

Auditor's Report¹

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

OMV Aktiengesellschaft, Vienna.

These financial statements comprise the balance sheet as of December 31, 2017, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying 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 Company as of December 31, 2017 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require

that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company 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 financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Key Audit Matter

Recoverability of the carrying value of shares in and loans to affiliated companies

The carrying value of shares in affiliated companies amounted to EUR 8,391 mn at 31 December 2017 after an impairment charge of EUR 1,009 mn in 2017. The carrying value of loans to affiliated companies amounted to EUR 4,488 mn.

Impairment assessments of shares in and loans to affiliated companies require significant judgment 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.

OMV's disclosures about shares in and loans to affiliated companies are included in Note "Accounting and valuation policies", Note 1 (Fixed assets), Note 12 (Financial income and expenses) and the Statement of fixed assets.

How our audit addressed the key audit matter

We assessed and tested management's assessment of the recoverability of the carrying value of shares in and loans to affiliated companies. Specifically our work included, but was not limited to, the following procedures:

- ▶ Review and evaluation of management's assessment of the existence of impairment indicators;
- ▶ Comparison of the assumptions (forecasted revenues, expenses, capital expenditure and changes in working capital) used within the future cash flow models to approved budgets and business plans;
- ▶ Involvement of our valuation specialists to evaluate discount rates.

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

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the EU regulation and 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 the EU regulation and 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern;

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

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.

Comments on the Directors' Report

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

Management is responsible for the preparation of the directors' report 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.

Opinion

In our opinion, the directors' report for the Company 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 financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the directors' report 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 financial statements, the directors' report 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 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 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 financial statements or otherwise appears to be materially misstated.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 24, 2017. We were appointed by the Supervisory Board on September 15, 2017. We are auditors without cease since the financial year 2011.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

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 14, 2018

Ernst & Young

Wirtschaftsprüfungsgesellschaft m. b. H.

Alexander Wlasto m.p.
Wirtschaftsprüfer/Certified Public Accountant

Katharina Schrenk m.p.
Wirtschaftsprüferin/Certified Public Accountant

Financial Statements

Balance sheet as of December 31, 2017

Assets

	Note	in EUR	in EUR 1,000
		2017	2016
A. Fixed assets	1		
I. Tangible assets			
1. Land		722,010	722
2. Other fixtures and fittings, tools and equipment		498,349	491
		1,220,359	1,213
II. Financial assets			
1. Shares in affiliated companies		8,390,756,386	10,736,733
2. Loans to affiliated companies		4,488,444,208	3,240,440
3. Participating interests		26,624,460	26,624
4. Securities (loan stock rights) held as fixed assets		4,506,435	4,506
5. Other loans		1,745,866	3,153
		12,912,077,355	14,011,456
		12,913,297,714	14,012,669
B. Current assets			
I. Receivables and other assets	2		
1. Trade receivables		12,404	29
thereof with a remaining maturity of more than one year		—	—
2. Receivables from affiliated companies		2,265,580,267	1,927,854
thereof with a remaining maturity of more than one year		—	—
3. Receivables from companies in which the Company has a participating interest		11,464	20
thereof with a remaining maturity of more than one year		—	—
4. Other receivables and assets		48,699,825	3,353
thereof with a remaining maturity of more than one year		20,000,000	—
		2,314,303,961	1,931,256
II. Securities and interests			
1. Other securities		227,614,752	109,739
III. Cash on hand, checks, cash at banks		2,591,811,681	1,281,035
		5,133,730,393	3,322,030
C. Prepaid expenses and deferred charges		24,088,566	19,983
D. Deferred tax assets	3	—	—
		18,071,116,674	17,354,681

Liabilities

	Note	in EUR	in EUR 1,000
		2017	2016
A. Shareholders' equity	4		
I. Nominal capital called up and paid in			
Nominal capital subscribed		327,272,727	327,273
Nominal amount of treasury shares		(772,230)	(824)
		326,500,497	326,448
II. Capital reserves			
1. Appropriated reserve		1,731,919,755	1,730,568
2. Unappropriated reserve		333,728	334
		1,732,253,483	1,730,901
III. Capital reserve for share based payments		20,961,154	12,034
IV. Revenues reserves			
1. Unappropriated reserve		2,418,585,113	2,418,013
2. Reserve for treasury shares		772,230	824
		2,419,357,343	2,418,837
V. Unappropriated income		799,165,988	408,769
thereof income brought forward		16,969,159	119,449
		5,298,238,466	4,896,991
B. Provisions	5		
1. Provisions for severance payments		7,641,438	7,879
2. Provisions for pensions		17,058,956	12,949
3. Provisions for taxes		385,345,324	391,341
4. Other provisions		50,264,756	47,095
		460,310,474	459,264
C. Liabilities	6		
1. Bonds		7,000,000,000	6,000,000
thereof with a remaining maturity of less than one year		750,000,000	—
thereof with a remaining maturity of more than one year		6,250,000,000	6,000,000
2. Amounts due to banks		461,159,701	559,874
thereof with a remaining maturity of less than one year		56,026,270	123,264
thereof with a remaining maturity of more than one year		405,133,431	436,609
3. Trade payables		9,886,124	13,314
thereof with a remaining maturity of less than one year		9,886,124	13,314
thereof with a remaining maturity of more than one year		—	—
4. Payables to affiliated companies		4,595,919,910	5,177,384
thereof with a remaining maturity of less than one year		4,595,919,910	5,177,384
thereof with a remaining maturity of more than one year		—	—
5. Other liabilities		245,601,999	247,854
thereof with a remaining maturity of less than one year		239,162,896	241,344
thereof with a remaining maturity of more than one year		6,439,103	6,510
thereof taxes		155,501,059	158,448
thereof with a remaining maturity of less than one year		155,501,059	158,448
thereof with a remaining maturity of more than one year		—	—
thereof social security payables		733,461	692
thereof with a remaining maturity of less than one year		733,461	692
thereof with a remaining maturity of more than one year		—	—
thereof with a remaining maturity of less than one year		5,650,995,200	5,555,307
thereof with a remaining maturity of more than one year		6,661,572,534	6,443,119
		12,312,567,734	11,998,426
		18,071,116,674	17,354,681

