

Borealis believes both decisions are unfounded and has filed claims at the FTA's Board of Adjustment both for the re-assessment decision concerning the year 2008 (on February 27, 2015) and for the decision concerning the year 2010 (on November 13, 2015).

On January 5, 2017, the management of TOY received two decisions from the FTA's Board of Adjustment. The Board of Adjustment has confirmed the opinion of the FTA that the license arrangements, entered into between TOY and Borealis AG in 2008 and 2010 should be considered as sales of businesses.

The FTA's Board of Adjustment did however change the amount of taxable income of TOY downward from EUR 700 mn to EUR 541 mn for the year 2008 and from EUR 340 mn to EUR 260 mn for the year 2010 without providing any detail of the rationale for these downward adjustments.

Also the penalties were reduced from 5% of the tax base increase in the re-assessment decision to 3% of the tax base increase in the decisions of the FTA's Board of Adjustment.

This leads to a requested additional total payment of EUR 297 mn compared to an additional payment of EUR 406 mn earlier claimed by the FTA. This amount includes taxes, late payment interest and penalties.

Borealis believes that these decisions fail to properly apply Finnish and International tax law and do not adequately consider the relevant facts of the case. On March 6, 2017, Borealis appealed this decision to the Helsinki Administrative Court. A suspension of payment has been obtained until the final decision.

Individually immaterial associates and joint ventures

Financial information for the individually immaterial associates and joint ventures is presented in the tables below:

Statement of comprehensive income for individually immaterial associates and joint ventures – Group's share

EUR mn

	2016		2015	
	Associates	Joint ventures	Associates	Joint ventures
Revenue	361	33	446	33
Profit from continuing operations	7	6	7	6
Total comprehensive income	10	6	2	6

Carrying amount reconciliation for individually immaterial associates and joint ventures

EUR mn

	2016		2015	
	Associates	Joint ventures	Associates	Joint ventures
January 1	**123**	**53**	**126**	**57**
Exchange differences	(4)	—	(4)	—
Changes in consolidated Group	4	0	—	0
Net income	6	5	7	6
Other comprehensive income	3	0	(4)	0
Disposals and other changes	(1)	—	(2)	—
Dividends and elimination of intercompany profits	(15)	(9)	0	(9)
December 31	**116**	**49**	**123**	**53**

There are no other unrecognized commitments for the individually immaterial associates and joint ventures.

16 Inventories

Inventories at December 31 were as follows:

Inventories

EUR mn

	2016	2015
Crude oil	648	523
Natural gas	149	205
Other raw materials	203	231
Work in progress: Petroleum products	86	114
Other work in progress	2	2
Finished petroleum products	536	768
Other finished products	39	31
Total	**1,663**	**1,873**

The write-down of inventories recognized as an expense during the period amounted to EUR 35 mn (2015: EUR 104 mn) and was related to write-down of inventories to net realizable value and to inventory losses.

Cost of materials and goods purchased for processing and resale recognized as an expense during 2016 amounted to EUR 10,742 mn (2015: EUR 13,646 mn).

17 Trade receivables

Trade receivables (carrying amounts)

EUR mn

	2016	2015
Receivables from equity-accounted companies	39	26
Receivables from other companies	2,420	2,542
Total	**2,459**	**2,567**

The carrying amounts of trade receivables approximate their fair values.

Valuation allowances for trade receivables

EUR mn

	2016	2015
January 1	**114**	**95**
Additions/(releases)	(4)	27
Disposals	(8)	(6)
Foreign exchange rate differences and changes in consolidated Group	(3)	(2)
December 31	**98**	**114**

Carrying amount of impaired trade receivables

EUR mn

	2016	2015
Before impairments	131	140
Net of impairments	33	26

The aging of past due but not impaired trade receivables was as follows:

Carrying amounts of trade receivables past due but not impaired

EUR mn

	2016	2015
Up to 60 days overdue	72	57
61 to 120 days overdue	3	1
More than 120 days overdue	4	6
Total	**79**	**64**

No negative information has been received regarding the credit quality of financial assets that are not impaired and not past due.

18 Other financial assets

The carrying amount of **other financial assets** was as follows:

Other financial assets

EUR mn

	Valued at fair value through profit or loss	Valued at fair value through other comprehensive income	Valued at amortized cost	**Total carrying amount**	[thereof short-term]	[thereof long-term]
			2016			
Investments in other companies	—	—	39	**39**	[—]	[39]
Investment funds [1]	—	7	—	**7**	[—]	[7]
Bonds	—	96	—	**96**	[36]	[60]
Derivatives designated and effective as hedging instruments	—	39	—	**39**	[39]	[—]
Other derivatives	777	—	—	**777**	[739]	[38]
Loans	—	—	5	**5**	[2]	[3]
Other receivables from equity-accounted investments	—	—	5	**5**	[5]	[—]
Other sundry receivables	—	101	1,123	**1,224**	[425]	[800]
Total	**777**	**243**	**1,173**	**2,193**	**[1,245]**	**[947]**
			2015			
Investments in other companies	—	—	44	**44**	[—]	[44]
Investment funds [1]	—	7	—	**7**	[—]	[7]
Bonds	—	97	—	**97**	[62]	[35]
Derivatives designated and effective as hedging instruments	—	165	—	**165**	[164]	[1]
Other derivatives	1,626	—	—	**1,626**	[1,558]	[67]
Loans	—	—	25	**25**	[3]	[22]
Other receivables from equity-accounted investments	—	—	5	**5**	[5]	[—]
Other sundry receivables	—	—	1,122	**1,122**	[454]	[669]
Total	**1,626**	**269**	**1,196**	**3,091**	**[2,245]**	**[846]**

[1] Credit lines for "Abwasserverband Schwechat" are secured by pledged financial instruments (A&P investment fund) amounting to EUR 2 mn (2015: EUR 2 mn)

With the exception of investments in other companies valued at cost, for which no reliable estimates of their fair values can be made, the carrying amounts are the fair values.

The carrying amount of other financial assets at fair value through profit or loss as at December 31, 2016, was EUR 777 mn (2015: EUR 1,626 mn). These consist exclusively of financial assets held for trading. The carrying amount of available-for-sale financial assets at December 31, 2016 was EUR 243 mn (2015: EUR 149 mn). The other sundry receivables contain a receivable resulting from the disposal of a 30% stake in Rosebank, which represents the fair value of the contingent consideration expected to be received and it is measured at fair value through other comprehensive income (Level 3). The amount of the contingent consideration and the related encashment timeline are dependent on the date when the Rosebank project co-venturers approve the final investment decision.

Loans include shareholder loans to equity-accounted investments, for which more details are provided in Note 37.

Other sundry receivables include a claim amounting to EUR 542 mn (2015: EUR 568 mn) against the Romanian State related to obligations for decommissioning and restoration costs in OMV Petrom SA. The receivables consist of EUR 72 mn (2015: EUR 53 mn) for costs relating to environmental cleanup and EUR 469 mn (2015: EUR 515 mn) for costs relating to decommissioning. In April 2016, OMV submitted to the Romanian State a notice of dispute regarding certain notices of claims unpaid by the Romanian State in relation to certain well decommissioning and environmental restoration obligations amounting to approximately EUR 34 mn. Starting with the serving of the notice of dispute, based on the Privatisation Agreement, OMV and the Romanian State had 180 days to amicably resolve this dispute. This deadline expired on October 19, 2016 and on March 7, 2017, OMV initiated arbitration proceedings against the Romanian State, in accordance with the ICC Rules (International Chamber of Commerce, Paris/France).

Amortized costs of securities

EUR mn

	2016	2015
Investments in other companies	39	44
Investment funds	6	6
Bonds	96	97

Valuation allowances for other financial receivables [1]

EUR mn

	2016	2015
January 1	196	179
Additions/(releases)	56	12
Disposals	0	(1)
Foreign exchange rate differences	0	5
December 31	**252**	**196**

[1] Related to other sundry receivables included in item other financial assets

Carrying amount of impaired other financial receivables

EUR mn

	2016	2015
Before impairments	292	210
Net of impairments	40	14

The aging of other past due but not impaired financial receivables was as follows:

Carrying amount of other financial receivables past due but not impaired

EUR mn

	2016	2015
Up to 60 days overdue	13	7
61 to 120 days overdue	11	6
More than 120 days overdue	0	17
Total	**24**	**29**

19 Other assets

Other assets

EUR mn

	2016		2015	
	Short-term	Long-term	Short-term	Long-term
Prepaid expenses	47	9	57	20
Advanced payments on fixed assets	27	0	78	0
Other payments on account	52	0	54	0
Receivables other taxes / social securities	45	57	87	52
Other non-financial assets	27	3	98	9
Other assets	**198**	**70**	**374**	**81**

20 Assets and liabilities held for sale

In 2016, the main parts of assets held for sale and liabilities associated with assets held for sale consisted of OMV Petrol Ofisi and OMV (U.K.) Limited disposal groups, as well as an Upstream asset in the Middle East and Africa region and marginal fields in Romania. The position also included a wind park in Downstream Gas, as well as filling stations in Czech Republic and other non-core assets within Downstream Oil.

As of December 31, 2016, the Management expects that these transactions will be closed within the following twelve months.

The 30% stake in the exploration and appraisal asset Rosebank (United Kingdom) was reclassified to "held for sale" as of June 30, 2016. Following the reclassification to "held for sale," a pre-tax impairment of EUR 326 mn has been recognized in exploration expenses in 2016. The basis for the impairment was the selling price agreed with the buyer considering a best estimate for the contingent consideration (Level 3 valuation). The sales transaction of the 30% stake in Rosebank was closed on October 6, 2016.

An ongoing divestment process led to the reclassification of an Upstream asset in the Middle East and Africa region to "held for sale" as of September 30, 2016, that triggered a pre-tax write-up of the asset in the amount of EUR 113 mn in 2016, impacting other operating income. The basis of the valuation was the fair value less costs of disposal derived from the expected sales price (Level 3 valuation).

The net assets of OMV (U.K.) Limited were reclassified to "held for sale" as of September 30, 2016. Following the reclassification to "held for sale," a pre-tax impairment of the disposal group amounting to EUR 493 mn has been recognized in other operating expenses in 2016. The basis for the impairment was the selling price agreed with the buyer considering a best estimate for the contingent consideration (Level 3 valuation).

The divestment process of OMV Petrol Ofisi that was started in 2016 led to the reclassification to "held for sale" of the net assets of OMV Petrol Ofisi A.Ş., OMV Petrol Ofisi Holding Anonim Şirketi, Petrol Ofisi Havacilik Operasyonlari A.Ş., Marmara Depoculuk Hizmetleri Sanayi ve Ticaret Anonim Şirketi and Erk Petrol Yatırımları A.Ş. as of December 31, 2016. Following the reclassification to "held for sale," a pre-tax impairment of the disposal group amounting to EUR 334 mn, thereof goodwill in amount of EUR 183 mn, has been recognized in other operating expenses. The basis of the valuation was the fair value less costs of disposal derived from the agreed sales price (Level 2 valuation).

The major classes of assets and liabilities of OMV Petrol Ofisi and OMV (U.K.) Limited disposals groups at the end of the reporting period were as follows:

Major classes of assets and liabilities classified as held for sale

EUR mn

	OMV Petrol Ofisi	OMV (U.K.) Ltd.
Intangible assets	393	228
Property, plant and equipment	269	662
Other financial and non-financial assets	4	—
Deferred taxes	2	178
Non-current assets	**669**	**1,069**
Inventories	281	3
Trade receivables	809	1
Other financial and non-financial assets	66	4
Cash in hand and at bank	236	9
Current assets	**1,392**	**16**
Total assets	**2,060**	**1,085**
Decommissioning and restoration obligations	—	137
Other provisions	5	5
Other financial and non-financial liabilities	2	—
Deferred taxes	73	—
Non-current liabilities	**80**	**142**
Trade payables	466	4
Interest-bearing debt	8	0
Income tax liabilities	11	—
Other provisions	21	—
Other financial and non-financial liabilities	189	26
Current liabilities	**695**	**29**
Total liabilities	**775**	**171**

OMV equity of the parent includes EUR 148 mn recognized in other comprehensive income and accumulated in equity related to OMV (U.K.) Limited disposal group and EUR (1,127) mn related to OMV Petrol Ofisi disposal group.

In 2015, the main parts of assets held for sale and liabilities associated with assets held for sale consisted of cushion gas and a wind park in Downstream Gas as well as of the Upstream assets Howe and Bardolino in the United Kingdom. The position also included filling stations in Czech Republic and other non-core assets within Downstream Oil.

For the retail assets in Czech Republic, cushion gas in Austria and a wind park in Romania an impairment loss of EUR 34 mn was recognized prior to their reclassification to assets and liabilities held for sale in 2015. With regard to fair value hierarchy, the basis for the impairment recognized was the agreed selling price for the Czech filling stations (Level 2), quoted market prices for the cushion gas (Level 2) and market price indications received for the wind park (Level 2).

Assets and liabilities held for sale

EUR mn

	2016	2015
Non-current assets	1,785	58
Deferred taxes	193	1
Other current assets	1,181	35
Cash and cash equivalents	245	—
Assets held for sale	**3,405**	**94**
Provisions	331	30
Deferred taxes	73	—
Liabilities	703	2
Liabilities associated with assets held for sale	**1,107**	**32**

Assets held for sale amounted to EUR 1,301 mn (2015: EUR 10 mn) in the Upstream Business Segment and to EUR 2,104 mn (2015: EUR 84 mn) in the Downstream Business Segment.

Liabilities associated with assets held for sale in the Upstream Business Segment amounted to EUR 325 mn (2015: EUR 25 mn) and in the Downstream Business Segment to EUR 782 mn (2015: EUR 7 mn).

21 OMV equity of the parent

The **capital stock** of OMV Aktiengesellschaft consists of 327,272,727 (2015: 327,272,727) fully paid no par value shares with a total nominal value of EUR 327,272,727 (2015: EUR 327,272,727). There are no different classes of shares and no shares with special rights of control. All shares are entitled to dividends for the financial year 2016, with the exception of treasury shares held by OMV Aktiengesellschaft.

With regard to the expiration on May 13, 2014 of the authorized capital decided upon by the Annual General Meeting on May 13, 2009, the Annual General Meeting authorized the Executive Board on May 14, 2014, subject to the approval of the Supervisory Board, to increase by May 14, 2019, at once or in several tranches, also by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act, against cash contributions, the share capital by not more than EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form. Subject to the approval of the Supervisory Board, the Executive Board has been authorized to exclude in this connection the subscription right of the shareholders (i) to adjust fractional amounts or (ii) to satisfy stock options or long term incentive plans including matching share plans for employees, senior employees and members of the Executive Board/- management boards of the Company or one of its affiliates, or other employees' stock ownership plans and subject to the approval of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). The Supervisory Board has been authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

A hybrid bond issue at a nominal amount of EUR 750,000,000 was completed on May 25, 2011. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid bond (less costs of issuance) were fully treated as equity. The hybrid bears a fixed interest rate of 6.75% until April 26, 2018, thereafter a reset fixed rate (to be determined) until April 26, 2023 and thereafter a floating interest rate with a 100 basis points step up. The hybrid notes have no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid notes at certain dates. In the case of a change of control OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid bond.

On May 17, 2011, the Annual General Meeting authorized the Executive Board to repurchase treasury shares of up to 10% of the capital stock during a period of 30 months from the day of the resolution in question. Treasury shares could be repurchased via the stock exchange, by way of public tender or in any other legally permitted way and to any legally permitted purpose until November 16, 2013. The Executive Board had also been authorized to rescind treasury shares upon repurchase as well as treasury shares currently owned by the Company without any further resolution by the Annual General Meeting until the same date.

The Executive Board had also been authorized until May 16, 2016, upon approval by the Supervisory Board but without any further resolution by the Annual General Meeting, to sell or use treasury shares upon repurchase as well as treasury shares currently owned by the Company via the stock exchange, by way of public tender, or in any other way. In particular, treasury shares could be utilized (i) to satisfy stock option and long term incentive plans for employees, executive staff and members of the Executive Board or the management of the Company or affiliated subsidiaries as well as other employees' bonus schemes, (ii) for convertible bonds, if issued, (iii) as a compensation for the acquisition of enterprises, participations or other assets and (iv) to any other legally permitted purpose. The general shareholders' subscription rights could be excluded and this authorization could be exercised wholly or partly.

On December 7, 2015, OMV issued hybrid notes with an aggregate size of EUR 1.5 bn, in two tranches of EUR 750 mn each. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid notes (less costs of issuance) were fully treated as equity. Tranche 1 bears a fixed interest coupon of 5.25% until but excluding December 9, 2021, which is the first call date of tranche 1, and tranche 2 bears a fixed interest coupon of 6.25% until but excluding December 9, 2025, which is the first call date of tranche 2. From December 9, 2021, until but excluding December 9, 2025, hybrid notes of tranche 1 will bear interest according to a fixed reset interest rate to be determined according to the relevant 5-year swap rate and an additional margin of 4.942% and, from December 9, 2025, with an additional step-up of 100 basis points. From December 9, 2025, hybrid notes of tranche 2 will bear interest according to a fixed reset interest rate to be determined according to the relevant 5-year swap rate and an additional margin of 5.409%, with an additional step-up of 100 basis points. The hybrid notes have no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid notes at certain dates. In the case of a change of control, OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid notes.

On May 16, 2016, the Annual General Meeting authorized the Executive Board for a period of five years from the adoption of the resolution, therefore, until (including) May 17, 2021, upon approval of the Supervisory Board, to dispose of or utilize stock repurchased or already held by the Company to grant treasury shares to employees, senior employees and/or members of the Executive Board/management boards of the Company or one of its affiliates including for purposes of share transfer programs, in particular long term incentive plans including matching share plans or other stock ownership plans, under exclusion of the general purchasing possibility of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (Section 189a Number 7 Commercial Code) or by third parties for the account of the Company.

Capital reserves have been formed by the contribution of funds into OMV Aktiengesellschaft by its shareholders over and above the capital stock, on the basis of their ownership relationship.

The Group's **revenue reserves** included the net income and losses of consolidated subsidiaries and investments included at equity, as adjusted for the purposes of consolidation.

The **gains and losses recognized directly in other comprehensive income and their related tax effects** were as follows:

Tax effects relating to each component of other comprehensive income

EUR mn

	2016			2015		
	Before-tax (expense) income	Tax (expense) benefit [1]	Net-of-tax (expense) income	Before-tax (expense) income	Tax (expense) benefit [1]	Net-of-tax (expense) income
Exchange differences from translation of foreign operations	(113)	(2)	(115)	(109)	(6)	(115)
Gains/(losses) on available-for-sale financial assets	1	0	1	(1)	0	(1)
Gains/(losses) on hedges	(102)	17	(85)	119	(30)	88
Remeasurement gains/(losses) on defined benefit plans	(67)	2	(65)	19	(5)	14
Share of other comprehensive income of equity-accounted investments	45 [2]	n.a.	45	104 [2]	n.a.	104
Other comprehensive income for the year	**(237)**	**17**	**(220)**	**131**	**(41)**	**90**

[1] Includes valuation allowances for deferred tax assets for the Austrian tax group. For further details please refer to Note 11
[2] Represent net-of-tax amounts

For 2016, the Executive Board of OMV Aktiengesellschaft proposed a dividend of EUR 1.20 per eligible share, which is subject to confirmation by the Annual General Meeting in 2017. The dividend for 2015 was paid in May 2016 and amounted to EUR 326 mn (EUR 1.00 per share). In 2015, the payment amounted to EUR 408 mn (EUR 1.25 per share).

The Annual General Meetings for the years 2000 to 2011 (with the exception of 2010) approved the repurchase of treasury shares. The costs of repurchased shares have been reflected as a reduction in equity. Gains or losses on the re-issue of treasury shares (issue proceeds less acquisition cost) resulted in an increase or a reduction in capital reserves.

Changes in **treasury shares** were as follows:

Treasury shares

	Number of shares	Cost EUR mn
January 1, 2015	**1,015,102**	**11.1**
Disposals	(102,278)	(1.1)
December 31, 2015	**912,824**	**10.0**
Disposals	(88,455)	(1.0)
December 31, 2016	**824,369**	**9.1**

The **number of shares in issue** was as follows:

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2015	**327,272,727**	**1,015,102**	**326,257,625**
Used for share-based compensations	—	(102,278)	102,278
December 31, 2015	**327,272,727**	**912,824**	**326,359,903**
Used for share-based compensations	—	(88,455)	88,455
December 31, 2016	**327,272,727**	**824,369**	**326,448,358**

22 Non-controlling interests

OMV has the following subgroups of subsidiaries whose non-controlling interests (NCI) are material:

Subsidiaries with material NCI

EUR mn

		2016			2015		
Subsidiary	Place of business	% NCI	Profit/loss allocated to NCI	Accumulated NCI	% NCI	Profit/loss allocated to NCI	Accumulated NCI
OMV Petrom group	**n.a.**	**49%**	**113**	**2,838**	**49%**	**(76)**	**2,736**
OMV PETROM SA	Romania	49%	64	2,786	49%	(71)	2,684
OMV PETROM MARKETING SRL	Romania	49%	44	205	49%	39	196
TASBULAT OIL CORPORATION LLP	Kazakhstan	49%	(1)	(87)	49%	(19)	(84)
KOM MUNAI LLP	Kazakhstan	52%	(13)	(145)	52%	(32)	(127)
Others	n.a.	—	19	79	—	6	67
OMV Gas Marketing & Trading (OGMT) group	**n.a.**	**—**	**(4)**	**—**	**36%**	**(124)**	**(140)**
OMV Gas Marketing & Trading GmbH [1]	Austria	—	(4)	—	36%	(125)	(141)
Others	n.a.	—	0	—	36%	0	1
Gas Connect group	**n.a.**	**49%**	**3**	**140**	**n.a**	**—**	**—**
GAS CONNECT AUSTRIA GmbH	Austria	49%	2	139	n.a	—	—
AGGM Austrian Gas Grid Management AG	Austria	74%	0	0	n.a	—	—
Subsidiaries with individually immaterial non-controlling interests	**n.a.**	**—**	**6**	**33**	**—**	**3**	**30**
OMV GROUP	**n.a.**	**n.a**	**118**	**3,011**	**n.a**	**(197)**	**2,626**

[1] Former EconGas GmbH

The proportion of ownership corresponds to the proportion of voting rights of the non-controlling interests in all cases.

The main activities of the **OMV Petrom group** are exploration and production of hydrocarbons (in Romania and Kazakhstan), refining of crudes (in Romania), marketing of petroleum products (in Romania, Bulgaria, Serbia and Moldova) as well as production and the sales of electricity (in Romania). OMV Petrom SA owns 95% of KOM MUNAI LLP and thus the related NCI is 52%.

In 2016, OMV has taken over the non-controlling interests in OMV Gas Marketing & Trading GmbH (formerly EconGas GmbH) in a transaction closed on May 20, 2016. The main activities of the **OMV Gas Marketing & Trading (OGMT) group** are supply and trading of gas in Central Europe (Austria, Germany, Italy, Hungary and Croatia).

On December 15, 2016, OMV has completed a transaction of selling a minority stake in **GAS CONNECT AUSTRIA GmbH** maintaining an interest of 51% and control over the subsidiary. GAS CONNECT AUSTRIA GmbH operates an approximately 900 km long natural gas high-pressure pipeline grid in Austria and markets transportation capacity to meet domestic natural gas demand and support export to Europe.

The following tables summarize the financial information relating to the subsidiaries with material non-controlling interests, before intra-group eliminations:

Statement of comprehensive income

EUR mn

	2016			2015	
	OMV Petrom SA	OGMT [1]	GAS CONNECT AUSTRIA GmbH	OMV Petrom SA	OGMT [1]
Revenue	2,698	1,909	236	3,083	2,217
Net income for the year	219	(5)	100	(18)	(348)
Total comprehensive income	209	(5)	95	(30)	(348)
Attributable to NCI	103	(5)	2	(15)	(125)
Dividends paid to NCI	0	—	—	69	—

[1] Former EconGas GmbH

The amounts included in the table above are full year amounts, irrespective of the date of the change in non-controlling interest. The net income attributable to non-controlling interests is determined for the period when the NCI is effective.

Statement of financial position

EUR mn

	2016			2015	
	OMV Petrom SA	OGMT [1]	GAS CONNECT AUSTRIA GmbH	OMV Petrom SA	OGMT [1]
Current assets	1,210	1,979	55	951	1,346
Non-current assets	8,032	33	663	8,217	59
Current liabilities	845	1,443	75	960	1,398
Non-current liabilities	2,118	389	367	2,138	397

[1] Former EconGas GmbH

Statement of cash flows

EUR mn

	2016			2015	
	OMV Petrom SA	OGMT [1]	GAS CONNECT AUSTRIA GmbH	OMV Petrom SA	OGMT [1]
Operating cash flow	872	58	143	1,302	(79)
Investing cash flow	(558)	(459)	(36)	(996)	0
Financing cash flow	(50)	402	(107)	(371)	80
Net increase /(decrease) in cash and cash equivalents	264	0	0	(65)	0

[1] Former EconGas GmbH

There are no protective rights of non-controlling interests which significantly restrict the Group's ability to access or use the assets and settle the liabilities of the Group.

23 Provisions

Changes in **provisions** during the year were as follows:

Provisions

EUR mn

	Pensions and similar obligations	Decom-missioning and restoration	Other provisions	**Total**
January 1, 2016	**1,045**	**3,442**	**953**	**5,440**
Exchange differences	0	48	4	**52**
Changes in consolidated Group	0	144	3	**147**
Used	(62)	(66)	(211)	**(339)**
Payments to funds	(15)	0	0	**(15)**
Allocations	119	124	244	**487**
Transfers	(24)	0	24	**0**
Liabilities associated with assets held for sale	(5)	(281)	(30)	**(315)**
December 31, 2016	1,057	3,412	988	5,457
[thereof short-term as of December 31, 2016]	[—]	[92]	[435]	**[527]**
[thereof short-term as of January 1, 2016]	[—]	[100]	[418]	**[517]**

Provisions for pensions and similar obligations

OMV has made pension commitments to employees in Austria and Germany in the form of **defined benefit plans and defined contribution plans**. The defined benefit plans are generally based on years of service and the employee's average compensation over the last five calendar years of employment. These pension plans do not require contributions of the employees. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, inflation risk (as a result of indexation of pension) and market risk. For the defined contribution plans, the reported expense corresponds to the contributions payable for the period.

The majority of **pension commitments** of several Austrian OMV companies were transferred to an external pension fund managed by APK-Pensionskasse AG in earlier years.

Employees of Austrian Group companies whose service began before December 31, 2002 are entitled to receive **severance payments** upon termination of employment or on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Entitlements to severance payments for employees whose service began after December 31, 2002 are covered by defined contribution plans. Similar obligations as entitlement to severance payments also exist in other countries, where the Group provides employment.

Employees in Austria and Germany are entitled to **jubilee payments** after completion of a given number of years of service. These plans are non-contributory and unfunded.

Provisions for **personnel reduction schemes** are recognized for irrevocable commitments for separations under restructuring programs within the OMV Group.

Defined benefit pension obligations and obligations for severance payments were as follows:

Defined benefit pension plans and obligations for severance payments

EUR mn

	2016	2015	2014	2013	2012
Present value of funded obligations	764	728	745	668	639
Market value of plan assets	(453)	(460)	(471)	(461)	(460)
Provision for funded obligations	**311**	**268**	**274**	**207**	**179**
Present value of unfunded obligations	479	497	530	508	493
Provision for unfunded obligations	**479**	**497**	**530**	**508**	**493**
Present value of obligations of severance payments	**144**	**150**	**163**	**146**	**109**
Total	**935**	**915**	**967**	**861**	**780**

Changes in the provisions for **jubilee payments, personnel reduction schemes and other employee benefits** were as follows:

Jubilee payments, personnel reduction schemes and other employee benefits

EUR mn

	2016	2015	2014	2013	2012
Provision for jubilee payments	**33**	**31**	**32**	**30**	**30**
Provision for personnel reduction schemes	**119**	**127**	**138**	**134**	**166**
[thereof short-term personnel reduction schemes]	[52]	[51]	[49]	[39]	[59]
Provision for other employee benefits	**22**	**23**	**28**	**36**	**60**
Total	**174**	**182**	**198**	**200**	**256**

Present value of obligations

EUR mn

	2016		2015	
	Pensions and severance	Jubilee entitlements, personnel reduction schemes and other employee benefits	Pensions and severance	Jubilee entitlements, personnel reduction schemes and other employee benefits
Present value of obligation as of January 1	**1,375**	**182**	**1,438**	**198**
Exchange difference	0	0	(1)	0
Liabilities associated with assets held for sale	(5)	0	—	—
Current service cost	9	3	12	3
Interest cost	31	3	33	4
Benefits paid	(92)	(54)	(90)	(49)
Expected defined benefit obligations as per December 31	**1,319**	**134**	**1,391**	**155**
Actual defined benefit obligations as per December 31	**1,388**	**174**	**1,375**	**182**
Remeasurements of the period (OCI)	**69**	**—**	**(16)**	**—**
thereof changes in demographic assumptions	1	—	—	—
thereof changes in financial assumptions	93	—	(13)	—
thereof experience adjustments	(25)	—	(3)	—
Remeasurements recognized in profit & loss	—	40	—	26

The **market value of plan assets** for defined benefit pension obligations financed through funds was as follows:

Market value of plan assets

EUR mn

	2016			2015		
	VRG IV	VRG VI	**Total**	VRG IV	VRG VI	**Total**
Market value of plan assets as of January 1	**301**	**159**	**460**	**300**	**171**	**471**
Interest income	7	4	**11**	7	4	**11**
Allocation to funds	4	11	**15**	6	6	**12**
Benefits paid	(19)	(16)	**(35)**	(19)	(17)	**(37)**
Remeasurements of the period (OCI)	5	(3)	**2**	8	(5)	**3**
Market value of plan assets as of December 31	**298**	**155**	**453**	**301**	**159**	**460**

Changes in the **provisions** as well as related **expenses** of the period were as follows:

Provisions and expenses

EUR mn

	2016		2015	
	Pensions and severance	Jubilee entitlements, personnel reduction schemes and other employee benefits	Pensions and severance	Jubilee entitlements, personnel reduction schemes and other employee benefits
Provision as of January 1	**915**	**182**	**967**	**198**
Expense for the year	30	6	33	7
Payments to funds	(15)	—	(12)	—
Benefits paid	(57)	(54)	(53)	(49)
Exchange difference	0	0	(1)	0
Liabilities associated with assets held for sale	(5)	—	—	—
Remeasurements for the year	67	—	(19)	—
thereof changes in demographic assumptions	1	—	—	—
thereof changes in financial assumptions	91	—	(13)	—
thereof experience adjustments	(25)	—	(6)	—
Remeasurements recognized in profit & loss	—	40	—	26
Provision as of December 31	**935**	**174**	**915**	**182**
Current service cost	9	3	12	3
Net interest cost	20	3	22	4
Expenses of defined benefit plans for the year	**30**	**6**	**33**	**7**

In 2016, the total pension fund contributions for the Executive Board and former members of the Executive Board amounted to EUR 1 mn (2015: EUR 1 mn).

Expenses for interest accrued on personnel reduction schemes of EUR 1 mn (2015: EUR 2 mn) have been included under interest expense.

Underlying assumptions for calculating pension expenses and expected defined benefit entitlements as of December 31

	2016			2015		
	Pensions	Severance	Jubilees	Pensions	Severance	Jubilees
Capital market interest rate	1.61%	1.13%	1.36%	2.25%	2.25%	2.25%
Future increases in salaries	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%
Future increase in pensions	1.6–1.8%	—	—	1.6–1.8%	—	—

The biometrical basis for the calculation of provisions for pensions, severance and jubilee entitlements of Austrian Group companies is provided by AVÖ 2008 P – Rechnungsgrundlagen für die Pensionsversicherung (Biometric Tables for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. In other countries, similar actuarial parameters are used. Employee turnover was computed based on age or years of service respectively. The expected retirement age used for calculations is based on the relevant country's legislation.

The following actuarial assumptions for calculating pension expenses and expected defined benefit entitlements are considered as material and are stress tested within the following ranges. The increase or decrease compared to the values accounted for defined benefit obligations in relative deviation terms are as follows:

Sensitivities

	2016					
	Capital market interest rate		Future increases in salaries		Fluctuation	
	+0.50%	(0.50)%	+0.25%	(0.25)%	double	half
Pensions	(5.71)%	6.31%	3.22%	(3.06)%	—	—
Severance	(3.99)%	4.26%	2.03%	(1.97)%	—	—
Jubilees	(4.88)%	5.34%	2.56%	(2.46)%	(3.96)%	2.28%

Duration profiles and average durations were as follows:

Duration profiles and average duration of defined benefit obligations as of December 31

EUR mn

	2016			
	Duration profiles			Duration
	1–5 years	6–10 years	>10 years	in years
Pensions	341	276	626	12
Severance	41	40	64	8
Jubilees	13	7	14	10

Cash duration profiles and average duration as of December 31

EUR mn

	2016			
	Duration profiles			Duration
	1–5 years	6–10 years	>10 years	in years
Pensions	354	312	909	14
Severance	46	53	117	12
Jubilees	14	9	54	17

Allocation of plan assets as of December 31

	2016		2015	
	VRG IV	VRG VI	VRG IV	VRG VI
Asset category				
Equity securities	22.59%	9.34%	23.36%	6.22%
Debt securities	61.86%	11.87%	59.19%	29.26%
Cash and money market investments	12.03%	78.79%	14.22%	64.52%
Other	3.52%	—	3.23%	—
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Investment policies aim to achieve an optimal investment portfolio structure and to ensure that existing entitlements are covered at all times. The investment of plan assets is governed by section 25 Austrian Pension Fund Act and the Investment Fund Act. In addition to these regulations, the investment guidelines of APK-Pensionskasse AG regulate the spread of asset allocation, the use of umbrella funds and the selection of fund managers. New categories of investments or the employment of a wider range of funds require the approval of the APK-Pensionskasse AG management board. Diversification of both equity and debt securities is global; however, the bulk of the debt securities is EUR-denominated.