Income statement

Income statement

	Note	in EUR	in EUR 1,000
		2017	2016
1. Sales	7	129,004,506	115,979
2. Other operating income	8		
a) Income from the disposal of fixed assets		28,500	29
b) Income from the reversal of provisions		19,068,400	275,360
c) Other		1,224,052	891
		20,320,952	276,280
3. Expenses for materials and purchased services	9		
a) Expenses for materials		(167,405)	(174)
b) Expenses for purchased services		(6,120,021)	(7,994)
		(6,287,426)	(8,168)
4. Personnel expenses	10		
a) Salaries		(90,069,097)	(65,594)
b) Social benefits		(20,452,655)	(24,488)
thereof expenses for pensions		(8,345,061)	(9,067)
aa) thereof expenses for severance payments and contributions to staff provision funds		(1,929,600)	(5,166)
bb) thereof expenses for statutory social security, payroll-related taxes and mandatory contributions		(9,778,185)	(10,143)
		(110,521,752)	(90,082)
5. Depreciation and amortization			
a) of fixed tangible assets		(118,406)	(116)
6. Other operating expenses	11		
a) thereof taxes not included in Taxes on income		(1,385,770)	(1,500)
b) Other		(74,084,373)	(71,253)
		(75,470,143)	(72,753)
7. Subtotal of items 1 to 6 (Operating Result)		(43,072,270)	221,139
8. Income from investments		1,990,159,584	593,208
thereof affiliated companies		1,961,171,347	573,317
9. Income from loans held as financial assets		75,772,952	60,323
thereof affiliated companies		75,764,510	60,040
10. Other interest and similar income		115,559,958	96,342
thereof affiliated companies		88,781,294	61,684
11. Income from the disposal of financial assets		21,109,896	78,718
thereof write-up		–	–
12. Expenses arising from financial assets		(1,008,990,271)	(619,313)
thereof impairments		(1,008,990,271)	(288,995)
thereof affiliated companies		(1,008,990,271)	(619,313)
13. Interest and similar expenses		(355,610,098)	(342,243)
thereof concerning affiliated companies		(20,855,638)	(54,137)
14. Subtotal of items 8 to 13 (Financial result)	12	838,002,020	(132,964)
15. Profit before taxation (subtotal of lines 7 and 14)		794,929,750	88,175
16. Taxes on income	13	(12,732,920)	151,145
thereof deferred taxes		164,103	(100)
17. Profit after taxation		782,196,829	239,320
18. Release of capital reserves		–	1,492
19. Release of revenue reserves		–	50,000
20. Appropriation to revenue reserves		–	(1,492)
21. Income brought forward from previous years		16,969,159	119,449
22. Unappropriated retained income		799,165,988	408,769

Notes

The accounts of **OMV Aktiengesellschaft**, Vienna, as of December 31, 2017 have been drawn up in accordance with the Austrian Commercial Code (ACC) as amended and in compliance with the general standard to provide a true and fair view of the assets, liabilities, financial position and earnings of the company.

The valuation of assets and liabilities is based on the principle of individual valuation assuming going concern.

Taking into account the principle of prudence, the company only reported the profits realized at the balance sheet date. All identifiable risks and impending losses are taken into account.

As the parent company of the OMV Group, OMV Aktiengesellschaft also prepares separate consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). The consolidated financial statements are deposited at the Vienna Commercial Court (Commercial Register Number FN 93363z) and are published on the Internet.

The detailed disclosures are shown in the notes to the accounts. The total cost format is used for the presentation of the income statement.

The annual financial statements were prepared in euro (EUR). The presentation in the notes is in EUR 1,000 as well as EUR thousand, which may result in rounding differences.

Accounting and valuation policies

Intangible and **tangible assets** are capitalized at cost and amortized/depreciated on a straight-line basis.

Depreciation is based on the following useful economic lives:

Category

	Useful life
Other fixtures and fittings, tools and equipment	4–10 years

In accordance with the relevant fiscal law provisions, a whole year's depreciation is recognized for **additions** in the first half of the year, and half a year's depreciation for additions in the second half.

Sustained and material **impairments** of fixed assets in excess of scheduled depreciation are recognized by write-downs.

Low-value assets up to EUR 400 are capitalized and fully written off in the year of acquisition, and are shown as additions and disposals in the statement of fixed assets.

Financial assets are carried at acquisition cost less any material impairment. Securities held as fixed assets are carried at the lower of cost or market value at the last trade date of the year. If the reasons for a previous impairment no longer apply, a write-up in the amount of the increase in value is made.

Accounts receivable and other assets are stated at cost. Non-interest bearing receivables with maturities of over one year are discounted. Foreign currency receivables are stated at the lower of cost or fair value on the balance sheet date. All recognizable risks are accounted for by valuation allowances.

Securities and shares are stated at the lower of cost or fair value on the balance sheet date.

On the balance sheet **deferred taxes** are reported either under deferred tax assets or provisions for taxes and in the income statement under the item Taxes on income. A tax group was formed with effect from January 1, 2005, under section 9 KStG (Corporate Tax Act), with OMV Aktiengesellschaft as the top-tier corporation. Due to group taxation, tax group members that make profits pay OMV Aktiengesellschaft tax contributions equal to the corporate tax attributable to those profits. If a tax group member makes an annual tax loss, OMV Aktiengesellschaft pays it a tax contribution of 25% of the transferred tax loss or the applicable corporate tax rate if different. OMV Aktiengesellschaft retains the profits and losses of most of its domestic

subsidiaries on the basis of profit and loss pooling agreements. With 19 companies, OMV Aktiengesellschaft has a tax pooling agreement based on the liability method. 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).

The treatment of deferred tax is based on the balance sheet liability method. Recognition of deferred tax assets and liabilities is mandatory if there are temporary differences between the carrying amounts for statutory accounting and tax purposes. In principle, a fiscal option for recognizing tax loss carryforwards as deferred tax assets exists.

The nominal value of the **treasury shares** acquired is openly deducted from the capital stock in accordance with section 229 paragraph 1a ACC. The difference between the nominal amount and the acquisition cost is offset against the revenue reserves.