The funds of the asset allocation and risk group VRG IV are invested in international equity and bond funds, alternative investment strategies (absolute return strategies, real estate and private equity) as well as money market investments. As part of the risk diversification policy, in selecting the asset managers, their different management styles and investment approaches have been taken into account. The long-term investment objective of the VRG IV is to outperform the benchmark (20% global equity, 65% global bonds, 5% cash, 5% alternatives, 5% real estate) and to cover existing and future entitlement payments of the VRG IV. The assets of the VRG IV are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole, as defined in the Austrian pension fund section 25. The asset allocation and the regional allocation of the VRG IV can and will deviate from the benchmark allocation if this in the judgment of APK is warranted by current asset prices and/or future expected returns. To enhance the return potential, active strategies for all asset classes will be used when justified by market characteristics and/or cost/benefit considerations. The majority of the assets of the VRG IV are invested in liquid active markets for which quoted prices are available. A smaller allocation to assets for which only observable but not quoted prices are available (e.g. real estate and certain absolute return strategies) is allowed when the risk return profile of such assets is believed to be favorable. Risk is managed actively and it is generally expected that the volatility and especially the drawdown risk of the VRG IV will be lower than that of the benchmark.

The investment management policy for the funds of VRG VI is a value-at-risk approach. The process involves investing in global equity markets, European bond instruments and low-risk money market funds with a defined worst-case loss limit, whereby the tactical allocation of funds is very flexible and model-driven. At the same time, the opportunity of benefiting from positive stock market performance shall be partly maintained. The long-term investment objective of the VRG VI is to provide stable, predictable returns that to the greatest possible extent cover the existing and future entitlement payments of the VRG VI. To increase the efficiency of the portfolio management and for cost considerations the portfolio is set up as a base portfolio consisting of short maturity government bonds and a futures overlay strategy. Active quoted prices are available for all assets of the VRG VI.

The actual returns of individual VRGs deviate from the target returns on the plan assets, due to their different maturities and to different developments in the capital markets. In 2016, the performance of VRG IV was slightly below the target return with a performance of +5.4%. The performance of VRG VI was slightly positive with +1.1%.

In 2017, defined benefit related contributions for 2016 to APK-Pensionskasse AG of EUR 9 mn are planned.

Provisions for decommissioning and restoration obligations

Changes in provisions for decommissioning and restoration obligations are shown in the table below. In the event of changes in estimated parameters, the effect is recognized in the period concerned. If the value increases, the increase is depreciated over the remaining useful life of the asset, and if it decreases, the decrease is deducted from the capitalized asset value.

Provisions for decommissioning and restoration obligations

EUR mn

	Carrying amount
January 1, 2016	**3,442**
Exchange differences	48
Changes in consolidated Group	144
New obligations	44
Increase arising from revisions in estimates	65
Reduction arising from revisions in estimates	(74)
Unwinding of discounting	89
Liabilities associated with assets held for sale	(281)
Used	(66)
December 31, 2016	**3,412**
[thereof short-term as of December 31, 2016]	[92]
[thereof short-term as of January 1, 2016]	[100]

A decrease of 1 percentage point in the real interest rates used to calculate the decommissioning provisions would lead to an additional provision of approximately EUR 250 mn.

The provision for decommissioning and restoration costs includes obligations in respect of OMV Petrom SA amounting to EUR 1,787 mn (2015: EUR 1,804 mn). Part of the obligations is to be recovered from the Romanian State in accordance to the privatization agreement. As of December 31, 2016, OMV Petrom SA holds receivables from the Romanian state amounting to EUR 542 mn (2015: EUR 568 mn), which are disclosed as other financial assets (please refer to Note 18).

Other provisions

EUR mn

	2016		2015	
	Short-term	Long-term	Short-term	Long-term
Environmental costs	16	78	22	37
Other personnel provisions	124	18	130	13
Other	295	457	265	485
Other provisions	**435**	**553**	**418**	**535**

Other personnel provisions include short-term costs of staff reductions amounting to EUR 52 mn (2015: EUR 51 mn). Other provisions contain EUR 3 mn (2015: EUR 3 mn) short-term and EUR 52 mn (2015: EUR 66 mn) long-term litigation provisions due to litigations with former and current employees for various types of claims due to differing interpretations of some of the clauses of the Collective Bargaining Agreements applicable at OMV Petrom SA.

The position Other includes provisions for onerous contracts amounting to EUR 467 mn (2015: EUR 413 mn), which are mainly related to the Gate LNG obligation and associated transportation commitments of OMV Gas Marketing & Trading GmbH, to reserved gas pipeline capacities in Norway and to certain retail assets in Austria.

The provision for the Gate LNG obligation was recorded in 2012 for a long-term, non-cancellable contract for regasification capacity and storage that became onerous due to the negative development of market conditions for LNG terminal capacities in Europe. The present value of the provision as at December 31, 2016 was EUR 318 mn (2015: EUR 336 mn). The provision represents the unavoidable costs of meeting the contractual obligations. Thereby, income and costs from future purchase of LNG are taken into account, since the regasification of LNG and subsequent sale of the gas positively contributes to the coverage of the fixed costs. The volume assumptions are based on management’s best estimates of available LNG volumes in the future. The prices are based on forward rates, where available. If no forward prices are available, the prices represent management's best estimate of future prices, derived from current market prices or forward rates of the preceding period. The calculation is based on an interest rate of 4.4% (2015: 4.5%). A 50% decrease in either LNG volumes or margin would lead to an additional provision of EUR 193 mn. Furthermore, a 1 percentage point decrease in the discount rate would lead to an additional provision of EUR 22 mn.

The provision for the related non-cancellable transportation commitments of OMV Gas Marketing & Trading GmbH amounted to EUR 98 mn (2015: EUR 62 mn). The calculation is based on the difference between the fixed costs for using the capacities and the benefits expected to be generated by using the capacities. The discount rate applied is 4.4% (2015: 4.5%). Besides the discount rates, the key assumptions are the gas prices at the relevant gas hubs which are based on forward rates where available and on management's best estimates for the remaining contract term.

Emissions certificates

Directive 2003/87/EC of the European Parliament and of the European Council established a greenhouse gas emissions trading scheme, requiring member states to draw up national plans to allocate emissions certificates. Under this scheme, affected OMV Group companies received a total of 5,223,388 free emissions certificates in 2016 (2015: 6,169,811), thereof 2,608,152 received by OMV Petrom SA (2015: 2,611,848). As of December 31, 2016, the market value of emissions certificates amounted to EUR 53 mn (December 31, 2015: EUR 86 mn).

As of December 31, 2016, the Group held 8,106,822 emissions certificates. In 2017, OMV expects to surrender 6,177,866 emissions certificates for (not yet externally verified) emissions in 2016.

Emissions certificates

	2016	2015
Certificates held as of January 1	**10,446,287**	**9,135,247**
Free allocation for the year	5,223,388	6,169,811
Certificates surrendered according to verified emissions for the prior year	(7,443,829)	(5,633,323)
Net purchases and sales during the year [1]	(119,024)	774,552
Certificates held as of December 31	**8,106,822**	**10,446,287**

[1] Purchases are valued at their acquisition cost

A shortfall in emissions certificates would be provided for. Neither as of December 31, 2016, nor as of December 31, 2015 was the Group short of certificates.

24 Liabilities

Liabilities

EUR mn

	2016			2015		
	Short-term	Long-term	**Total**	Short-term	Long-term	**Total**
Bonds	38	3,725	**3,763**	295	3,721	**4,016**
Other interest-bearing debts	222	1,012	**1,234**	200	871	**1,071**
[thereof to banks]	[222]	[865]	**[1,087]**	[200]	[871]	**[1,071]**
Trade payables	3,731	—	**3,731**	3,380	—	**3,380**
[thereof to equity-accounted investments]	[37]	[—]	**[37]**	[28]	[—]	**[28]**
Other financial liabilities	1,169	409	**1,578**	2,341	410	**2,750**
Other liabilities	828	155	**983**	1,074	160	**1,234**
[thereof to equity-accounted investments]	[11]	[146]	**[157]**	[11]	[157]	**[168]**
Liabilities associated with assets held for sale	1,107	—	**1,107**	32	—	**32**
Total	**7,095**	**5,301**	**12,396**	**7,320**	**5,162**	**12,482**

Bonds

Bonds issued

	Nominal	Coupon	Repayment	2016 Carrying amount December 31 EUR mn	2015 Carrying amount December 31 EUR mn
International corporate bond	EUR 250,000,000	5.25% fixed	06/22/2016	—	257
	EUR 750,000,000	0.60% fixed	11/19/2018	750	750
	EUR 500,000,000	1.75% fixed	11/25/2019	499	498
	EUR 500,000,000	4.375% fixed	02/10/2020	518	518
	EUR 500,000,000	4.25% fixed	10/12/2021	501	501
	EUR 750,000,000	2.625% fixed	09/27/2022	748	747
	EUR 750,000,000	3.5% fixed	09/27/2027	747	746
Total				**3,763**	**4,016**

Bonds and other interest-bearing debts

Some of the Group's interest-bearing debts involve financial covenants, which relate mainly to adjusted equity ratios, cash flow from operating activities excluding interest expense, and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

Bonds and other interest-bearing debts have the following maturities:

Bonds and other interest-bearing debts

EUR mn

	2016	2015
Short-term loan financing	99	33
Short-term component of long-term financing	161	461
Total short-term	**260**	**494**
Maturities of long-term financing		
2017/2016 (short-term component of long-term financing)	161	461
2018/2017	1,157	98
2019/2018	754	1,148
2020/2019	578	598
2021/2020	565	570
2022/2021 and subsequent years	1,682	2,178
Total for 2017/2016 onwards	**4,898**	**5,053**

Breakdown of bonds and other interest-bearing debts by currency and interest rate

EUR mn

		2016		2015	
			Weighted average interest rate		Weighted average interest rate
Bonds and other long-term interest-bearing debts [1]					
Fixed rates	EUR	4,077	2.73%	4,313	2.97%
	USD	38	2.28%	37	2.28%
Total		**4,114**	**2.73%**	**4,349**	**2.96%**
Variable rates	EUR	531	1.06%	543	1.21%
	USD	253	2.15%	161	2.29%
Total		**784**	**1.41%**	**704**	**1.46%**
Other short-term interest-bearing debts					
EUR		60	0.53%	19	0.50%
USD		39	1.48%	—	—
RON		1	0.50%	—	—
TRY		—	—	12	8.35%
HUF		—	—	0	2.18%
NOK		—	—	2	1.40%
Total		**99**	**0.91%**	**33**	**3.40%**

[1] Including short-term components of long-term debts

Bonds issued and other interest-bearing debts amounting to EUR 4,997 mn (2015: EUR 5,087 mn) are valued at amortized cost.

The fair value of the issued bonds was EUR 4,228 mn (2015: EUR 4,348 mn), which has been categorized as Level 1 measurement based on price quotations at the reporting date.

The fair value of other interest-bearing debts (Level 2 valuation – observable inputs) was determined by discounting future cash flows using interest rates prevailing at statement of financial position date for similar liabilities with similar maturities, which amounted to EUR 1,288 mn (2015: EUR 1,101 mn).

The estimated fair value of bonds and other-interest bearing debts was in total EUR 5,515 mn (2015: EUR 5,449 mn), of which EUR 4,616 mn (2015: EUR 4,709 mn) was at fixed rates and EUR 899 mn (2015: EUR 739 mn) was at floating rates.

Other financial liabilities

Other financial liabilities

EUR mn

	Short-term	Long-term	**Total**
		2016	
Liabilities on derivatives designated and effective as hedging instruments	70	—	**70**
Liabilities on other derivatives	793	48	**840**
Liabilities on finance leases	16	263	**278**
Other sundry financial liabilities	291	99	**390**
Total	**1,169**	**409**	**1,578**
		2015	
Liabilities to equity-accounted investments	1	0	**1**
Liabilities on derivatives designated and effective as hedging instruments	91	0	**91**
Liabilities on other derivatives	1,604	93	**1,696**
Liabilities on finance leases	12	278	**290**
Other sundry financial liabilities	634	39	**672**
Total	**2,341**	**410**	**2,750**

Fair value adjustments on liabilities related to derivatives designated and effective as hedging instruments have been recognized in other comprehensive income. The liabilities on other derivatives are financial liabilities at fair value through profit or loss. All other items are liabilities to be classified as measured at amortized cost.

The estimated fair value of the finance leases liabilities was EUR 403 mn (2015: EUR 403 mn); this was established by discounting future lease payments using interest rates prevailing at statement of financial position date for similar liabilities with similar maturities (Level 2 valuation – observable inputs).

The table hereafter summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

Financial liabilities

EUR mn

	≤1 year	1–5 years	>5 years	Total
		2016		
Bonds	102	2,606	1,677	**4,386**
Other interest bearing debts	228	955	70	**1,254**
Trade payables	3,731	—	—	**3,731**
Derivative financial liabilities	863	48	—	**911**
Other financial liabilities	352	175	429	**956**
Total	**5,277**	**3,785**	**2,176**	**11,238**
		2015		
Bonds	365	2,142	2,244	**4,751**
Other interest bearing debts	208	735	196	**1,138**
Trade payables	3,380	—	—	**3,380**
Derivative financial liabilities	1,680	93	—	**1,772**
Other financial liabilities	657	133	448	**1,239**
Total	**6,290**	**3,102**	**2,889**	**12,281**

Other liabilities

Other liabilities

EUR mn

	Short-term	Long-term	Total
		2016	
Other taxes and social security liabilities	656	—	**656**
Payments received in advance	78	153	**231**
Other sundry liabilities	93	2	**95**
Total	**828**	**155**	**983**
		2015	
Other taxes and social security liabilities	797	—	**797**
Payments received in advance	170	158	**329**
Other sundry liabilities	106	1	**108**
Total	**1,074**	**160**	**1,234**

The long-term payments received in advance consist mainly of a non-refundable prepayment of storage fee received from Erdöl-Lagergesellschaft m.b.H., Lannach on the basis of a long-term service contract.

The carrying amount of other liabilities is effectively the same as their fair value because they are predominantly short-term.

For details on liabilities associated with assets held for sale we make reference to Note 20.

25 Deferred tax

Deferred taxes

EUR mn

	Deferred tax assets (incl. deferred tax assets not recognized)	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
	2016			
Intangible assets	104	30	74	101
Property, plant and equipment	204	152	52	1,027
Other financial assets	9	5	4	24
Inventories	19	3	16	13
Derivatives	160	21	139	151
Receivables and other assets	47	15	32	45
Deferred taxes reclassified to assets and liabilities associated with assets held for sale	681	—	681	560
Untaxed reserves	—	—	—	—
Provisions for pensions and similar obligations	176	132	44	8
Provisions for decommissioning, restoration obligations and environmental costs	1,006	52	953	—
Other provisions	152	76	76	34
Liabilities	71	38	33	33
Tax impairments according section 12 (3)/2 of the Austrian Corporate Income Tax Act (KStG)	821	450	372	—
Tax loss carryforwards	1,045	688	357	—
Outside basis differences	1	1	—	—
Total	**4,496**	**1,663**	**2,834**	**1,997**
Netting (same tax jurisdictions)			(1,801)	(1,801)
Deferred taxes reclassified to assets and liabilities associated with assets held for sale			(193)	(73)
Deferred taxes as per statement of financial position			**839**	**122**

Deferred taxes

EUR mn

	Deferred tax assets (incl. deferred tax assets not recognized)	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
		2015		
Intangible assets	174	84	89	347
Property, plant and equipment	262	171	91	1,524
Other financial assets	9	6	2	18
Inventories	29	1	27	14
Derivatives	160	47	113	192
Receivables and other assets	50	11	38	32
Deferred taxes reclassified to assets and liabilities associated with assets held for sale	2	—	2	1
Untaxed reserves	—	—	—	1
Provisions for pensions and similar obligations	166	123	43	6
Provisions for decommissioning, restoration obligations and environmental costs	987	83	905	0
Other provisions	118	69	48	34
Liabilities	41	11	30	7
Tax impairments according section 12 (3)/2 of the Austrian Corporate Income Tax Act (KStG)	863	418	444	—
Tax loss carryforwards	1,610	644	966	—
Total	**4,470**	**1,671**	**2,798**	**2,176**
Netting (same tax jurisdictions)			(1,947)	(1,947)
Deferred taxes reclassified to assets and liabilities associated with assets held for sale			(1)	—
Deferred taxes as per statement of financial position			**850**	**229**

Deferred taxes were mainly related to different valuation methods, differences in impairments, write-offs, depreciation and amortization as well as different definition of costs.

In 2016, deferred taxes reclassified to assets and liabilities associated with assets held for sales are primarily attributable to OMV (U.K.) Limited and OMV Petrol Ofisi disposal groups and mainly contain deferred taxes related to intangible assets, property, plant and equipment and unused tax loss carryforwards.

Deferred taxes on the retained earnings of Group companies are generally only recognized where there is no possibility of tax-free transfers to the parent company.