OMV Aktiengesellschaft 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 promised pensions at certain levels. Defined benefit pension obligations are accounted for by setting up provisions for pensions, or by means of payments to an external pension fund. The risks associated with these defined benefit pension plans remain with OMV.

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 takes future increases in remuneration into account. The actuarial gains and losses for the current financial year are disclosed

under personnel expenses or other operating income, depending on the overall development of the provision.

Expenses from accrued interests for pension, severance and jubilee provisions together with income from pension plan assets are disclosed as part of financial income and expense.

Payments for defined contribution plans are reported as expenses for pensions.

Provisions for personnel reduction schemes are recognized with the settlement amount if a detailed plan has been approved by management prior to balance sheet date, and an irrevocable commitment is thereby established.

Provisions and long-term liabilities are measured at the settlement amounts, and projected cost increases are therefore taken into account. Provisions with recognition periods of more than one year are discounted at the market interest rate.

All risks recognizable and uncertain liabilities are provided for according to the best estimate and reported under **other provisions**.

Liabilities are stated at the settlement amount. Foreign currency liabilities are valued at the higher of cost or amount repayable on balance sheet date.

The **currency hedges** concluded both with banks and with affiliates (on behalf of the affiliates) form valuation units from OMV Aktiengesellschaft's perspective. They are therefore not disclosed in the books of OMV Aktiengesellschaft but in the affiliates' financial statements.

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 2017, yearly LTI plans were granted, with similar conditions. 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 2017 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 balance sheet 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. The expense is spread over the three-year vesting period. As of December 31, 2017, the provision amounted to EUR 33,151 thousand (2016: EUR 11,782 thousand), and the net increase was EUR 21,019 thousand (2016: EUR 683 thousand). A discount rate of 3.5% was used for the provision calculations.

The following table refers to OMV Group:

Main conditions

	2017 plan	2016 plan	2015 plan	2014 plan
Start of plan	1/1/2017	1/1/2016	1/1/2015	1/1/2014
End of performance period	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Vesting date	3/31/2020	3/31/2019	3/31/2018	3/31/2017
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	max. 75% of gross base salary	75% of gross base salary	75% of gross base salary	75% of gross base salary
Expected bonus shares as of December 31, 2017	395,559 shares	798,408 shares	1,081,703 shares	—
Maximum bonus shares as of December 31, 2017	439,562 shares	892,428 shares	1,085,769 shares	—
Fair value of plan (EUR 1,000) as of December 31, 2017	20,146	41,014	56,194	—

Personal investment held in shares

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Active executive Board members				
Seele	48,435 shares	38,038 shares	32,200 shares	—
Florey	8,335 shares	—	—	—
Pleiningner ¹	19,333 shares	12,979 shares	8,462 shares	—
Leitner	59,335 shares	51,249 shares	37,163 shares	28,207 shares
Former executive Board members²				
Davies	—	—	54,626 shares	46,070 shares
Floren	—	—	31,929 shares	22,725 shares
Huijskes	—	—	38,419 shares	28,095 shares
Roiss	—	81,831 shares	80,600 shares	60,173 shares
Total — Executive Board	135,438 shares	184,097 shares	283,399 shares	185,270 shares
Other senior executives ²	256,202 shares	317,840 shares	287,397 shares	263,809 shares
Total personal investment	391,640 shares	501,937 shares	570,796 shares	449,079 shares

¹ Johann Pleiningner also takes part in the 2013 to 2015 plans in his position as senior executive.

² Personal investment of former executive Board members and other senior executives are only included if shares are held in the OMV trustee deposit

OMV Share Part of the Annual Bonus

The OMV Share Part of the Annual Bonus (previously Matching Share Plan) 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 prevent inadequate 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 measures defined for the annual bonus may not be amended during the term of the OMV Share Part of the Annual Bonus. On determination of the annual cash bonus by the Remuneration Committee of the Supervisory Board, the share 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.

As of December 31, 2017, an amount of EUR 2,865 thousand was recorded in equity (2016: EUR 2,323 thousand).

Total expense

In 2017, total expense of EUR 35,917 thousand (2016: EUR 14,329 thousand) has been recognized arising from share-based payment transactions, thereof EUR 9,637 thousand (2016: EUR 10,228 thousand) from transactions accounted for as equity-settled share-based payment transactions.

Notes to the balance sheet

1 Fixed assets

Movements in fixed assets in 2017 are shown in the statement of fixed assets.

Commitments arising from the use of off-balance sheet tangible assets were as follows:

Commitments arising from the use of off-balance sheet tangible assets

In EUR 1,000

	2017	2016
Maturing in one year	446	606
Maturing in the next five years	1,012	1,562

Loans with maturities of up to one year amounted to EUR 32.563 thousand (2016: EUR 586.122 thousand).

Loans

In EUR 1,000

	2017	2016
Domestic		
OMV Exploration & Production GmbH	3,250,000	1,460,000
OMV Gas & Power GmbH	450,000	450,000
OMV Austria Exploration & Production GmbH	399,000	466,000
GAS CONNECT AUSTRIA GmbH	153,000	153,000
OMV (Tunesien) Production GmbH	130,208	158,396
OMV Finance Services GmbH	90,264	153,044
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	15,972	–
BSP Bratislava-Schwechat Pipeline GmbH	1,646	1,388
EGW Heimstätte GmbH	99	110
OMV Refining & Marketing GmbH	–	400,000
Foreign		
Pearl Petroleum Company Limited	–	1,655
Total	4,490,190	3,243,593

During the reporting period, OMV Aktiengesellschaft granted loans to following companies: To OMV Exploration & Production GmbH an additional loan of EUR 1,790,000 thousand and to OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság HUF 5,000,000 thousand. OMV (Tunesien) Production GmbH received a further loan of USD 15,000 thousand and repaid USD 37,667 thousand. OMV Finance Services GmbH received EUR 90,264 thousand and paid back USD 202,932 thousand.

OMV Austria Exploration & Production paid off EUR 67,000 thousand and OMV Refining & Marketing GmbH EUR 400,000 thousand.

In 2017, no grandparent company contributions and equity injections were granted.

During the reporting period the interest in OMV Petrol Ofisi Holding Anonim Şirketi was sold and the shares from the liquidated subsidiary Amical Insurance Limited in Diramic Insurance Limited were transferred to OMV Aktiengesellschaft at their fair value.