The overall net deferred tax asset position of tax jurisdictions which suffered a tax loss either in current or preceding year amounted to EUR 540 mn, thereof EUR 221 mn is attributable to the Austrian tax group (2015: EUR 327 mn, thereof Austrian tax group EUR 263 mn). The recoverability of the recognized deferred tax assets was assessed based on detailed tax plannings.

As of December 31, 2016, OMV recognized **tax loss carryforwards** of EUR 4,566 mn before allowances (2015: EUR 4,226 mn), thereof EUR 1,971 mn (2015: EUR 1,775 mn) are considered recoverable for calculation of deferred taxes. Eligibility of losses for carryforward expires as follows:

Losses for carryforward

EUR mn

	Base amount (before allowances)		thereof not recognized	
	2016	2015	**2016**	2015
2016		10		10
2017	5	6	3	5
2018	35	40	27	36
2019	115	192	89	112
2020	36	213	34	94
2021	103		90	
After 2021/2020	152	148	108	124
Unlimited	4,121	3,618	2,244	2,069
Total	**4,566**	**4,226**	**2,595**	**2,451**

As of December 31, 2016, the aggregate amount of temporary differences associated with fully consolidated and equity-accounted investments for which deferred tax liabilities have not been recognized amounted to EUR 3,866 mn (2015: EUR 3,660 mn). Capital gains on disposals of investments may be realized on various levels of the Group depending on the structuring of potential divestments. Due to the complexity of the group and the associated tax implications simplifying assumptions for the calculation have been made that aim to diminish cascade effects.

Supplementary Information on the Financial Position

26 Statement of cash flows

Cash and cash equivalents are described in the Note 4.3q) and primarily consisted of cash at banks in 2016 and 2015. Within OMV Supply & Trading Limited, the cash balance is not entirely available for use, EUR 53 mn being blocked as collateral for a documentary letter of credit.

The net cash outflows from the acquisitions of subsidiaries are shown in the table below and are related to the acquisition of FE-Trading GmbH and FE-Trading trgovina d.o.o. of EUR 54 mn, which reflects the cash consideration of EUR 26 mn paid to the seller and also the redemption of trade and other financial liabilities amounting to EUR 31 mn less cash acquired.

Net cash outflows for subsidiaries acquired

EUR mn

	2016	2015
Consideration paid	26	—
Redemption of financial liabilities	31	—
less cash acquired	(3)	—
Net cash outflows from subsidiaries acquired	**54**	—

Net cash outflow from financing activities amounted to EUR 74 mn (2015: net cash inflow EUR 758 mn). In 2016, a EUR 250 mn bond was repaid together with other long-term debt, which was partially compensated by new long-term borrowings, EUR 147 mn of which being related to long term financing provided by the minority shareholders of GAS CONNECT AUSTRIA GmbH. During 2015, there was a significant net cash inflow of funds following the issuance of the new hybrid notes in the amount of EUR 1,490 mn and other new drawings of long-term loans, partially offset by repayments of the US private placement bond and other long-term debt and finance leases as well as short-term money market lines.

In 2016, OMV acquired the remaining non-controlling interest in OMV Gas Marketing & Trading GmbH (former EconGas GmbH) for EUR 3. Furthermore, a EUR 36 mn contribution by former minority shareholders of OMV Gas Marketing & Trading GmbH was received. Also, there was a significant cash inflow resulting from the sale of a 49% minority stake in GAS CONNECT AUSTRIA GmbH in the amount of EUR 454 mn. In 2015, the Group acquired the remaining non-controlling stake of 1.2% in OMV Petrol Ofisi A.Ş in the amount of EUR 12 mn.

In 2016 as well as in 2015, non-cash additions to fixed assets included mainly effects related to the reassessment of decommissioning and restoration obligations.

27 Contingent liabilities

OMV recognizes provisions for litigations if these are more likely than not to result in obligations. Management is of the opinion that litigations, to the extent not covered by provisions or insurance, will not materially affect the Group's financial position. The production facilities and properties of all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate. The estimated cost of known environmental obligations has been provided in accordance with the Group's accounting policies. Provisions for decommissioning and restoration are recognized if an obligation exists at the statement of financial position date.

Management believes that compliance with current laws and regulations and future more stringent laws and regulations will not have a material negative impact on the Group's results, financial position or cash flows in the near future.

OMV has EUR 27 mn (2015: EUR 48 mn) contingent liabilities related to deferred considerations from the acquisition of an increased share in licenses in the West of Shetland area (United Kingdom) in 2014. The contingent obligations are dependent on drilling a successful well in Blackrock exploration prospect.

In 2016, the Bulgarian Commission for Protection of Competition (CPC) announced the initiation of several investigations regarding the infringement of competition rules on the fuel market, with OMV Bulgaria OOD being one of the investigated companies. The CPC issued a general Statement of Objections and six Disclosure Rulings addressed to each investigated company. OMV Bulgaria OOD appealed against the Disclosure Ruling issued by CPC. Taking into account all legal means of attack, a final court decision on a potential fine (limited to maximum 10% of the total turnover of the respective undertaking for the financial year preceding the date of the fining decision) should not be expected earlier than three years. At the date of these financial statements, a reliable estimation of the potential outflow of resources cannot be made and such outflow of resources is not considered probable by the management. Therefore, no provision was recorded in this respect.

In Romania, group activities related to the refining of petroleum products could lead to obligations related to soil remediation activities, depending on the requirements of environmental agencies, when these activities are closed. With reference to the Arpechim refinery site, at the date of these financial statements, a reliable estimation of the amount required to settle a potential remediation obligation cannot be made, as the performance of specialized studies to determine the degree of contamination, if any, is prevented by the physical existence of the installations; consequently, no provision has been booked in OMV's financial statements in this respect.

OMV Petrom SA is subject to a partial tax audit started in late 2016, having the oil and gas royalties for the period 2011–2015 as its scope. Due to various interpretations of the legal provisions with regard to calculation of gas royalties, the tax audit has been suspended until clarification of such legal basis. OMV Petrom SA considers that it has fully observed all applicable legal provisions enforced by relevant regulatory authorities and therefore assesses that it is not probable that an outflow of resources embodying economic benefits will be required. Considering all the above, OMV did not reflect any provision in the financial statements in relation to this matter. Risk management

28 Risk management

Capital risk

Capital risk management at the OMV Group is part of value management and is based on two key performance measures: Return On Average Capital Employed (ROACE) and the gearing ratio. OMV commits to a long-term gearing ratio target of up to 30%.

Liquidity risk

For the purpose of assessing liquidity risk, yearly budgeted operating and financial cash flows of the Group are monitored and analyzed on a monthly basis. Thus, every month the Group generates a forecasted net change in liquidity which is then compared to the total month end balances of money market deposits and loans as well as maturities of the current portfolio and the available liquidity reserves. This analysis provides the basis for financing decisions and capital commitments.

To ensure that OMV Group remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in the form of committed credit lines and short term uncommitted money market lines are maintained. As of December 31, 2016, the average weighted maturity of the Group's debt portfolio has been 4.6 years (as of December 31, 2015: slightly above five years).

OMV Group's operational liquidity management is done centrally via a cash pooling system, which enables optimum use of existing cash and liquidity reserves to the benefit of every individual member of cash pooling system and therefore the Group as a whole.

Details of OMV Group's financial liabilities are shown in Note 24.

Political risk

The Group operates in countries that have recently been and may continue to be subject to political uncertainties in particular Libya, Yemen, Pakistan, Tunisia and Turkey. The possible political changes may lead to disruptions and limitations in production, as well as increased tax burden, restrictions on foreign ownership or even nationalization of property, having as a result consequences on the Group’s financial condition.

Market risk

Derivative and non-derivative instruments are used to manage market risks resulting from changes in interest rates, foreign exchange rates and commodity prices which could have a negative effect on assets, liabilities or expected future cash flows. As a general rule, derivatives are mainly used for the purpose of reducing market risks on underlying transactions.

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments, indices or prices that are defined in the contract. The initial recognition of derivatives takes place as soon as the contracts become contractually binding i.e. when the rights and obligations arise. They are derecognized when the contractual rights and obligations lapse or are transferred.

Commodity price risk management

To protect the Group's cash flow from the potential negative impact of falling oil and gas prices, OMV uses derivative instruments for hedging purposes. In 2016, a range of financial swaps for both oil and gas volumes were entered into, resulting in a total EBIT impact of EUR (18) mn (oil: EUR 18 mn, gas: EUR (36) mn). For these derivatives instruments no hedge accounting was applied, therefore the result was accounted in the income statement. Furthermore, from the hedging strategy introduced in 2015, a EUR 12 mn valuation gain on the January – June 2016 hedging instruments was recycled to profit and loss from other comprehensive income in 2016. Therefore, the total EBIT impact from these hedges amounted to EUR (6) mn (oil: EUR 30 mn, gas: EUR (36) mn).

In 2015, OMV used a zero premium collar program to hedge the proceeds from oil sales for the period July 2015 – June 2016. The transaction was accounted for as a cash flow hedge until August 2015, when OMV monetized the oil price hedges for the period Q4/15 through Q2/16, leading to a positive EBIT impact of EUR 74 mn in 2015. Furthermore, a EUR 12 mn valuation gain on the January – June 2016 hedging instruments was reported within other comprehensive income.

Operational risk management

In Downstream Gas, OTC swaps, options, futures and forwards are used to hedge purchase and sales price risks. The aim is to hedge the price risk on inventory fluctuations and the differences in terms and conditions of purchases and sales.

In Downstream Oil, limited use is made of derivative instruments for both hedging selected product sales and reducing exposure to price risks on inventory fluctuations. Crude oil and product swaps are used to hedge the refining margin (crack spread) – being the difference between crude oil prices and bulk product prices.

Limited proprietary trading activities are performed for the purpose of creating market access within the oil, power and gas markets.

Exchange-traded oil futures as well as OTC contracts (contracts for difference and swaps) are used in supply, marketing and trading to hedge short-term purchase and sales market price risks. Gains and losses on hedging transactions are allocated to Downstream Oil and calculated using fair values.

Swaps do not involve an investment at the time the contracts are concluded; settlement normally takes place at the end of the quarter or month. The premiums on options are payable when the contract is concluded; where options are exercised, payment of the difference between strike price and average market price for the period takes place at contract expiration.

The tables hereafter show the fair values of derivative financial instruments together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative’s underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of the transactions outstanding at the year-end and are not indicative of either the market risk or the credit risk.

Open commodity contracts as of December 31 were as follows:

Nominal and fair value of open contracts

EUR mn

	2016		2015	
	Nominal	Fair value	Nominal	Fair value
Upstream				
Commodity options	—	—	2,213	0
Commodity Oil swaps	325	(4)	—	—
Commodity Gas swaps	615	(39)	—	—
Downstream				
Downstream Oil				
Commodity futures	4,124	(16)	6,289	26
Commodity swaps	4,344	(17)	6,865	14
Downstream Gas				
Commodity swaps	15	6	8	0
Commodity futures	51	0	411	(73)
Commodity forwards	6,756	(25)	4,689	37

The fair values at statement of financial position date were as follows:

Fair values

EUR mn

	2016			2015		
	Nominal	Fair value assets	Fair value liabilities	Nominal	Fair value assets	Fair value liabilities
Cash flow hedges						
Downstream Oil swaps	1,228	38	(70)	664	171	(94)
Derivatives held for trading						
Upstream options	—	—	—	2,213	68	(68)
Upstream Oil swaps	325	1	(5)	—	—	—
Upstream Gas swaps	615	8	(47)	—	—	—
Downstream Oil futures	4,124	189	(205)	6,289	729	(703)
Downstream Oil swaps	3,116	67	(51)	6,201	255	(318)
Downstream Gas swaps	15	6	0	8	0	0
Downstream Gas futures	51	3	(3)	411	3	(76)
Downstream Gas forwards	6,756	501	(526)	4,689	564	(527)

Cashflow hedging for commodities

Cash flow hedging for commodities

EUR mn

	Period of expected cash flows for cash flow hedges	Adjustments from cash flow hedges in other comprehensive income	[thereof: Transfer from other comprehensive income disclosed in income statement]
		2016	
Upstream price risk hedge			
Brent options	until Q2/16	(12)	[(12)]
Downstream Oil price risk hedge			
Swaps fix to floating – Brent	until Q2/17	66	[61]
Swaps fix to floating – products	until Q4/17	(157)	[(108)]
		2015	
Upstream price risk hedge			
Brent options	until Q2/16	12	[(38)]
Downstream Oil price risk hedge			
Swaps fix to floating – Brent	until Q4/16	110	[68]
Swaps fix to floating – products	until Q4/17	(4)	[(15)]
Downstream Gas price risk hedge			
Swaps fix to floating – gas	until Q1/15	0	[0]

Downstream Oil cash flow hedges can be distinguished into refinery margin hedges and stock hedges.

In refinery margin hedges crude oil and products are hedged separately aiming to protect future margins. Crude is hedged by buying on a fixed and selling on a floating rate basis and products are hedged by selling on a fixed and buying on a floating rate basis. Stock hedges are used to mitigate price exposure whenever actual stock levels deviate from the target levels. In order to compensate for the price exposure, any stock deviations are hedged by appropriate derivatives reflecting the period from the date of the divergence until the date of reaching the target levels.

The hedging of future cash flows is accounted for as a cash flow hedge, and the effective part of the change in value of the derivative is accounted for in other comprehensive income. When the hedged item (underlying transaction) affects profit and loss, the amounts previously accounted for in other comprehensive income are recycled to profit and loss. The ineffective part of the cash flow hedges, amounting to a EUR 3 mn (2015: EUR (7) mn) was recognized in profit and loss.

Sensitivity analysis

For open hedging contracts of the kinds discussed above, sensitivity analysis is performed to determine the effect of market price fluctuations (+/–10%) on market value. The sensitivity of OMV Group's overall earnings differs from the sensitivity shown below, since the contracts concluded are used to hedge operational exposures.

The effect of market price fluctuations on earnings or equity depends on the type of derivative used and on whether hedge accounting is applied. Market price sensitivity for derivatives to which cash flow hedge accounting is applied is shown in the sensitivity table for equity. Sensitivity to market price fluctuations for all other open derivatives is shown in the sensitivity table for earnings.

As of balance sheet date, the market value sensitivities of open derivatives are as follows:

Sensitivity analysis for open derivatives affecting profit from ordinary activities before taxes

EUR mn

	2016		2015	
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%
Upstream				
Commodity Oil swaps	(33)	33	—	—
Commodity Gas swaps	(55)	55	—	—
Downstream				
Downstream Oil				
Commodity futures	(16)	16	(31)	31
Commodity swaps	9	(9)	19	(19)
Downstream Gas				
Commodity swaps	2	(2)	0	0
Commodity futures	0	0	25	(25)
Commodity forwards	(24)	24	(17)	17

Sensitivity analysis for open derivatives affecting equity

EUR mn

	2016		2015	
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%
Operational risk management				
Downstream Oil				
Commodity swaps	(27)	27	(20)	20

Foreign exchange risk management

OMV operates in many countries and currencies, therefore industry-specific activities and the corresponding exchange risks need to be analyzed precisely. The USD represents OMV's greatest risk exposure, in the form of movement of the USD against the EUR and also against other main OMV currencies (RON, NOK and TRY). Movements of these currencies against the EUR are also important sources of risk. Other currencies have only a limited impact on cash flow and EBIT.

The transaction risk on foreign currency cash flows is monitored on an ongoing basis. The Group's net position is reviewed at least on a semiannual basis and the sensitivity is calculated. This analysis provides the basis for management of transaction risks on currencies. Since OMV produces commodities that are mainly traded in USD, OMV Group has a USD long position.

As of December 31, the value of transactions used to hedge foreign currency receivables and liabilities and of transactions used to manage liquidity was as follows:

Currency derivatives

EUR mn

	2016		2015	
	Nominal	Fair value	Nominal	Fair value
Currency forwards	296	(2)	157	0
Currency swaps	100	1	43	0

Forwards and swaps shown above are used exclusively to hedge foreign exchange rate risks on outstanding receivables and payables. The market value of these instruments will move in the opposite direction to the value of the underlying receivable or liability if the relevant foreign exchange rate changes.

Cash flow hedging for currency derivatives

In 2016, OMV did not enter into any centrally managed foreign currency hedges. The same holds true for 2015.

Translation risk is also monitored on an ongoing basis at Group level, and the risk position is evaluated. Translation risk arises on the consolidation of subsidiaries with functional currencies different from EUR. The largest exposures result from changes in RON, USD, TRY and NOK denominated assets against the EUR.

For these financial instruments, sensitivity analysis is performed for changes in foreign exchange rates. The sensitivity of the principal currency exposures is as follows: As of December 31, 2016, the main exposures were to the EUR-RON and EUR-NOK as well as the EUR-TRY and EUR-USD exchange rates. On Group level, the EUR-RON sensitivity not only includes the RON net exposure versus the EUR but also the net RON exposure versus the USD, since the USD-RON exposure can be split into a EUR-RON and EUR-USD exposure. The same is true for the EUR-TRY and EUR-NOK exposure.