2 Accounts receivable and other assets

Accounts receivable and other assets

In EUR 1,000

	2017		2016	
	≤ 1 year	>1 year	≤ 1 year	>1 year
Trade Receivables	12	—	29	—
Receivables from affiliated companies	2,265,580	—	1,927,854	—
thereof trade	24,863	—	14,576	—
thereof financing	24,238	—	968,534	—
thereof profit pooling	1,852,999	—	540,699	—
thereof other	363,480	—	404,045	—
Receivables from associated companies	11	—	20	—
thereof trade	11	—	13	—
Other receivables and assets	28,700	20,000	3,353	—
Total	2,294,304	20,000	1,931,256	—

Other receivables include EUR 47,057 thousand from the sale of OMV Petrol Ofisi Holding Anonim Şirketi and EUR 1,348 thousand (2016: EUR 1,961 thousand) in corporate tax prepayments.

The Other receivables and assets item includes material income due after balance sheet date. The most important amounts comprise revenues from sales of investments of EUR 47,057 thousand (2016: EUR nil).

3 Deferred tax assets

Deferred taxes essentially result from different valuation rules, distribution standards and depreciation methods. Due to insufficient taxable profits in future, no deferred tax income was recognized in the reporting period. The fiscal option to recognize

deferred tax assets relating to loss carryforwards is exercised, however, due to insufficient taxable profits in future, no deferred tax asset relating to loss carryforwards was recognized in the reporting period.

4 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 327,272,727 (2016: 327,272,727) fully paid no par value shares with a total nominal value of EUR 327,272,727 (2016: 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 2017, 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.

On May 18, 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 Austrian 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.

Revenue reserves: The Financial Reporting Amendment Act 2014 requires the direct inclusion of the untaxed reserves, net of deferred taxes, in the revenue reserves.

The nominal value of the **treasury shares** acquired is openly deducted from the capital stock in accordance with section 229 paragraph 1a ACC. The difference between the nominal amount and the acquisition cost is offset against the revenue reserves.

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

Treasury shares

In EUR 1,000

	Number of shares	Cost
January 1, 2016	912,824	10,026
Disposals	(88,455)	(970)
December 31, 2016	824,369	9,056
Disposals	(52,139)	(572)
December 31, 2017	772,230	8,485

The number of shares in issue was as follows:

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2016	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
Used for share-based compensations	—	(52,139)	52,139
December 31, 2017	327,272,727	772,230	326,500,497

5 Provisions

Provisions for employee benefits are recognized in accordance with the projected unit credit method. The indexed pension commitments to employees of OMV Aktiengesellschaft were transferred to an external pension fund managed by APK-Pensionskasse AG. 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 are non-contributory. Changes in the funding of defined benefit plans and in provisions for jubilee payments were as follows:

Development defined benefit plans and jubilee payments

In EUR 1,000

	2017			2016		
	Pensions	Severance payments	Jubilee payments	Pensions	Severance payments	Jubilee payments
Present value of funded obligations	47,081	—	—	44,768	—	—
Market value of plan assets	(30,022)	—	—	(31,819)	—	—
Provision for funded obligations	17,059	—	—	12,949	—	—
Present value of unfunded obligations	—	7,641	2,026	—	7,879	2,026
Provision for unfunded obligations	—	7,641	2,026	—	7,879	2,026
Provision as of January 1	12,949	7,879	2,026	8,504	7,235	1,708
Expense for the year	4,138	900	251	4,838	1,568	439
Payments to funds	(28)	—	—	(393)	—	—
Benefits paid	—	(526)	(93)	—	(1,733)	(199)
Group transfer	—	(611)	(118)	—	808	78
Provision as of December 31	17,059	7,641	2,066	12,949	7,879	2,026
Interest cost	1,397	206	58	1,573	293	66
Current service cost	—	342	141	17	329	111
Expected return on plan assets	(891)	—	—	(828)	—	—
Recognized actuarial (gains)/losses	3,632	352	52	4,076	946	262
Expenses of defined benefit plans for the year	4,138	900	251	4,838	1,568	439

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

Assumptions for calculation

	2017			2016		
	Pensions	Severance	Jubilees	Pensions	Severance	Jubilees
Capital market interest rate	2.80%	2.30%	2.60%	3.19%	2.68%	2.91%
Future increases in salaries	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Future increases in pensions	1.80%	—	—	1.80%	—	—
Long-term rate of return on plan assets	3.50%	—	—	2.80%	—	—

The biometrical basis for the calculation of provisions for pensions, severance and jubilee entitlements is provided by AVÖ 2008 P – Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. Employee turnover was estimated based on age or years of service respectively. The expected retirement age used for calculations is based on the

earliest possible retirement age according to ASVG regulations.

Applying AFRAC position paper No. 27, "Personnel provisions (ACC)"; the average of the discount rate at the applicable balance sheet date and those at the six previous balance sheet dates was used to calculate the pension, severance payment and jubilee payment provisions on the basis of the average residual maturity of the total obligation.

Allocation of plan assets as of December 31

Asset category	2017		2016	
	VRG IV	VRG VI	VRG IV	VRG VI
Equity securities	23.75%	24.10%	22.59%	9.34%
Debt securities	61.03%	60.42%	61.86%	11.87%
Cash and money market investments	7.55%	7.68%	12.03%	78.79%
Other	7.67%	7.80%	3.52%	—
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 or EUR-hedged.

The funds of the asset allocation and risk group VRG IV and VRG VI (asset allocation strategy changed in July 2017) 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 and the VRG VI is to outperform their benchmark (20% global equity, 65% global bonds, 5% cash, 5% alternatives, 5% real estate) and to cover existing and future entitlement payments of the VRGs. The assets of the VRG IV and VRG VI 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 Act

section 25. The asset allocation and the regional allocation of the VRG IV and VRG VI can and will deviate from the benchmark allocation if this is in the judgment of APK and 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 and VRG VI 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 and VRG VI will be lower than that of their benchmark.

Until July 2017, the investment management policy for the funds of VRG VI was a value-at-risk approach. The process involved 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 was very flexible and model-driven. At the same time, the opportunity of benefiting from positive stock market performance was partly maintained. The long-term investment objective of the VRG VI was until July 2017 to provide stable, predictable returns, which to the greatest possible extent covered the existing and future entitlement payments of the VRG VI. To increase the efficiency of the

portfolio management and for cost considerations the portfolio was set up as a base portfolio consisting of short maturity government bonds and a futures overlay strategy. Active quoted prices were available for all assets of the VRG VI until July 2017.

The actual returns of the individual VRGs can deviate from the target returns on the plan assets, due to differences in the allocation, the developments of the capital markets and costs. The

performance of the VRG IV was in 2017 6.1%. Due to the implemented changes in the asset allocation of the VRG VI, which were effective only as of July 2017, the performance of the VRG VI was only 3.1%.

In 2018, defined benefit related contributions for 2017 to APK-Pensionskasse AG of EUR 5,750 thousand are planned.

Other provisions largely consist of the following:

Other provisions

In EUR 1,000

	2017	2016
Personnel provisions	49,650	27,502
Sundry provisions	615	19,593
Total	50,265	47,095

Personnel provisions include a provision for the Long Term Incentive Plan amounting to EUR 33,151 thousand (2016: EUR 11,782 thousand). The theoretical withdrawal premium for a reinsurance relation of EUR 19,068 thousand included in Sundry provisions in the previous year has been dissolved. Provisions with a residual term of more than one year were discounted at an interest rate of 3.5%.

Due to the recognition of corporate income tax to account for the recapture of losses by foreign tax group members at top-tier corporate level, a provision of EUR 28,274 thousand (2016: EUR 38,780 thousand) is reported for the period. In addition, a provision of EUR 4,511 thousand (allocation 2016: EUR 25,492 thousand) was recognized for future tax contribution liabilities arising from the transfer of losses incurred by domestic tax group members.

6 Liabilities

Liabilities

In EUR 1,000

	2017		2016	
	≤ 1 year	>1 year	≤ 1 year	>1 year
Bonds	750,000	6,250,000	—	6,000,000
Amounts due to banks	56,026	405,133	123,265	436,609
Accounts payable from trade	9,886	—	13,314	—
Accounts payable to affiliates	4,595,920	—	5,177,384	—
thereof trade	1,847	—	934	—
thereof financing	3,462,526	—	1,268,350	—
thereof clearing	904,747	—	3,416,843	—
thereof other	226,799	—	491,257	—
Other liabilities	239,163	6,439	241,344	6,510
thereof taxes	155,501	—	158,448	—
thereof social security expenses	733	—	692	—
Total	5,650,995	6,661,573	5,555,307	6,443,119

An EUR 1,000,000 thousand Eurobond was issued in 2017.

A hybrid bond issue at a nominal amount of EUR 750,000,000 was completed on May 25, 2011. The hybrid bears a fixed interest rate of 6.75% until, but excluding, April 26, 2018. On December 7, 2015, OMV issued additional hybrid notes with an aggregate size of EUR 1.5 bn, in two tranches of

EUR 750 mn each. Tranche 1 bears a fixed interest coupon of 5.250% until, but excluding, December 9, 2021 and tranche 2 bears a fixed interest coupon of 6.250% until, but excluding, December 9, 2025.

Accounts payables to affiliates from financing include short-term loans (money market transactions) from various subsidiary companies as part of the liquidity management of the group.

Bonds issued

	Nominal	Coupon	Repayment
International corporate bond	EUR 750,000,000	0.60% fixed	11/19/2018
	EUR 500,000,000	1.75% fixed	11/25/2019
	EUR 500,000,000	4.375% fixed	02/10/2020
	EUR 500,000,000	4.25% fixed	10/12/2021
	EUR 750,000,000	2.625% fixed	09/27/2022
	EUR 1,000,000,000	1.0% fixed	12/14/2026
	EUR 750,000,000	3.5% fixed	09/27/2027
Hybrid bond	EUR 750,000,000		
	EUR 750,000,000		
	EUR 750,000,000		
Total	EUR 7,000,000,000		

Other liabilities include interest expenses for bonds of EUR 78,296 thousand (2016: EUR 77,809 thousand) and personnel reduction expenses of EUR 8,354 thousand (2016: EUR 8,544 thousand). Other liabilities include expenses, which are payable in 2018. The most important amounts comprise

interests for bonds of EUR 78,296 thousand (2016: EUR 77,809 thousand).

Liabilities with maturities of more than one year include liabilities with maturities of more than five years: bond liabilities amounting to EUR 4,000,000 thousand (2016: EUR 3,750,000 thousand).

Notes to the income statement

7 Sales

Sales

In EUR 1,000

	2017	2016
Domestic	114,964	105,615
Foreign	14,041	10,364
Total	129,005	115,979

The sales consist both of corporate service charges paid by Group companies and of revenues generated by operational activities performed within Group companies.

8 Other operating income

Other operating income

In EUR 1,000

	2017	2016
Income from the disposal of fixed assets other than financial assets	29	29
Income from the reversal of provisions	19,068	275,360
Other	1,224	891
Total	20,321	276,280

Other operating income mainly includes income from the reversal of the provision for the theoretical withdrawal premium for a reinsurance relation in the amount of EUR 19,068 thousand, of the provi-

sions for personnel in the amount of EUR nil (2016: EUR 3,262 thousand) as well as for contingent losses amounting to EUR nil (2016: EUR 272,098 thousand).

9 Expenses for materials and purchased services

Expenses for materials and purchased services

In EUR 1,000

	2017	2016
Cost of materials	167	174
Cost of purchased services	6,120	7,994
Total	6,287	8,168

The expenses for services contain costs of services provided by third parties for ongoing activities.

10 Personnel expenses

The item Salaries includes expenses related to provisions for jubilee payments in the amount of EUR 193 thousand (2016: EUR 360 thousand) as well as expenses for share based payments. We refer to

the item "Total expenses" in the section Long Term Incentive (LTI) plans and OMV share Part of the Annual Bonus.