Sensitivity analysis for financial instruments affecting profit from ordinary activities before taxes [1]

EUR mn

	2016		2015	
	10% appreciation of the EUR	10% depreciation of the EUR	10% appreciation of the EUR	10% depreciation of the EUR
EUR-RON	14	(14)	7	(7)
EUR-TRY	(5)	5	(27)	27
EUR-USD	2	(2)	(37)	37
EUR-NOK	14	(14)	1	(1)

[1] Refers only to financial instruments and is not the same as the Group's overall foreign exchange rate sensitivity in terms of EBIT

Interest rate management

To facilitate management of interest rate risk, OMV's liabilities are analyzed in terms of fixed and floating rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and where necessary, derivative instruments are used to hedge fluctuations outside predetermined ranges.

Interest rate swaps are generally used to convert fixed rate debt into floating rate debt, and vice versa. As of December 31, 2016, OMV did not have any open position, since no interest rate swaps were entered during the year 2016 (2015: no open position).

Interest sensitivities

OMV Petrom SA holds financial assets whose market value would be affected by changes in interest rates. The effect of an interest rate increase of 0.5 percentage points as of December 31, 2016, would have been a EUR 25 mn reduction in the market value of these financial assets (2015: EUR 22 mn). A 0.5 percentage points fall in the interest rate as of December 31, 2016 would have led to an increase in market value of EUR 27 mn (2015: EUR 23 mn).

OMV regularly analyzes the impact of interest rate changes on interest income and expense from floating rate deposits and borrowings. Currently the effects of changes in interest rate are not considered constituting a material risk.

On the Group's floating rate net debt as of December 31, 2016, the respective net interest result would rise or fall by EUR 7 mn (December 31, 2015: EUR 3 mn) if interest rates rose or fell by 0.5 percentage points.

Credit risk management

The main counterparty credit risks are assessed and monitored at Group level and segment level using predetermined limits for all counterparties, banks and security providers. On the basis of a risk assessment all counterparties, banks and security providers are assigned to a credit limit, an internal risk class and a specific limit validity. The risk assessments are reviewed at least annually or on an ad-hoc basis. The procedures are governed by guidelines at OMV level. The main counterparties with contracts involving derivative financial instruments have investment grade credit ratings. For the sake of risk diversification, large financial agreements are always spread between different banks.

Credit risk versus financial counterparties in foreign exchange rate risk management, interest rate risk management and liquidity management amounted to a maximum of EUR 1,464 mn as of December 31, 2016 (2015: EUR 884 mn). In the Downstream Oil business credit risk versus financial counterparties and other third parties in operational risk management amounted to a maximum of EUR 806 mn (2015: EUR 344 mn). In Downstream Gas this risk amounted to a maximum of EUR 253 mn (2015: EUR 104 mn).

29 Fair value hierarchy

The following overview presents the measurement of financial instruments (assets and liabilities) recognized at fair value. In accordance with IFRS 13, the individual levels are defined as follows:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices, but on internal models or other valuation methods.

There were no transfers between levels of the fair value hierarchy.

The measurements of commodity futures contracts are Level 1 measurements as defined under IFRS 13. Commodity forward contracts as well as commodity swaps and commodity options fall under Level 2 measurements.

Investment funds and debt instruments are valued at fair value, which is determined on the basis of quoted prices and observable inputs. These are Level 1 and Level 2 measurement as defined under IFRS 13.

Fair value hierarchy 2016

EUR mn

	2016			
Financial assets	Level 1	Level 2	Level 3	**Total**
Investment funds	7	—	—	**7**
Bonds	20	76	—	**96**
Derivatives designated and effective as hedging instruments	—	39	—	**39**
Other derivatives	192	585	—	**777**
Total	**219**	**699**	**—**	**919**

Fair value hierarchy 2016

EUR mn

	2016			
Financial liabilities	Level 1	Level 2	Level 3	**Total**
Liabilities on derivatives designated and effective as hedging instruments	—	70	—	**70**
Liabilities on other derivatives	208	632	—	**840**
Total	**208**	**703**	**—**	**911**

Fair value hierarchy 2015

EUR mn

	2015			
Financial assets	Level 1	Level 2	Level 3	**Total**
Investment funds	7	—	—	**7**
Bonds	97	—	—	**97**
Derivatives designated and effective as hedging instruments	—	165	—	**165**
Other derivatives	732	894	—	**1,626**
Total	**836**	**1,059**	**—**	**1,895**

Fair value hierarchy 2015

EUR mn

	2015			
Financial liabilities	Level 1	Level 2	Level 3	**Total**
Liabilities on derivatives designated and effective as hedging instruments	—	91	—	**91**
Liabilities on other derivatives	779	917	—	**1,696**
Total	**779**	**1,008**	**—**	**1,787**

30 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset only when the Group has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. OMV enters in the normal course of business into various master netting arrangements in the form of International Swaps and Derivatives Association (ISDA) agreements or European Federation of Energy Traders (EFET) agreements or other similar arrangements that do not meet the criteria of offsetting in the statement of the financial position in accordance with IAS 32.

The tables hereafter show the carrying amounts of recognized financial assets and financial liabilities that are subject to various netting arrangements. The net column would be on the Group's statement of financial position, if all set-off rights were exercised.

Offsetting of financial assets 2016

EUR mn

		2016				
	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Liabilities with right of set-off (not offset)	**Net**
Derivative financial instruments	18	815	—	815	(704)	**112**
Trade receivables	17	2,459	—	2,459	(975)	**1,484**
Other sundry receivables	18	1,224	—	1,224	(46)	**1,178**
Total		**4,499**	**—**	**4,499**	**(1,725)**	**2,774**

Offsetting of financial liabilities 2016

EUR mn

		2016				
	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Assets with right of set-off (not offset)	**Net**
Derivative financial instruments	24	911	—	911	(749)	**162**
Trade payables	24	3,731	—	3,731	(975)	**2,756**
Other sundry financial liabilities	24	390	—	390	(1)	**389**
Total		**5,031**	**—**	**5,031**	**(1,725)**	**3,306**

Offsetting of financial assets 2015

EUR mn

	Note	2015 Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Liabilities with right of set-off (not offset)	Net
Derivative financial instruments	18	1,870	(80)	1,791	(1,408)	**383**
Trade receivables	17	2,567	—	2,567	(711)	**1,857**
Other sundry receivables	18	1,165	(43)	1,122	(90)	**1,032**
Total		**5,603**	**(122)**	**5,480**	**(2,209)**	**3,271**

Offsetting of financial liabilities 2015

EUR mn

	Note	2015 Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Assets with right of set-off (not offset)	Net
Derivative financial instruments	24	1,867	(80)	1,787	(1,498)	**289**
Trade payables	24	3,380	—	3,380	(711)	**2,669**
Other sundry financial liabilities	24	715	(43)	672	—	**672**
Total		**5,962**	**(122)**	**5,839**	**(2,209)**	**3,630**

31 Result on financial instruments

Result on financial instruments

EUR mn

	Amount	Fair value through profit or loss	Available-for-sale financial instruments	Loans and receivables	Liabilities measured at amortized cost
			2016		
Dividend income	**41**	—	41	—	—
Interest income	**66**	—	0	37	—
Interest expense	**(261)**	0	—	—	(119)
Other financial income and expenses	**(44)**	**3**	**(5)**	**(26)**	**—**
Results from the disposal of financial instruments	**—**	—	—	—	—
Results from the disposal of other investments	**—**	—	—	—	—
Impairments of financial instruments	**(5)**	—	(5)	—	—
Expenses on the sale of trade receivables	**(26)**	—	—	(26)	—
Foreign exchange result	**3**	3	—	—	—
Other (mainly banking fees)	**(17)**	—	—	—	—
Financial result	**(198)**	**3**	**36**	**11**	**(119)**

Result on financial instruments

EUR mn

	Amount	Fair value through profit or loss	Available-for-sale financial instruments	Loans and receivables	Liabilities measured at amortized cost
			2015		
Dividends	**37**	—	37	—	—
Interest income	**89**	(1)	1	47	1
Interest expense	**(304)**	0	—	—	(143)
Other financial income and expenses	**(70)**	**0**	**—**	**(32)**	**—**
Results from the disposal of financial instruments	**0**	—	—	—	—
Results from the disposal of other investments	**11**	—	—	—	—
Impairments of financial instruments	**—**	—	—	—	—
Expenses on the sale of trade receivables	**(32)**	—	—	(32)	—
Foreign exchange result	**(27)**	0	—	—	—
Other (mainly banking fees)	**(22)**	—	—	—	—
Financial result	**(248)**	**0**	**38**	**16**	**(142)**

Income or expense on derivative instruments used to hedge operational risks and offset by corresponding expenses or income in cost of sales or sales revenues are not included in the result on financial instruments.

The **interest income** not allocated to IAS 39 categories refers mainly to the positive outcome of a litigation dispute in OMV Petrom SA during 2015 and reversal of provisions in 2016.

The **interest expense** not allocated to the IAS 39 categories mainly refers to the unwinding of provisions in amount of EUR 134 mn (2015: EUR 152 mn).

In addition to the result on available-for-sale financial instruments shown in the table above, a gain of EUR 1 mn (2015: loss of EUR 1 mn) was recognized directly in other comprehensive income in 2016.

32 Share based payments

Long Term Incentive (LTI) plans

Since 2009 LTI plans have been granted to the Executive Board and selected senior executives in the Group. From 2010 to 2016, yearly LTI plans were granted, with similar conditions. The holding period for participants of the plan 2011 ended with end of March, 2016. At vesting date, bonus shares will be granted to the participants. The number of bonus shares is determined depending on the achievement of defined performance targets. Disbursement is made in cash or in shares. The participants can choose between cash payment or shares if they have already fulfilled the minimum shareholding requirements for the LTI Plans. From 2011 till 2015, participation to the plan also was granted to selected employees with outstanding development potential (potentials). Executive Board members and senior executives as participants of the 2012 to 2016 plans are required to build up an appropriate volume of shares and to hold those shares until retirement or departure from the Company.

Provision is made for the expected future costs of the LTI plans at statement of financial position date based on fair values. Fair values are determined using a model considering the expected target achievement and the expected share price. Expected dividends were incorporated into the measurement according to the Company’s mid-term planning. For new plans, the expense is spread over the three-year vesting period. As of December 31, 2016, the provision amounted to EUR 19 mn (2015: EUR 15 mn), and the net increase was EUR 4 mn (2015: EUR 4 mn). A discount rate of 0.16% was used for the provision calculations.

Main conditions

	2016 plan	2015 plan	2014 plan	2013 plan
Start of plan	1/1/2016	1/1/2015	1/1/2014	1/1/2013
End of performance period	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Vesting date	3/31/2019	3/31/2018	3/31/2017	3/31/2016
Share holding requirement				
Executive Board Chairman	200% of gross base salary	200% of gross base salary	200% of gross base salary	200% of gross base salary
Executive Board Deputy Chairman	175% of gross base salary	175% of gross base salary	175% of gross base salary	175% of gross base salary
Executive Board members	150% of gross base salary	150% of gross base salary	150% of gross base salary	150% of gross base salary
Senior executives	75% of gross base salary	75% of gross base salary	75% of gross base salary	75% of gross base salary
Personal investment held in shares				
Active executive Board members				
Seele	38,038 shares	32,200 shares	—	—
Florey	—	—	—	—
Pleininger[1]	12,979 shares	8,462 shares	—	—
Leitner	51,249 shares	37,163 shares	28,207 shares	27,406 shares
Former executive Board members				
Davies	—	54,626 shares	46,070 shares	46,070 shares
Floren	—	31,929 shares	22,725 shares	16,226 shares
Huijskes	—	38,419 shares	28,095 shares	21,298 shares
Roiss	81,831 shares	80,600 shares	60,173 shares	60,173 shares
Total — Executive Board	**184,097 shares**	**283,399 shares**	**185,270 shares**	**171,173 shares**
Other senior executives	317,840 shares	287,397 shares	263,809 shares	271,434 shares
Total personal investment	**501,937 shares**	**570,796 shares**	**449,079 shares**	**442,607 shares**
Expected bonus shares as of December 31, 2016	**569,140 shares**	**994,211 shares**	**77,101 shares**	—
Maximum bonus shares as of December 31, 2016	**964,726 shares**	**1,169,714 shares**	**771,409 shares**	—
Fair value of plan (EUR mn) as of December 31, 2016	**19**	**33**	**3**	—

[1] Johann Pleininger also takes part in the 2013 to 2015 plans in his position as senior executive. His personal investment for the 2013 and 2014 plans was 8,217 shares

Strategic Incentive Plan (SIP)

In 2014, the Strategic Incentive Plan (SIP) was granted to Executive Board members, selected executive managers and selected Upstream experts in the Group. In March 2016, the Supervisory Board and the Executive Board decided to terminate the SIP without replacement or compensation as the SIP was considered to be contradictory to the new strategy. The termination was implemented until July 2016. However, the SIP is still in place for three former Executive Board members, for details please refer to Note 37 Related Parties.

The SIP is a long-term compensation scheme and is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period. Further conditions apply in combination as a prerequisite for any payout (grant period 2014-2018, performance period 2014-2021, payout period 2022-2024).

Each potential participant had to declare at the beginning of the program, if he or she wanted to participate in the SIP. Furthermore, Executive Board members and participating senior executives had to declare if they would participate with an additional personal investment ("Investment Shares"). These declarations were then effective for the entire term of the plan.

Each participant will receive a grant from OMV ("OMV Grant") in virtual shares that reflect the performance of the underlying OMV shares (the "Phantom Shares") in up to five consecutive annual tranches between 2014 and 2018. If Investment Shares are contributed, the OMV Grant will be supplemented by OMV with a complementary grant (the "Complementary Grant") in a ratio of 1:2 i.e. each Phantom Share of the OMV Grant will be supplemented with two additional Phantom Shares under the Complementary Grant.

As of December 31, 2016, the maximum number of Phantom Shares granted amounted to nil (2015: 697,801).

Provision is made for the expected future costs of the Strategic Incentive Plans at statement of financial position date based on fair values. Fair values are determined using a model considering the expected target achievement and the expected share price using a Monte Carlo simulation. Expected dividends were incorporated into the measurement according to the Company's mid-term planning. For new plans, the expense is spread over the vesting period. As of December 31, 2016, the provision amounted to EUR nil (2015: EUR 2 mn) due to the fact that the production forecast is significantly below the minimum threshold.

Matching Share Plan (MSP)

The Matching Share Plans for the years 2015 and 2016, as approved by the Annual General Meeting in 2015, respectively 2016, are an integral part of the annual bonus agreement and serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to reduce inappropriate risk-taking. For Executive Board members, an award of shares will be made to match 100% of their realized gross annual cash bonus. The performance criteria for the annual bonus may not be amended during the term of the MSP. On determination of the annual cash bonus by the Remuneration Committee, an equivalent matching bonus grant will be made net (after deduction of taxes) in Company shares which shall be transferred to a trustee deposit, managed by the Company, to be held for three years.

Executive Board members can choose for the Matching Share Plan 2015 between cash payment or shares if and to the extent that they have already fulfilled the minimum shareholding requirements for the LTI Plans 2012 to 2016. The payment for the Matching Share Plan 2016 will be made in the form of restricted shares. As of December 31, 2016, an amount of EUR 2 mn was recorded in equity (2015: provision of EUR 2 mn).

Total expense

In 2016, total expense of EUR 16 mn (2015: EUR 13 mn) has been recognized arising from share-based payment transactions, thereof EUR 10 mn (2015: EUR 3 mn) from transactions accounted for as equity-settled share-based payment transactions.

Segment Reporting

33 Business operations and key markets

For business management purposes, OMV is divided into two operating Business Segments: Upstream and Downstream, as well as the segment Corporate and Other (Co&O). Each segment represents a strategic unit with different products and markets. Each Business Segment is managed independently. Strategic business decisions are made by the Executive Board of OMV. With the exception of Co&O, the reportable segments of OMV are the same as the operating segments.

Upstream (U/S) engages in the business of oil and gas exploration, development and production and focuses on the regions CEE (Romania, Austria and Kazakhstan), North Sea as well as Middle East and Africa and selected development areas. The produced oil and gas is primarily sold within the OMV Group.

The Downstream Oil (D/S Oil) part of the **Downstream** (D/S) Business Segment operates the refineries Schwechat (Austria), Burghausen (Germany) and Petrobrazi (Romania). In these refineries, crude oil is processed into petroleum products, which are sold to commercial and private customers. Distribution is partially effected via an own operated filling station network in Central and Southeastern Europe and via the filling station network in Turkey. Downstream Gas (D/S Gas) engages in gas transit through and transport within Austria, as well as in gas storage, marketing and trading. OMV is an operator of long-distance gas transmission pipelines in Austria. The power business extends the gas value chain into gas-fired power plants.

Group management, financing and insurance activities and certain service functions are concentrated in the **Co&O** segment.

The key measure of operating performance for the Group is Earnings Before Interest and Taxes (EBIT) according to IFRS. Total assets include intangible assets as well as property, plant and equipment. Sales to external customers are split up by geographical areas on the basis of where the delivery of goods or services is effective. Accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Intra-group sales and cost allocations by the parent company are determined in accordance with internal OMV policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices. Business transactions not attributable to operating segments are included in the results of the Co&O segment.