Expenses for severance payments, payments to occupational pension funds and expenses for pensions

In EUR 1,000

	2017	2016
Expenses for severance payments	1,253	4,535
Payments to employee benefit funds	677	631
Defined contribution personnel expense	2,659	3,400
Defined benefit personnel expense	5,686	5,667
Total	10,275	14,233

Expenses for personnel reduction programs are included in the position Expenses for severance payments amounting to EUR 559 thousand (2016: EUR 3,259) as well as in the position Defined benefit

personnel expense amounting to EUR 1,865 thousand (2016: EUR 1,359 thousand).

The breakdown of expenses for severance payments and pensions is as follows:

Expenses for severance payments and pensions

In EUR 1,000

	2017		2016	
	Severance	Pensions	Severance	Pensions
Current and former members of Executive Board	112	694	112	974
Senior executives	344	622	1,709	783
Other employees	1,122	3,397	2,399	3,234
Actuarial (gains) and losses	352	3,632	946	4,076

11 Other operating expenses

Other operating expenses

In EUR 1,000

	2017	2016
Taxes not shown under item 16 (Taxes on income)	1,386	1,500
Other	74,084	71,253
Total	75,470	72,753

The tax item largely concerns fees paid to Austrian Financial Market Authority. Other expenses include: EUR 18,057 thousand in services delivered by OMV Group's internal service provider (2016: EUR 18,796 thousand), EUR 6,704 thousand in advertising expenditure (2016: EUR 7,600 thousand), EUR

35,185 thousand in legal and consultancy fees (2016: EUR 29,100 thousand), EUR 3,386 thousand in various third-party services (2016: 3,160 thousand) and EUR 2,239 thousand in insurance premiums (2016: EUR 2,504 thousand).

12 Financial income and expenses

Income from investments amounting to EUR 1,990,160 thousand (2016: EUR 593,208 thousand) include EUR 1,852,999 thousand (2016: EUR 540,699 thousand) from profit-pooling arrangements, EUR 108,172 thousand in dividends from affiliated companies (2016: EUR 32,617 thousand) and EUR 28,988 thousand (2016: EUR 19,891 thousand) from other investment income. As of the balance sheet date, there were profit and loss pooling agreements with the following companies: OMV Solutions GmbH, OMV Refining & Marketing GmbH, OMV Insurance Broker GmbH and OMV Gas & Power GmbH.

Income from investments includes gains from the disposal of affiliated companies amounting to EUR 52 thousand (2016: EUR 78,718 thousand) as well as a gain amounting to EUR 21,057 thousand resulting from the assumption of shares in Diramic Insurance Ltd. at their fair value.

The expenses arising from financial assets include EUR nil (2016: EUR 330,318 thousand) in expenses arising from profit pooling agreements. This item also contains a EUR 1,000,000 thousand distribution-related impairment of the participation value of OMV Solutions GmbH (impairment losses 2016: EUR 288,995 thousand in connection with OMV Petrol Ofisi A.Ş.).

13 Taxes on income

Taxes on income

In EUR 1,000

	2017	2016
Current taxes	12,897	(151,245)
Deferred taxes	(164)	100
Total	12,733	(151,145)

Current taxes comprise EUR 11,641 thousand tax income from previous years (2016: tax income EUR 5,240 thousand) and EUR 24,538 thousand corporate tax expense (2016: corporate tax income of EUR 146,004 thousand) attributable to the top-tier corporation in consequence of the formation of a tax group under section 9 Corporate Tax Act, after the tax contributions charged. Tax income from prior years' income includes corporate tax income of EUR 10,506 thousand (2016: corporate tax income of EUR 36,002 thousand) due to the change in the corporate tax provision for the retroactive taxation

of tax losses declared by foreign tax group members. Tax expense from current year includes a provision of EUR 4,511 thousand (2016: EUR 25,472 thousand) recognized for future tax contribution liabilities arising from the transfer of losses incurred by domestic tax group members.

The reported deferred tax income amounting to EUR 164 thousand (2016: deferred tax expense EUR 100 thousand) resulted from the valuation allowance of neutral adjustments.

Supplementary information

14 Interest rate risk management and derivatives

To facilitate management of interest rate risk, 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.

Where necessary, the Company hedges its own and Group companies' foreign currency risks. OMV Aktiengesellschaft has entered into hedges with banks, and transferred them to Group companies.

As of December 31, 2017, the main exposures were related to the EUR-USD, EUR-GBP as well as the EUR-HUF exchange rates. Foreign currency transactions are used to hedge the period until December 2020.

As of December 31 the value of transactions used to hedge foreign currency risk for Group companies, which is not recognized in the balance sheet of OMV Aktiengesellschaft due to the formation of valuation units, was as follows:

Currency derivatives: Forwards

In EUR 1,000

	2017				2016			
	Notional value	Fair value		Carrying value	Notional value	Fair value		Carrying value
positive		negative	positive			negative		
Currency forwards	622,916	3,351	(3,325)	—	585,420	5,245	(5,215)	—

The effectiveness of the hedging relationship is measured retrospectively based on the correlation between the exchange rate of the hedging instrument and the exchange rate of the underlying hedging transaction. The exchange rate difference of the underlying transaction is settled by the exchange rate difference of the hedging instrument. Prospectively, the effectiveness is measured by checking the correspondence of the critical terms between the underlying transaction and the hedging transaction (critical term match).

Without hedge accounting, provisions for onerous contracts amounting to the negative fair value would have to be recognized based on the so-

called "impairment realization principle" in the amount of EUR 3,325 thousand (2016: EUR 5,215 thousand).

OMV Aktiengesellschaft employs currency swaps for liquidity management purposes.

Interest rate swaps are used from time to time to convert fixed rate debt into floating rate debt, and vice versa. In 2015 the last interest rate hedge expired, and afterwards no further interest rate derivatives were concluded.

As of December 31 the value of transactions used to hedge foreign currency risks for OMV Aktiengesellschaft was as follows:

Currency derivatives: FX Swaps

In EUR 1,000

	2017			2016		
	Notional value	Fair value	Carrying value	Notional value	Fair value	Carrying value
FX Swap AUD-USD	—	—	—	28,090	65	—
FX Swap USD-NOK	—	—	—	71,860	778	—
FX Swap EUR-USD	167,572	(808)	—	—	—	—

The fair value of the derivative instruments reflects the estimated amounts that OMV would pay or receive if the positions were closed at balance sheet date. Quotations from banks or appropriate pricing models are used to estimate the fair value of

financial instruments at balance sheet date. These models apply the forward rates/forward prices and exchange rates ruling at balance sheet date, as well as volatility indicators for the price calculations. Recognition is under other provisions.

15 Governing bodies, employees and related parties

The **average number of employees** was:

Average

	2017	2016
Salaried employees	379	384
Total	379	384

The **remuneration received** by the Executive Board was made up as follows:

Remuneration received by the Executive Board

In EUR 1,000

	2017								Total
	active members of the Executive Board as of December 31, 2017				former members of the Executive Board				
	Seele	Florey	Pleininger	Leitner	Davies ^{3,4}	Floren ⁵	Huijskes ⁶	Roiss ⁷	
Short term benefits	1,651	902	1,038	1,287	821	0	149	0	5,848
Fixed (base salary)	900	600	575	700	221	0	0	0	2,996
Variable (cash bonus)	738	246	451	574	598	0	149	0	2,756
Benefits in kind	13	56 ¹	12	13	1	0	0	0	96
Post employment benefits	225	150	144	175	54	0	0	0	748
Pension fund contributions	225	150	144	175	54	0	0	0	748
Share based payments	852	284	521	732	807	83	270	177	3,726
Variable (Matching Share Plan)	852	284	521	663	691	0	172	0	3,182
Variable (LTIP)	0	0	— ²	69	116	83	98	177	543
Total	2,728	1,336	1,703	2,194	1,682	83	419	177	10,322

¹ Including schooling costs and related taxes

² Johann Pleininger was entitled to EUR 42 thousand based on the senior manager LTIP 2014 (paid out in cash)

³ David C. Davies resigned from the Executive Board effectively July 31, 2016

⁴ David C. Davies received payments under his employment contract in force until March 31, 2017 as well as bonus and LTIP payments in April 2017

⁵ Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014

⁶ Jaap Huijskes resigned from the Executive Board effectively August 31, 2015

⁷ Gerhard Roiss resigned from the Executive Board effectively June 30, 2015

Remuneration for David C. Davies was partly paid out under the employment contract with OMV Solutions GmbH.

Remuneration received by the Executive Board

In EUR 1,000

	2016								Total
	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	Huijskes ⁷	Roiss ^{8,9}	
Short Term Benefits	1,237	640	694	1,217	1,502	—	702	1,086	7,079
Fixed (base salary)	900	560 ¹	550	700	886	—	181	—	3,778
Variable (cash bonus)	324	—	132	504	603	—	521	1,086 ¹⁰	3,170
Benefits in kind	13	80 ²	12	13	13	—	—	—	131
Post Employment Benefits	225	75	138	175	323	—	39	—	974
Pension fund contributions	225	75	138	175	323	—	39	—	974
Share based payments	327	—	133	679	893	203	729	1,465	4,430
Variable (Matching Share Plan)	327	—	133	509	609	—	526	1,086 ¹⁰	3,191
Variable (LTIP)	—	—	— ³	169	284	203	203	379	1,238
Total	1,790	715	965	2,071	2,717	203	1,470	2,552	12,483

¹ Including EUR 260 thousand linked to an obligation to buy OMV shares for the LTIP shareholding requirements² Including rent, home flights, relocation costs, schooling costs and related taxes³ Johann Pleininger was entitled to EUR 100 thousand based on the senior manager LTIP 2013 (paid out in cash)⁴ David C. Davies resigned from the Executive Board effectively July 31, 2016⁵ 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, 2017⁶ Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014⁷ Jaap Huijskes resigned from the Executive Board effectively August 31, 2015⁸ Gerhard Roiss resigned from the Executive Board effectively June 30, 2015⁹ In addition to the remuneration received in 2016, Gerhard Roiss is entitled to bonus payments under the Long Term Incentive Plans based on target achievement¹⁰ Including upfront bonus payments for the period January 2016 to March 2017

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 2017, remuneration expenses for the Supervisory Board amounted to EUR 705 thousand (2016: EUR 489 thousand).

OMV Aktiengesellschaft is the parent company of the OMV Group and acts as a holding company. OMV Aktiengesellschaft also provides the other Group companies with corporate financial and management services.

All transactions with related parties were concluded at arm's length.

Regarding the expenses rendered by the Auditor for the year just ended, OMV Aktiengesellschaft refers to the consolidated financial statements of OMV Group.

16 Contingent Liabilities under section § 199 and other obligations under section 237 ACC

Contingent liabilities are as follows:

Contingent Liabilities

In EUR 1,000

	2017	2016
Guarantees	2,117,551	1,778,426
thereof in favor of affiliated companies	2,117,436	1,778,272

The change in contingent liabilities mainly resulted from the increase of guarantees issued for: OMV Deutschland GmbH by EUR169,500 thousand, OMV Gas Marketing & Trading GmbH by EUR 88,320 thousand as well as OMV Refining & Marketing GmbH by EUR 90,908 thousand.

The following **other financial commitments** are not reported under liabilities or contingent liabilities:

OMV Aktiengesellschaft has given an undertaking to OMV Clearing und Treasury GmbH, which runs the Group's clearing operations, to maintain its liquidity for the duration of its membership of the Group.

OMV Aktiengesellschaft has issued guarantees and letters of comfort on behalf of certain exploration, production and distribution companies in respect of the fulfillment of concession and license agreements and various other agreements of indeterminate amounts.

With a letter of financial support vis à vis OMV Gas Storage Germany GmbH, OMV Aktiengesellschaft has undertaken to provide adequate financial funding if necessary.

OMV Aktiengesellschaft has a joint liability for pension obligations assumed by Group companies, as well as for additional contributions to rectify shortfalls in the funding of obligations transferred to external pension funds and bridging payments to separated employees.

17 Dividend recommendation

Unappropriated income for the financial year 2017 amounted to EUR 799,166 thousand (2016: EUR 408,769 thousand).

For 2017, the Executive Board of OMV Aktiengesellschaft proposes a dividend of EUR 1.50 (2016: EUR

1.20) per eligible share, which is subject to confirmation by the Annual General Meeting in 2018. The dividend for 2016 was paid in May 2017 and amounted to EUR 391,800 thousand (2016: EUR 326,448 thousand).