34 Segment reporting

Segment reporting

EUR mn

	U/S	D/S	thereof D/S Oil	thereof D/S Gas	thereof intraseg-mental elim. D/S	Co&O	**Total**	Consoli-dation	**Consoli-dated total**
					2016				
Sales [1]	3,285	18,379	14,630	3,779	(30)	370	**22,034**	(2,774)	**19,260**
Intra-group sales	(2,272)	(136)	(28)	(139)	30	(366)	**(2,774)**	2,774	**—**
External sales	1,013	18,243	14,603	3,640	—	4	**19,260**	—	**19,260**
Segment assets [2]	11,250	4,915	3,710	1,205	—	161	**16,326**	—	**16,326**
Investments in PPE/IA	1,602	435	434	1	—	10	**2,047**	—	**2,047**
Depreciation and amortization	1,382	641	552	89	—	34	**2,057**	—	**2,057**
Impairment losses	1,323	512	336	176	—	1	**1,836**	—	**1,836**
					2015				
Sales [1]	3,900	21,589	17,323	4,382	(116)	397	**25,886**	(3,359)	**22,527**
Intra-group sales	(2,883)	(83)	(32)	(167)	116	(393)	**(3,359)**	3,359	**—**
External sales	1,017	21,506	17,290	4,215	—	4	**22,527**	—	**22,527**
Segment assets [2]	13,036	6,492	4,985	1,507	—	188	**19,715**	—	**19,715**
Investments in PPE/IA	2,570	599	537	62	—	21	**3,190**	—	**3,190**
Depreciation and amortization	1,467	640	539	101	—	39	**2,147**	—	**2,147**
Impairment losses	2,728	281	11	270	—	0	**3,010**	—	**3,010**

[1] Including intra-group sales
[2] Property, plant and equipment (PPE), intangible assets (IA)

Segment and Group profit

EUR mn

	2016	2015
EBIT Upstream	(1,059)	(2,371)
EBIT Downstream	695	334
thereof EBIT Downstream Oil	744	890
thereof EBIT Downstream Gas	(49)	(555)
EBIT Co&O	(56)	(48)
EBIT segment total	**(421)**	**(2,085)**
Consolidation: Elimination of intersegmental profits	(36)	79
OMV Group EBIT	**(457)**	**(2,006)**
Net financial result	227	97
OMV Group profit from ordinary activities	**(230)**	**(1,909)**

Information on geographical areas

EUR mn

	Austria	Germany	Romania	Turkey	Rest of CEE	Rest of Europe	Rest of world [2]	**Total**
				2016				
External sales	4,884	2,777	3,006	4,817	2,477	931	369	**19,260**
Allocated assets [1]	2,962	1,027	6,542	175	433	2,818	1,942	**15,899**
Not allocated assets	—	—	—	—	—	—	—	**427**
Segment assets								**16,326**
				2015				
External sales	5,787	3,595	3,307	5,638	2,669	914	616	**22,527**
Allocated assets [1]	2,976	1,144	6,749	1,560	411	4,847	1,604	**19,291**
Not allocated assets	—	—	—	—	—	—	—	**424**
Segment assets								**19,715**

[1] Property, plant and equipment (PPE), intangible assets (IA)
[2] Rest of world: principally Australia, Kazakhstan, Libya, Madagascar, Namibia, New Zealand, Pakistan, Tunisia, Yemen and Kurdistan Region of Iraq

EUR 427 mn (2015: EUR 424 mn) of the goodwill deriving from the acquisition of OMV Petrol Ofisi and Tunisian subsidiaries have not been allocated to geographical areas but to cash-generating units that are operating in more than one geographical area.

Other Information

35 Average number of employees

Average number of employees [1]

	2016	2015
OMV Group excluding OMV Petrom group	7,883	8,238
OMV Petrom group	15,288	16,579
Total Group	**23,171**	**24,817**

[1] Calculated as the average of the month's end numbers of employees during the year

36 Expenses Group auditor

Expenses for services rendered by the Group auditor (including the international network in terms of section 271b UGB) comprise the following:

Expenses for services rendered by the Group auditor (including the international network)

EUR mn

	2016	2015
Audit of Group accounts and year-end audit	2.64	2.60
Other assurance services	0.99	1.25
Tax advisory services	0.00	0.03
Other services	0.22	0.10
Total	**3.85**	**3.99**

In 2016, the following expenses have been incurred for the Group auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.: For the year-end audit EUR 0.89 mn (2015: EUR 0.81 mn), for other assurance services EUR 0.73 mn (2015: EUR 0.95 mn), for tax advisory services EUR nil (2015: EUR nil) and for other services EUR 0.12 mn (2015: EUR 0.09 mn).

37 Related parties

Under IAS 24, details of relationships with related parties and related enterprises not included in consolidation must be disclosed. Enterprises and individuals are considered to be related if one party is able to control or exercise significant influence over the business of the other. Österreichische Bundes- und Industriebeteiligungen GmbH, Vienna, holds an interest of 31.5% and International Petroleum Investment Company, Abu Dhabi, holds an interest of 24.9% in OMV Aktiengesellschaft; both are related parties under IAS 24.

In 2016, there were arm's-length supplies of goods and services between the Group and equity-accounted companies. The supplies of goods and services relate to the following companies included at-equity:

Related enterprises

EUR mn

	2016		2015	
	Sales and other income	Receivables	Sales and other income	Receivables
Borealis	1,015	10	1,262	10
GENOL Gesellschaft m.b.H. & Co	237	20	285	14
Erdöl-Lagergesellschaft m.b.H.	46	0	44	0
Trans Austria Gasleitung GmbH	36	8	21	1
Enerco Enerji Sanayi Ve Ticaret A.Ş.	2	0	—	—
PEGAS CEGH Gas Exchange Services GmbH	8	0	—	—
Total	**1,343**	**39**	**1,612**	**26**

In 2016, OMV received dividend income of EUR 153 mn (2015: EUR 36 mn) from Borealis AG, EUR 14 mn (2015: EUR nil) from Enerco Enerji Sanayi ve Ticaret A.Ş, EUR 9 mn (2015: EUR 9 mn) from Trans Austria Gasleitung GmbH and EUR 1 mn (2015: EUR 1 mn) from Freya Bunde-Etzel GmbH & Co. KG.

In 2016, goods or services in the amount of EUR 157 mn (2015: EUR 219 mn) were received from Enerco Enerji Sanayi ve Ticaret A.Ş., EUR 62 mn (2015: EUR 49 mn) from Erdöl-Lagergesellschaft m.b.H., EUR 35 mn (2015: EUR 41 mn) from Borealis, EUR 26 mn (2015: EUR 26 mn) from Deutsche Transalpine Oelleitung GmbH and EUR 11 mn (2015: EUR 7mn) from Trans Austria Gasleitung GmbH.

The outstanding trade payables to Enerco Enerji Sanayi ve Ticaret A.Ş. amounted to EUR 16 mn (2015: EUR 18 mn), Borealis EUR 10 mn (2015: EUR 10 mn) and Erdöl-Lagergesellschaft m.b.H. EUR 7 mn (2015: EUR nil).

At December 31, 2016, EUR 2 mn loan to Pearl Petroleum Company Limited was outstanding (2015: EUR 19 mn).

The balance of prepayments received from Erdöl-Lagergesellschaft m.b.H. amounted to EUR 157 mn at December 31, 2016 and is related to a long-term contract for the rendering of services (2015: EUR 168 mn).

In September 2016, OMV sold the gas exchange business held in Central European Gas Hub AG to PEGAS CEGH Gas Exchange Services, a company newly established together with Powernext S.A., in which Central European Gas Hub AG has an interest of 49% and significant influence. The gain from the transfer of this business amounted to EUR 8 mn and was recognized in full in OMV's financial statements, in line with the requirements of IAS 28 related to downstream transaction involving assets that constitute a business.

The **remuneration received** by the Executive Board and former members of the Executive Board was made up as follows:

Remuneration received by the Executive Board

EUR mn

	2016								
	active members of the Executive Board as of December 31, 2016				former members of the Executive Board				
	Seele	Florey	Pleininger	Leitner	Davies [4,5]	Floren [6,7]	Huijskes [8]	Roiss [9,10]	Total
Short term benefits	**1.24**	**0.64**	**0.69**	**1.22**	**1.50**	**—**	**0.70**	**1.09**	**7.08**
Fixed (base salary)	0.90	0.56 [1]	0.55	0.70	0.89	—	0.18	—	**3.78**
Variable (cash bonus)	0.32	—	0.13	0.50	0.60	—	0.52	1.09 [11]	**3.17**
Benefits in kind	0.01	0.08 [2]	0.01	0.01	0.01	—	0.00	—	**0.13**
Post employment benefits	**0.23**	**0.08**	**0.14**	**0.18**	**0.32**	**—**	**0.04**	**—**	**0.97**
Pension fund contributions	0.23	0.08	0.14	0.18	0.32	—	0.04	—	**0.97**
Share based payments	**0.33**	**—**	**0.13**	**0.68**	**0.89**	**0.20**	**0.73**	**1.47**	**4.43**
Variable (Matching Share Plan)	0.33	—	0.13	0.51	0.61	—	0.53	1.09 [11]	**3.19**
Variable (LTIP)	—	—	— [3]	0.17	0.28	0.20	0.20	0.38	**1.24**
Total	**1.79**	**0.71**	**0.97**	**2.07**	**2.72**	**0.20**	**1.47**	**2.55**	**12.48**

1 Including EUR 0.26 mn linked to an obligation to buy OMV shares for the LTIP shareholding requirements
2 Including rent, home flights, relocation costs, schooling costs and related taxes
3 Johann Pleininger was entitled to EUR 0.10 mn based on the senior manager LTIP 2013 (paid out in cash)
4 David C. Davies resigned from the Executive Board effectively July 31, 2016
5 David C. Davies is entitled to bonus payments and payments under the Long Term Incentive Plans until March 31, 2017, which have been agreed as a lump-sum payment and payments under the Strategic Incentive Plan until March 31, 2017
6 Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014
7 Hans-Peter Floren is entitled to bonus payments under the Strategic Incentive Plan until June 30, 2015
8 Jaap Huijskes resigned from the Executive Board effectively August 31, 2015
9 Gerhard Roiss resigned from the Executive Board effectively June 30, 2015
10 In addition to the remuneration received in 2016, Gerhard Roiss is entitled to bonus payments under the Long Term Incentive Plans and the Strategic Incentive Plan until March 31, 2017 based on target achievement
11 Including upfront bonus payments for the period January 2016 to March 2017

Remuneration received by the Executive Board

EUR mn

	2015							
	active members of the Executive Board as of December 31, 2015				former members of the Executive Board			
	Seele	Davies	Pleininger	Leitner	Floren [4,5]	Huijskes [8,9]	Roiss [10,11]	**Total**
Short term benefits	**2.04**	**1.25**	**0.19**	**0.97**	**0.87**	**0.79**	**0.90**	**7.01**
Fixed (base salary)	1.97 [1]	0.88	0.18	0.70	0.30	0.46	0.48	**4.97**
Variable (cash bonus)	—	0.36	—	0.26	0.57 [6]	0.32	0.41	**1.93**
Benefits in kind	0.07 [2]	0.01	0.00	0.01	0.00	0.01	0.01	**0.11**
Post employment benefits	**0.11**	**0.32**	**0.05**	**0.18**	**0.30**	**0.18**	—	**1.14**
Pension fund contributions	0.11	0.32	0.05	0.18	0.30	0.18	—	**1.14**
Termination benefits	—	—	—	—	**0.75**	**0.37**	**1.22**	**2.34**
Termination benefits	—	—	—	—	0.75	0.37	1.22	**2.34**
Share based payments	—	**0.68**	—	**0.46**	**0.77**	**0.53**	**0.83**	**3.27**
Variable (Matching Share Plan)	—	0.40	—	0.29	0.60 [7]	0.36	0.46	**2.13**
Variable (LTIP)	—	0.28	— [3]	0.17	0.17	0.17	0.37	**1.15**
Total	**2.15**	**2.26**	**0.24**	**1.60**	**2.69**	**1.87**	**2.95**	**13.77**

[1] Including EUR 1.52 mn linked to an obligation to buy OMV shares for the LTIP shareholding requirements
[2] Including rent, parking, home flights, rental car, relocation costs and related taxes
[3] Johann Pleininger was entitled to EUR 0.09 mn based on the senior manager LTIP 2012 (partly paid out in cash)
[4] Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014
[5] Hans-Peter Floren is entitled to bonus payments under the Strategic Incentive Plan until June 30, 2015
[6] Including variable cash bonus for 2015 EUR 0.30 mn
[7] Including EUR 0.30 mn for Matching Share Plan 2015
[8] Jaap Huijskes resigned from the Executive Board effectively August 31, 2015
[9] In addition to the remuneration received in 2015, Jaap Huijskes is entitled to salary and pension fund payments until March 31, 2016 amounting to EUR 0.22 mn, to cash bonus and to payments under the Long Term Incentive Plans and the Strategic Incentive Plan until March 31, 2016 based on target achievement
[10] Gerhard Roiss resigned from the Executive Board effectively June 30, 2015
[11] In addition to the remuneration received in 2015, Gerhard Roiss is entitled to a bonus payment (covering cash bonus and Matching Share Plan bonus) for 2015 until March 31, 2017 amounting to EUR 2.17 mn, payable on June 30, 2016 and payments under the Long Term Incentive Plans and the Strategic Incentive Plan until March 31, 2017 based on target achievement

The members of the Executive Board and the members of the Supervisory Board are covered by directors and officers liability insurance (D&O) and legal costs insurance. A large number of other OMV employees also benefit from these two forms of insurance, and the insurers levy lump-sum premiums, which are not specifically attributed to the Board members.

In 2016, the total remuneration including share-based compensations of 47 top executives, excluding the Executive Board (2015: 51) amounted to EUR 29.9 mn (2015: EUR 26.3 mn), of which basic remuneration such as salaries and bonuses was EUR 21.4 mn (2015: EUR 19.3 mn) and EUR 1.5 mn (2015: EUR 1.8 mn) was related to pension fund contributions. Severance benefits amounted to EUR 4.0 mn (2015: EUR 2.2 mn), and other long-term benefits to EUR 0.1 mn (2015: EUR 0.1 mn).

See Note 32 for details on Long Term Incentive Plans, Matching Share Plan and Strategic Incentive Plan.

In 2016, remuneration expenses for the Supervisory Board amounted to EUR 0.5 mn (2015: EUR 0.5 mn).

38 Subsequent events

On January 13, 2017, OMV closed the sale of 100% of the shares held in OMV (U.K.) Limited to Siccar Point Energy Limited, Aberdeen, following the fulfillment of the agreed conditions, including regulatory approval. The consideration received amounted to approximately USD 870 mn. The transaction documentation provides for further contingent purchase price elements depending on the co-venturers' approval of the Rosebank project final investment decision.

On February 2, 2017, the Supreme Administrative Court dismissed OMV Bulgaria OOD's appeal against the Commission for Protection of Competition (CPC) ruling regarding the disclosure of confidential information. Administrative procedures regarding CPC investigation are still ongoing. These subsequent events do not change the designation as contingent liability, as presented in Note 27.

On March 3, 2017, OMV signed an agreement to sell 100% of the shares in OMV Petrol Ofisi to VIP Turkey Enerji AS, a subsidiary of Vitol Investment Partnership Ltd. The transaction is subject to conditions, including the relevant regulatory approvals and is anticipated to close in Q3/17 at the latest.

On March 5, 2017, OMV signed an agreement to acquire a 24.99% share in the Yuzhno Russkoye natural gas field located in Western Siberia from Uniper SE. The purchase price amounts to USD 1,850 mn (approx. EUR 1,749 mn based on an agreed exchange rate of EUR 1 = USD 1.0575). The transaction is anticipated to close by year end and will be retroactively effective as of January 1, 2017. The implementation of the transaction is subject to further conditions, including co-shareholder consent as well as merger control and foreign investment control clearance in Russia.