18 Report on payments to governments

The consolidated report on payments to governments is integrated in the Group's annual report and is available on OMV's website: www.omv.com > Investor Relations > Reports & Presentation.

19 Subsequent events

As per January 1, 2018 the operational business of OMV Solutions GmbH (with the exception of some Facility Management services) was transferred to OMV Aktiengesellschaft together with the related assets, liabilities, contracts as well as all employees.

On February 28, 2018 OMV has agreed to sell its Upstream Business in Pakistan to Dragon Prime Hong Kong Limited, Hong Kong. The agreed sale price is EUR 157 mn, whereas in case of a dividend payment to OMV or capital increase by OMV the purchase

price will be adjusted. The transaction is subject to conditions, including the relevant regulatory approvals. Closing is expected by end of 2018.

On March 14, 2018, the Supervisory Board approved that OMV exercises its right to call the EUR 750 mn hybrid bond issued on May 25, 2011. The redemption will be made at par and OMV will repay the hybrid bond on April 26, 2018, which is the first call date.

Direct Investments by OMV Aktiengesellschaft (interest of at least 20%)

Direct Investments

	Currency	Equity as of 31 Dec. 2017	Net income/ loss in 2017	Equity interest in %
Domestic				
OMV Exploration & Production GmbH, Vienna ¹	in EUR 1,000	1,502,342	(83,191)	100
OMV Gas & Power GmbH, Vienna ¹	in EUR 1,000	543,802	86,774	100
OMV Insurance Broker GmbH, Vienna ¹	in EUR 1,000	45	5	100
OMV Refining & Marketing GmbH, Vienna ¹	in EUR 1,000	1,303,646	760,261	100
OMV Solutions GmbH, Vienna ¹	in EUR 1,000	2,616,709	5,959	100
Foreign				
Amical Insurance Limited, Douglas ²	in EUR 1,000	—	(4)	100
Diramic Insurance Limited, Gibraltar	in EUR 1,000	97,305	9,803	100
OMV AUSTRALIA PTY LTD, Perth ¹	in AUD 1,000	(156,098)	(1,195)	100
OMV International Oil & Gas GmbH, Zug ³	in CHF 1,000	460	424	100
OMV PETROM SA, Bucharest	in RON 1,000	27,560,120	2,408,930	51.01

¹ Tax group member under section 9 Corporate Tax Act

² Liquidated

³ Amounts as of 2016

Supervisory Board

Peter Löscher
Chairman

Gertrude Tumpel-Gugerell
Deputy

Murtadha Al Hashmi
Deputy

Wolfgang C. Berndt

Helmut Draxler

Marc H. Hall

Ahmed Matar Al Mazrouei

Karl Rose

Herbert Werner

Elif Bilgi Zapparoli

Delegated by the Works Council:

Christine Asperger
Wolfgang Baumann
Herbert Lindner
Alfred Redlich
Gerhard Singer

In addition to internationally experienced board members and directors of the core shareholders, the Supervisory Board appointed in the Annual General Meeting is made up of highly qualified independent members, whereby OMV observes EU recommendations relating to independence.

Presidential and Nomination Committee:

Löscher (Chairman), Tumpel-Gugerell (Deputy), Al Hashmi (Deputy), Al Mazrouei, Baumann, Redlich,

Audit Committee:

Tumpel-Gugerell (Chairwoman), Berndt (Deputy), Al Hashmi (Deputy), Draxler, Löscher, Werner, Baumann, Lindner, Singer

Project Committee:

Rose (Chairman), Löscher (Deputy) Al Hashmi (Deputy), Al Mazrouei, Hall, Tumpel-Gugerell, Asperger, Lindner, Singer

Remuneration Committee:

Löscher (Chairman), Berndt (Deputy), Al Hashmi (Deputy), Draxler

Executive Board

Rainer Seele

Chairman of the Executive Board
Chief Executive Officer

Reinhard Florey

Chief Financial Officer

Johann Pleininger

Deputy Chairman of the Executive Board
Executive Board member Upstream

Manfred Leitner

Executive Board member Downstream

Vienna, March 14, 2018

The Executive Board

Rainer Seele m.p.
Chairman

Reinhard Florey m.p.

Johann Pleininger m.p.
Deputy Chairman

Manfred Leitner m.p.

Statement of fixed assets in accordance with section 226 (1) ACC

Development of acquisition costs

In EUR 1,000

	As of Jan. 1, 2017	Additions
Tangible assets		
Land	722	—
Other fixtures and fittings, tools and equipment	1,020	126
	1,742	126
Financial assets		
Shares in affiliated companies	12,933,791	40,000
Loans to affiliated companies	3,240,440	1,910,278
Participating interests	26,624	—
Securities (loan stock rights) held as fixed assets	4,506	
Other loans	3,153	258
	16,208,514	1,950,537
	16,210,256	1,950,663

Disposals	As of Dec. 31, 2017	Depreciation and amortization as of Dec 31.2017 (cumulative)	Carrying value as of Dec. 31, 2017	Carrying value as of Dec. 31, 2016
—	722	—	722	722
226	920	421	498	491
226	1,642	421	1,220	1,213
2,508,426	10,465,365	2,074,609	8,390,756	10,736,733
653,284	4,497,434	8,990	4,488,444	3,240,440
—	26,624	—	26,624	26,624
—	4,506	—	4,506	4,506
1,665	1,746	—	1,746	3,153
3,163,375	14,995,676	2,083,599	12,912,077	14,011,456
3,163,601	14,997,318	2,084,020	12,913,298	14,012,669

Development of depreciation

In EUR 1,000

	As of Jan. 1, 2017	Depreciation	Impairments	Disposals	31.12.2017
Tangible assets					
Land					
Other fixtures and fittings, tools and equipment	529	118	—	226	421
	529	118	—	226	421
Financial assets					
Shares in affiliated companies	2,197,058	—	1,000,000	1,122,450	2,074,609
Loans to affiliated companies	—	—	8,990	—	8,990
Participating interests	—	—	—	—	—
Securities (loan stock rights) held as fixed assets	—	—	—	—	—
Other loans	—	—	—	—	—
	2,197,058	—	1,008,990	1,122,450	2,083,599
	2,197,587	118	1,008,990	1,122,676	2,084,020