39 Direct and indirect investments of OMV Aktiengesellschaft

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2016	Equity interest in % as of December 31, 2015
Upstream				
ENERGY PRODUCTION ENHANCEMENT SRL, Bucharest	PETROM	NC	99.99	
	ROMAN		0.01	
KOM MUNAI LLP, Aktau	PETROM	C	95.00	95.00
OMV Abu Dhabi E&P GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Abu Dhabi Offshore GmbH, Vienna [4]	OMVEP	C	100.00	100.00
OMV (AFRICA) Exploration & Production GmbH in Liqu., Vienna (OAFR) [4, 6]	OWEAFR	C	100.00	100.00
OMV AUSTRALIA PTY LTD, Perth (OAUST)	OMV AG	C	100.00	100.00
OMV Austria Exploration & Production GmbH, Vienna (OEPA)	OMVEP	C	100.00	100.00
OMV Barrow Pty Ltd, Perth	OAUST	NC	100.00	100.00
OMV Beagle Pty Ltd, Perth	OAUST	NC	100.00	100.00
OMV (Berenty) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Bina Bawi GmbH, Vienna	PETEX	C	100.00	100.00
OMV Block 70 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV East Abu Dhabi Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (EGYPT) Exploration GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Exploration & Production GmbH, Vienna (OMVEP)	OMV AG	C	100.00	100.00
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	OMVEP	NC	100.00	100.00
OMV (FAROE ISLANDS) Exploration GmbH, Vienna [4]	OMVEP	NC	100.00	100.00
OMV (Gnondo) Exploration GmbH in Liqu., Vienna [6]	OAFR	C	100.00	100.00
OMV (Gnondo) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV (IRAN) onshore Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Jardan Block 3 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Mandabe) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Manga) Exploration GmbH in Liqu., Vienna [6]	OAFR	C	100.00	100.00
OMV (Manga) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV Maurice Energy GmbH, Vienna (MAURI)	OMVEP	C	100.00	100.00
OMV Maurice Energy Limited, Port Louis	MAURI	C	100.00	100.00
OMV (Mbeli) Exploration GmbH in Liqu., Vienna [6]	OAFR	C	100.00	100.00
OMV (Mbeli) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV Middle East & Africa GmbH, Vienna [4, 7]	OMVEP	C	100.00	100.00
OMV Myrre block 86 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Namibia) Exploration GmbH, Vienna	ONAFRU	C	100.00	100.00
OMV New Zealand Limited, Wellington (NZEA)	OMVEP	C	100.00	100.00
OMV (NORGE) AS, Stavanger	OMVEP	C	100.00	100.00
OMV (Ntsina) Exploration GmbH in Liqu., Vienna [6]	OAFR	C	100.00	100.00
OMV (Ntsina) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV OF LIBYA LIMITED, Douglas	OMVEP	C	100.00	100.00
OMV Offshore (Namibia) GmbH, Vienna (ONAFRU)	OMVEP	C	100.00	100.00
OMV Offshore Bulgaria GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Offshore Morondava GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Offshore Silistar Bulgaria GmbH in Liqu., Vienna [6]	OMVEP	NC	100.00	100.00
OMV Oil and Gas Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil Production GmbH, Vienna	OMVEP	C	100.00	100.00

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation [1]	Equity interest in % as of December 31, 2016	Equity interest in % as of December 31, 2015
OMV Orient Hydrocarbon GmbH, Vienna	OMVEP	NC	100.00	
OMV Orient Upstream GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Oystercatcher Exploration GmbH, Vienna [4]	OMVEP	NC	100.00	100.00
OMV (PAKISTAN) Exploration Gesellschaft m.b.H., Vienna	OMVEP	C	100.00	100.00
OMV Petroleum Exploration GmbH, Vienna (PETEX)	OMVEP	C	100.00	100.00
OMV Petroleum Pty Ltd, Perth	NZEA	NC	100.00	100.00
OMV Proterra GmbH, Vienna	OEPA	NC	100.00	100.00
OMV Tellal Hydrocarbons GmbH in Liqu., Vienna [4, 6]	OMVEP	NC	100.00	100.00
OMV (Tunesien) Production GmbH, Vienna (OTNPRO)	OMVEP	C	100.00	100.00
OMV (TUNESIEN) Sidi Mansour GmbH, Vienna [4]	OMVEP	NC	100.00	100.00
OMV (U.K.) Limited, London	OMVEP	C	100.00	100.00
OMV Upstream International GmbH, Vienna (OUPI)	OMVEP	C	100.00	100.00
OMV (West Africa) Exploration & Production GmbH, Vienna (OWEAFR)	OMVEP	C	100.00	100.00
OMV (YEMEN) Al Mabar Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Yemen Block S 2) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (YEMEN) South Sanau Exploration GmbH, Vienna	OMVEP	NC	100.00	100.00
Pearl Petroleum Company Limited, Road Town	OUPI	AE	10.00	10.00
PEI Venezuela Gesellschaft mit beschränkter Haftung, Burghausen	OMVEP	NC	100.00	100.00
Petroleum Infrastructure Limited, Wellington	NZEA	C	100.00	100.00
PETROM EXPLORATION & PRODUCTION LIMITED, Douglas	PETROM	C	99.99	99.99
Preussag Energie International GmbH, Burghausen	OMVEP	C	100.00	100.00
Société de Recherches et d'Exploitation des Pétroles en Tunisie, Tunis	OTNPRO	NAE	50.00	50.00
Tasbulat Oil Corporation BVI, Saint Helier	PETROM	NC	100.00	100.00
TASBULAT OIL CORPORATION LLP, Aktau	PETROM	C	100.00	100.00
Thyna Petroleum Services S.A., Sfax	OTNPRO	NAE	50.00	50.00
Downstream Oil				
Abu Dhabi Petroleum Investments LLC, Abu Dhabi	OMVRM	NAE	25.00	25.00
Aircraft Refuelling Company GmbH, Vienna	OMVRM	NAE	33.33	33.33
Autobahn – Betriebe Gesellschaft m.b.H., Vienna	OMVRM	NAE	47.19	47.19
Borealis AG, Vienna	OMVRM	AE	32.67	32.67
	OMV AG		3.33	3.33
BRAZI OIL & ANGHELESCU PROD COM SRL, Brazi [6]	PETROM	NAE	37.70	37.70
BSP Bratislava-Schwechat Pipeline GmbH, Vienna	OMVRM	NAE	26.00	26.00
BTF Industriepark Schwechat GmbH, Vienna	OMVRM	NAE	50.00	50.00
Deutsche Transalpine Oelleitung GmbH, Munich	OMVD	AE	25.00	25.00
DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft., Budapest	OHUN	NAE	48.28	48.28
EPS Ethylen-Pipeline-Süd GmbH & Co KG, Munich	OMVD	AE	20.66	20.66
Erdöl-Lagergesellschaft m.b.H., Lannach	OMVRM	AE1	55.60	55.60
Erk Petrol Yatırımları A.Ş., Istanbul (ERK)	POAS	C	100.00	100.00
FE-Trading GmbH, Anif	OMVRM	C	100.00	
FE-Trading trgovina d.o.o., Ljubljana	FETRAT	C	100.00	

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2016	Equity interest in % as of December 31, 2015
FRANCIZA PETROM 2001 SA, Piteşti	PETROM	NAE	40.00	40.00
GENOL Gesellschaft m.b.H., Vienna	OMVRM	NAE	29.00	29.00
GENOL Gesellschaft m.b.H. & Co, Vienna	OMVRM	AE	29.00	29.00
Marmara Depoculuk Hizmetleri Sanayi ve Ticaret Anonim Şirketi, Istanbul	POAS	JO	45.00	45.00
OMV BULGARIA OOD, Sofia	PETROM	C	99.90	99.90
	OMVRM		0.10	0.10
OMV Česká republika, s.r.o., Prague [5]	OMVRM	C	100.00	100.00
OMV Deutschland GmbH, Burghausen (OMVD)	OMVRM	C	90.00	90.00
	OMV AG		10.00	10.00
OMV Hungária Ásványolaj Korlátolt Felelösségü Társaság, Budapest (OHUN) [5]	OMVRM	C	100.00	100.00
OMV – International Services Ges.m.b.H., Vienna	OMVRM	C	100.00	100.00
OMV Petrol Ofisi A.Ş., Istanbul (POAS) [5]	OTHOLD	C	100.00	55.40
	OMV AG		0.00	44.60
OMV PETROM Aviation S.A.,Otopeni	PETROM	C	99.99	99.99
	OMVRM		0.01	0.01
OMV PETROM MARKETING SRL, Bucharest (ROMAN)	PETROM	C	100.00	100.00
OMV Refining & Marketing GmbH, Vienna (OMVRM)	OMV AG	C	100.00	100.00
OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper [5]	OMVRM	C	92.25	92.25
OMV Slovensko s.r.o., Bratislava [5]	OMVRM	C	99.99	99.99
OMV SRBIJA d.o.o., Belgrade	PETROM	C	99.96	99.96
	OMVRM		0.04	0.04
OMV Supply & Trading AG, Zug (OSUP)	OMVRM	C	100.00	100.00
OMV Supply & Trading Limited, London	OMVRM	C	100.00	100.00
OMV Supply & Trading Singapore PTE LTD., Singapore	OSUP	NC	100.00	100.00
Petrol Ofisi Havacilik Operasyonlari A.Ş., Istanbul	POAS	C	100.00	100.00
PETROM NADLAC SRL, Nadlac	PETROM	NC	98.51	100.00
	ROMAN		1.49	
Petrom-Moldova S.R.L., Chisinau [7]	PETROM	C	100.00	100.00
Routex B.V., Amsterdam	OMVRM	NAE	20.00	20.00
Salzburg Fuelling GmbH, Salzburg	OMVRM	NAE	33.33	33.33
SIOT Società Italiana per l'Oleodotto Transalpino S.p.A., Trieste	OMVRM	AE	25.00	25.00
SuperShop Marketing GmbH, Budapest	OHUN	NAE	50.00	50.00
TGN Tankdienst-Gesellschaft Nürnberg GbR, Nuremberg	OMVD	NAE	33.33	33.33
TRANS GAS LPG SERVICES SRL, Bucharest [7]	PETROM	NC	80.00	80.00
Transalpine Ölleitung in Österreich Gesellschaft m.b.H., Matrei in Osttirol	OMVRM	AE	25.00	25.00

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2016	Equity interest in % as of December 31, 2015
Downstream Gas				
ADRIA LNG d.o.o., Zagreb [6]	OGI	NAE	32.47	32.47
AGCS Gas Clearing and Settlement AG, Vienna	OGG	NAE	23.13	23.13
AGGM Austrian Gas Grid Management AG, Vienna	OGG	C	51.00	51.00
Central European Gas Hub AG, Vienna	OGI	C	65.00	65.00
Enerco Enerji Sanayi Ve Ticaret A.Ş., Istanbul	OGI	AE	40.00	40.00
Freya Bunde-Etzel GmbH & Co. KG, Bonn	OGSG	AE	39.99	39.99
GAS CONNECT AUSTRIA GmbH, Vienna (OGG)	OGI	C	51.00	80.90
	OMV AG			19.10
NABUCCO Gas Pipeline International GmbH in Liqu., Vienna (NABUC) [6]	OGI	NAE	35.86	35.86
OMV Enerji Ticaret Anonim Şirketi, Istanbul	OTHOLD	C	90.40	90.40
	GPTHOL		9.60	9.60
OMV Gas & Power GmbH, Vienna (OGI)	OMV AG	C	100.00	100.00
OMV Gas Marketing & Trading d.o.o., Zagreb [7]	ECOGAS	C	100.00	100.00
OMV Gas Marketing & Trading Deutschland GmbH, Regensburg [7]	ECOGAS	C	100.00	100.00
OMV Gas Marketing & Trading GmbH, Vienna (ECOGAS) [7]	OGI	C	100.00	64.25
OMV Gas Marketing & Trading Hungária Kft., Budapest [7]	ECOGAS	C	100.00	100.00
OMV Gas Marketing & Trading Italia S.r.l., Milan [7]	ECOGAS	C	100.00	100.00
OMV Gas Marketing Trading & Finance B.V., Amsterdam	OFS	C	100.00	
OMV Gas Storage Germany GmbH, Cologne (OGSG)	OGI	C	100.00	100.00
OMV Gas Storage GmbH, Vienna	OGI	C	100.00	100.00
OMV Gaz Iletim A.S., Istanbul [7]	GPTHOL	C	100.00	100.00
OMV Gaz Ve Enerji Holding Anonim Şirketi, Istanbul (GPTHOL)	OTHOLD	C	100.00	100.00
OMV Kraftwerk Haiming GmbH, Haiming	OGI	C	100.00	100.00
OMV PETROM GAS SRL, Bucharest	PETROM	C	99.99	99.99
OMV Petrom Wind Power SRL, Bucharest	PETROM	C	100.00	99.99
OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş., Istanbul (BORASC)	OGI	C	100.00	100.00
OMV Switzerland Holding AG, Zug [7]	OGI	C	100.00	100.00
OMV Trading GmbH, Vienna	OGI	C	100.00	100.00
PEGAS CEGH Gas Exchange Services GmbH, Vienna	CEGH	AE	49.00	
South Stream Austria GmbH, Vienna	OGI	NAE	50.00	50.00
Trans Austria Gasleitung GmbH, Vienna [3]	OGG	AE2	15.53	15.53

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation [1]	Equity interest in % as of December 31, 2016	Equity interest in % as of December 31, 2015
Corporate and Other				
Amical Insurance Limited, Douglas (AMIC)	OMV AG	C	100.00	100.00
ASOCIATIA ROMANA PENTRU RELATIA CU INVESTITORII, Bucharest	PETROM	NAE	20.00	20.00
Diramic Insurance Limited, Gibraltar	AMIC	C	100.00	100.00
OMV Clearing und Treasury GmbH, Vienna	SNO	C	100.00	100.00
OMV Finance Services GmbH, Vienna (OFS)	SNO	C	100.00	100.00
OMV Finance Services NOK GmbH, Vienna	SNO	C	100.00	100.00
OMV Finance Solutions USD GmbH, Vienna	SNO	C	100.00	100.00
OMV Insurance Broker GmbH, Vienna	OMV AG	NC	100.00	100.00
OMV International Oil & Gas GmbH, Zug	OMV AG	C	100.00	100.00
OMV Petrol Ofisi Holding Anonim Şirketi, Istanbul (OTHOLD)	OMV AG	C	100.00	100.00
OMV Petrom Global Solutions SRL, Bucharest	SNO	C	75.00	75.00
	PETROM		25.00	25.00
OMV Solutions GmbH, Vienna (SNO)	OMV AG	C	100.00	100.00
PETROMED SOLUTIONS SRL, Bucharest	PETROM	C	100.00	99.99
Petrom				
OMV PETROM SA, Bucharest (PETROM) [2]	OMV AG	C	51.01	51.01

[1] Type of consolidation:
- C Consolidated subsidiary
- AE Investments accounted for at-equity
- AE1 Despite majority interest not consolidated due to absence of control
- AE2 Joint venture accounted at-equity
- NC Not-consolidated subsidiary; shell or distribution companies of relative insignificance individually and collectively to the consolidated financial statements
- NAE Other investment recognized at-cost; associated companies of relatively little importance to the assets and earnings of the consolidated financial statements
- JO Joint Operation, OMV's share of assets, obligation for liabilities, share of income and expenses

[2] OMV Petrom is assigned to the relevant segments in the segment reporting
[3] Economic share 10.78%
[4] Type of consolidation was changed compared to 2015
[5] Parent company was changed compared to 2015
[6] In liquidation
[7] Registered name of the company was changed compared to 2015

All the subsidiaries which are not consolidated either have low business volumes or are distribution companies; the total sales, net income/losses and equity of such companies represent less than 1% of the Group totals.

Oil and Gas Reserve Estimation and Disclosures (unaudited)

The following tables provide supplementary information in respect of the Group's oil and gas activities. In the absence of detailed disclosure rules in this area under IFRS, the Group has elected to voluntarily disclose the data that would have been required under the ASC 932 as if it was reporting under US GAAP.

To the extent that information refers to financial statements data, the information is based on the primary financial statements (IFRS financial statements).

Starting with 2016 the regional structure of OMV has been revised in order to reflect the new managerial organization. Comparative amounts for 2015 and 2014 have been restated to reflect the new structure. The new regional structure is presented below:

Romania and Black Sea	Kazakhstan and Romania
Austria Region	Austria and Ukraine
North Sea	Faroe Islands, Norway and United Kingdom
Australasia	Australia and New Zealand
Middle East and Africa	Algeria, Bulgaria, Gabon, Iran, Kurdistan Region of Iraq, Libya, Madagascar, Namibia, Pakistan, Tunisia, United Arab Emirates and Yemen

The subsidiary in the United Kingdom was reported as "held for sale" at the end of 2016. The closing of the sale transaction occurred on January 13, 2017. The disclosures below include the related amounts of OMV (U.K.) Limited.

As OMV holds 51% of OMV Petrom, it is fully consolidated; figures therefore include 100% of OMV Petrom assets and results.

OMV holds a 10% interest in Pearl Petroleum Company Limited which is accounted for as an equity method investment. Due to recent developments of arbitration proceedings, OMV was able to recognize Pearl's reserves for the first time in 2016. The company is geographically part of the Middle East and Africa region. The disclosures below are for the 10% interest of OMV in the company.

The subsequent tables may contain rounding differences.

a) Capitalized costs

Capitalized costs represent the sum of capitalized oil and gas assets, including other intangible assets and property, plant and equipment such as land, plant and machinery, concessions, licenses and rights.

Capitalized costs – subsidiaries

EUR mn

	2016	2015	2014
Unproved oil and gas properties	2,392	2,832	2,531
Proved oil and gas properties	23,561	22,333	20,271
Total	**25,952**	**25,164**	**22,802**
Accumulated depreciation	(14,266)	(12,572)	(8,792)
Net capitalized costs	**11,686**	**12,592**	**14,010**

Capitalized costs – share of equity method investees

EUR mn

	2016	2015	2014
Unproved oil and gas properties	237	—	—
Proved oil and gas properties	119	—	—
Total	**356**	**—**	**—**
Accumulated depreciation	(16)	—	—
Net capitalized costs	**340**	**—**	**—**

b) Costs incurred

Costs incurred include all costs, capitalized or expensed, during the year in the Group's oil and gas property acquisition, exploration and development activities.

Costs incurred

EUR mn

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Australasia	Middle East and Africa	**Total**	
				2016			
Acquisition of proved properties	—	—	1	—	302	**304**	—
Acquisition of unproved properties	—	—	1	—	—	**1**	—
Decommissioning costs	35	21	11	37	118	**222**	—
Exploration costs [1]	77	5	106	18	103	**307**	—
Development costs	422	60	515	43	188	**1,228**	0
Costs incurred	**533**	**86**	**634**	**97**	**711**	**2,062**	**0**
				2015			
Acquisition of proved properties	—	—	—	—	—	**—**	—
Acquisition of unproved properties	—	—	22	—	—	**22**	—
Decommissioning costs	161	14	(19)	16	30	**202**	—
Exploration costs [1]	331	26	123	6	120	**607**	—
Development costs	599	110	888	94	202	**1,894**	—
Costs incurred	**1,092**	**149**	**1,014**	**117**	**353**	**2,725**	**—**
				2014			
Acquisition of proved properties	0	—	4	—	—	**4**	—
Acquisition of unproved properties	15	—	89	—	70	**174**	—
Decommissioning costs	295	30	39	2	4	**370**	—
Exploration costs [1]	290	31	183	70	119	**693**	—
Development costs	950	273	934	127	226	**2,510**	—
Costs incurred	**1,550**	**334**	**1,250**	**199**	**418**	**3,751**	**—**

[1] In Norway, exploration represents the costs less a 78% refund of the deductible costs

c) Results of operations of oil and gas producing activities

The following table represents only those revenues and expenses which occur directly in connection with OMV´s oil and gas producing operations. The results of oil and gas activities should not be equated to Upstream net income since interest costs, general corporate overhead costs and other costs are not allocated. Income taxes are hypothetically calculated, based on the statutory tax rates and the effect of tax credits on investments and loss carryforwards.

Results of operations of oil and gas producing activities

EUR mn

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Austral-asia	Middle East and Africa	**Total**	
				2016			
Sales to unaffiliated parties [3]	93	13	673	145	88	**1,013**	20
Intercompany sales and sales to affiliated parties	1,533	292	204	82	89	**2,201**	—
Result from asset sales	2	(1)	(20)	15	1	**(2)**	—
	1,628	**304**	**857**	**243**	**179**	**3,211**	**20**
Production costs	(637)	(98)	(254)	(58)	(84)	**(1,130)**	(5)
Royalties	(201)	(56)	—	(27)	(6)	**(290)**	—
Exploration expenses	(60)	(6)	(660)	(19)	(63)	**(808)**	—
Depreciation, amortization and impairment losses	(563)	(132)	(1,095)	(71)	(186)	**(2,047)**	(3)
Other costs [4]	(29)	(1)	(1)	0	(8)	**(38)**	1
	(1,490)	**(293)**	**(2,010)**	**(174)**	**(347)**	**(4,314)**	(7)
Results before income taxes	**138**	**11**	**(1,153)**	**69**	**(168)**	**(1,090)**	**14**
Income taxes [1]	(20)	(1)	(5)	(11)	(10)	**(47)**	—
Results from oil and gas properties	**118**	**10**	**(1,158)**	**58**	**(179)**	**(1,150)**	**14**
Storage fee [2]	—	44	—	—	—	**44**	—

Results of operations of oil and gas producing activities

EUR mn

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Austral-asia	Middle East and Africa	**Total**	
			2015				
Sales to unaffiliated parties [3]	131	44	508	220	151	**1,054**	—
Intercompany sales and sales to affiliated parties	1,866	437	224	142	120	**2,789**	—
Result from asset sales	(2)	0	20	—	(2)	**16**	—
	1,995	**480**	**752**	**362**	**269**	**3,858**	**—**
Production costs	(721)	(107)	(246)	(62)	(108)	**(1,243)**	—
Royalties	(237)	(81)	—	(31)	(12)	**(361)**	—
Exploration expenses	(146)	(16)	(142)	(38)	(365)	**(707)**	—
Depreciation, amortization and impairment losses	(1,259)	(167)	(682)	(403)	(1,227)	**(3,738)**	—
Other costs [4]	(25)	(8)	12	(22)	(10)	**(52)**	—
	(2,388)	**(379)**	**(1,058)**	**(555)**	**(1,722)**	**(6,101)**	**—**
Results before income taxes	**(393)**	**101**	**(306)**	**(193)**	**(1,452)**	**(2,243)**	**—**
Income taxes [1]	48	(38)	90	(35)	(6)	**59**	—
Results from oil and gas properties	**(345)**	**63**	**(217)**	**(228)**	**(1,458)**	**(2,184)**	**—**
Storage fee [2]	—	45	—	—	—	**45**	—
							—
			2014				—
Sales to unaffiliated parties	134	34	686	205	403	**1,462**	—
Intercompany sales and sales to affiliated parties	2,707	626	186	139	436	**4,094**	—
Result from asset sales	0	(1)	2	—	(8)	**(7)**	—
	2,840	**659**	**874**	**344**	**831**	**5,548**	**—**
Production costs	(799)	(109)	(238)	(66)	(123)	**(1,335)**	—
Royalties	(306)	(140)	—	(40)	(4)	**(490)**	—
Exploration expenses	(49)	(19)	(140)	(101)	(151)	**(460)**	—
Depreciation, amortization and impairment losses	(735)	(141)	(348)	(105)	(243)	**(1,572)**	—
Other costs	(40)	(7)	(32)	1	(28)	**(105)**	—
	(1,929)	**(416)**	**(756)**	**(311)**	**(549)**	**(3,961)**	**—**
Results before income taxes	**912**	**243**	**118**	**33**	**282**	**1,587**	**—**
Income taxes [1]	(178)	(72)	13	(15)	(257)	**(509)**	—
Results from oil and gas properties	**734**	**170**	**131**	**18**	**25**	**1,078**	**—**
Storage fee [2]	—	48	—	—	—	**48**	—

[1] Income taxes in North Sea, Australasia and Middle East and Africa include corporation tax and special petroleum tax.
[2] Intersegmental rental fees before taxes received from Downstream Gas for providing gas storage capacities
[3] Includes hedging and derivative effect
[4] Includes change in stock in Norway and New Zealand

d) Oil and gas reserve quantities

Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain.

Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods, or in which the costs of the required equipment are relatively minor compared with the cost of a new well and through installed extraction equipment and infrastructure operational at the time of the reserves estimate. It should be reasonably certain that the required future expenditure will be made to safeguard existing equipment within the current budget.

Proved undeveloped reserves are those proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion or substantial new investment is required in order to safeguard or replace ageing facilities.

Crude oil and NGL

mn bbl

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Austral-asia	Middle East and Africa	**Total**	
Proved developed and undeveloped reserves as of January 1, 2014	**386.6**	**47.5**	**77.2**	**13.2**	**109.7**	**634.3**	**—**
Revisions of previous estimates	14.5	3.6	(1.0)	2.6	12.4	**32.0**	—
Purchases	—	—	—	—	—	**—**	—
Disposal	—	—	—	—	—	**—**	—
Extensions and discoveries	1.6	0.1	3.7	—	1.8	**7.3**	—
Production	(30.9)	(5.8)	(8.5)	(3.3)	(9.2)	**(57.8)**	—
Proved developed and undeveloped reserves as of December 31, 2014	**371.7**	**45.4**	**71.4**	**12.5**	**114.7**	**615.8**	**—**
Revisions of previous estimates	19.9	3.2	22.3	1.6	(3.2)	**43.8**	—
Purchases	—	—	0.0	—	—	**0.0**	—
Disposal	—	—	—	—	—	**—**	—
Extensions and discoveries	0.0	0.1	0.0	0.0	0.0	**0.1**	—
Production	(30.4)	(5.7)	(11.6)	(4.1)	(3.5)	**(55.4)**	—
Proved developed and undeveloped reserves as of December 31, 2015	**361.2**	**43.0**	**82.1**	**10.0**	**108.0**	**604.3**	**—**
Revisions of previous estimates	19.3	3.3	14.4	1.9	(1.6)	**37.3**	9.4
Purchases	—	—	—	—	35.1	**35.1**	—
Disposal	—	—	(0.5)	—	—	**(0.5)**	—
Extensions and discoveries	0.2	—	—	—	0.4	**0.6**	—
Production	(29.1)	(5.1)	(17.3)	(3.3)	(3.0)	**(57.9)**	(0.8)
Proved developed and undeveloped reserves as of December 31, 2016	**351.5**	**41.2**	**78.7**	**8.5**	**138.9**	**618.9**	**8.6**
Proved developed reserves							
as of December 31, 2014	331.1	43.2	27.9	12.5	98.3	**513.1**	—
as of December 31, 2015	330.7	40.6	40.2	10.0	92.0	**513.5**	—
as of December 31, 2016	322.5	39.2	43.5	8.5	123.4	**537.1**	8.6

Gas

bcf

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Austral-asia	Middle East and Africa	**Total**	
Proved developed and undeveloped reserves as of January 1, 2014	**1,847.2**	**301.2**	**394.9**	**124.3**	**109.1**	**2,776.6**	**—**
Revisions of previous estimates	39.8	13.0	(1.4)	2.7	17.9	**72.1**	—
Purchases	—	—	0.0	—	—	**—**	—
Disposals	—	—	—	—	—	**—**	—
Extensions and discoveries	23.5	2.0	50.8	—	43.2	**119.4**	—
Production	(188.5)	(37.3)	(29.6)	(21.1)	(33.1)	**(309.7)**	—
Proved developed and undeveloped reserves as of December 31, 2014 [1]	**1,722.0**	**278.9**	**414.7**	**105.8**	**137.1**	**2,658.5**	**—**
Revisions of previous estimates	(2.2)	2.8	2.0	3.5	7.8	**14.0**	—
Purchases	—	—	—	—	—	**—**	—
Disposals	—	—	—	—	—	**—**	—
Extensions and discoveries	10.9	1.0	—	—	—	**12.0**	—
Production	(187.9)	(35.9)	(36.4)	(19.0)	(30.3)	**(309.5)**	—
Proved developed and undeveloped reserves as of December 31, 2015 [1]	**1,542.9**	**246.9**	**380.3**	**90.4**	**114.5**	**2,375.0**	**—**
Revisions of previous estimates	18.9	13.6	33.1	2.7	(3.5)	**64.7**	142.5
Purchases	—	—	—	—	—	**—**	—
Disposals	—	—	(0.6)	—	—	**(0.6)**	—
Extensions and discoveries	1.1	1.1	—	—	7.0	**9.1**	—
Production	(187.0)	(31.2)	(52.3)	(20.3)	(24.1)	**(314.9)**	(11.5)
Proved developed and undeveloped reserves as of December 31, 2016 [1]	**1,375.9**	**230.3**	**360.1**	**72.8**	**93.9**	**2,133.0**	**131.0**
Proved developed reserves							
as of December 31, 2014	1,330.2	191.6	147.6	105.8	83.1	**1,858.2**	—
as of December 31, 2015	1,179.3	163.9	137.0	90.4	62.7	**1,633.3**	—
as of December 31, 2016	1,208.4	148.7	155.8	72.8	39.6	**1,625.3**	131.0

[1] 2016: Including approximately 72 bcf of cushion gas held in storage reservoirs
2015: Including approximately 72 bcf of cushion gas held in storage reservoirs
2014: Including approximately 71 bcf of cushion gas held in storage reservoirs

e) Standardized measure of discounted future net cash flows

The future net cash flow information is based on the assumption that the prevailing economic and operating conditions will persist throughout the time during which proved reserves will be produced. Neither the effects of future pricing changes nor expected changes in technology and operating practices are considered.

Future cash inflows represent the revenues received from production volumes, including cushion gas held in storage reservoirs, assuming that the future production is sold at prices used in estimating year-end quantities of proved reserves (12 months average price). Future production costs include the estimated expenditures for production of the proved reserves plus any production taxes without consideration of future inflation. Future decommissioning costs comprise the net costs associated with decommissioning wells and facilities. Future development costs include the estimated costs of development drilling and installation of production facilities. For all three categories year-end costs without consideration of inflation are assumed. Future income tax payments are calculated on the basis of the income tax rate applicable in each of the countries in which the Group operates. The present cash value results from the discounting of the future net cash flow at a discount rate of 10% per year. The standardized measure does not purport to be an estimate of the fair value of the Group's proven reserves. An estimate of fair value would also take into account, amongst many other factors, the expected recovery of reserves in excess of proved reserves, anticipated changes in future prices and costs as well as a discount factor representative of the risks inherent in the production of oil and gas.

Standardized measure of discounted future net cash flows

EUR mn

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Austral-asia	Middle East and Africa	**Total**	
				2016			
Future cash inflows	15,489	2,481	4,697	597	5,056	**28,321**	264.0
Future production and decommissioning costs	(11,266)	(1,668)	(2,540)	(598)	(1,416)	**(17,488)**	(64.1)
Future development costs	(2,009)	(336)	(421)	(34)	(662)	**(3,462)**	(3.1)
Future net cash flows, before income taxes	**2,214**	**478**	**1,736**	**(35)**	**2,978**	**7,370**	**196.8**
Future income taxes	(360)	(46)	226	17	(1,694)	**(1,856)**	0.0
Future net cash flows, before discount	**1,854**	**432**	**1,962**	**(18)**	**1,284**	**5,514**	**196.8**
10% annual discount for estimated timing of cash flows	(730)	(114)	(470)	54	(579)	**(1,839)**	(87.1)
Standardized measure of discounted future net cash flows	**1,124**	**318**	**1,491**	**36**	**705**	**3,675**	**109.7**
				2015			
Future cash inflows	20,474	3,506	6,342	996	6,054	**37,372**	–
Future production and decommissioning costs	(13,639)	(2,265)	(3,062)	(663)	(1,166)	**(20,795)**	–
Future development costs	(2,496)	(364)	(642)	(58)	(536)	**(4,095)**	–
Future net cash flows, before income taxes	**4,340**	**877**	**2,639**	**274**	**4,352**	**12,482**	**–**
Future income taxes	(701)	(292)	(133)	(71)	(2,758)	**(3,955)**	–
Future net cash flows, before discount	**3,639**	**584**	**2,506**	**203**	**1,594**	**8,527**	**–**
10% annual discount for estimated timing of cash flows	(1,632)	(148)	(775)	(10)	(668)	**(3,232)**	–
Standardized measure of discounted future net cash flows	**2,008**	**436**	**1,731**	**194**	**926**	**5,295**	**–**

Standardized measure of discounted future net cash flows

EUR mn

	Subsidiaries						Share of equity method investees
	Romania and Black Sea	Austria Region	North Sea	Austral-asia	Middle East and Africa	**Total**	
				2014			
Future cash inflows	31,953	5,047	7,876	1,458	9,738	**56,071**	—
Future production and decommissioning costs	(15,161)	(3,240)	(2,819)	(710)	(1,241)	**(23,171)**	—
Future development costs	(2,775)	(822)	(958)	(60)	(679)	**(5,294)**	—
Future net cash flows, before income taxes	**14,017**	**985**	**4,099**	**688**	**7,818**	**27,606**	**—**
Future income taxes	(2,239)	(496)	(1,403)	(211)	(4,760)	**(9,108)**	—
Future net cash flows, before discount	**11,778**	**488**	**2,696**	**477**	**3,058**	**18,498**	**—**
10% annual discount for estimated timing of cash flows	(5,655)	233	(799)	(54)	(1,090)	**(7,365)**	—
Standardized measure of discounted future net cash flows	**6,123**	**721**	**1,897**	**423**	**1,968**	**11,133**	**—**

f) Changes in the standardized measure of discounted future net cash flows

Changes in the standardized measure of discounted future net cash flows – subsidiaries

EUR mn

	2016	2015	2014
Beginning of year	**5,295**	**11,133**	**11,818**
Oil and gas sales and transfers produced, net of production costs	(1,842)	(4,193)	(4,186)
Net change in prices and production costs	(3,719)	(9,915)	(1,384)
Net change due to purchases and sales of minerals in place	294	0	0
Net change due to extensions and discoveries	3	9	469
Development and decommissioning costs incurred during the period	999	1,224	1,556
Changes in estimated future development and decommissioning costs	(351)	(214)	(685)
Revisions of previous reserve estimates	1,246	1,344	2,107
Accretion of discount	492	1,063	1,087
Net change in income taxes	1,356	4,371	459
Other [1]	(98)	474	(110)
End of year	**3,675**	**5,295**	**11,133**

[1] Contains movements in foreign exchange rates vs. the EUR

For the equity method investees no change in standardized measure of discounted future net cash flows was included as no previous year measures are available.

Vienna, March 22, 2017

The Executive Board

Rainer Seele
Chairman

Reinhard Florey

Johann Pleininger

Manfred Leitner