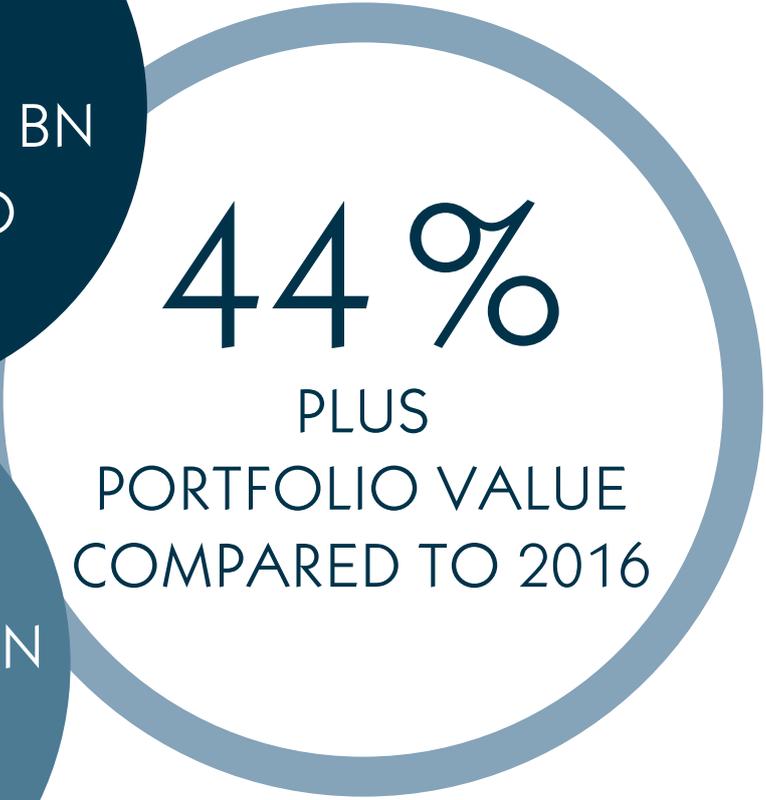




ANNUAL REPORT 2017





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FOREWORD BY THE FEDERAL MINISTER OF FINANCE

Austria is changing, and ÖBIB will also change based on its many interests throughout the country. The holding company of the Austrian federal government has achieved a great deal over the past years, implementing numerous necessary reforms as well as identifying and tapping potential to boost efficiency. It has also been very clear that the company's managers are committed to using taxpayer funds as wisely as possible.

At the same time, potential for structural improvements has become apparent and must now be addressed in a well considered manner. The underlying goal must be to lay an even stronger foundation for the management of the portfolio companies of the federal government. As these are among the largest and most important enterprises in the country, attention must be focused not only on dividends, but on the important role that each company plays for the country as a business location and for creating and securing jobs. We wish to manage our holdings in these companies actively and in the interests of the citizens of Austria so that the companies can continue making a key contribution to value creation in our country. Two very relevant factors in this are compliance and governance.

As the Minister of Finance and shareholder representative, I feel that it is our responsibility to initiate a paradigm shift and to have the courage to make necessary changes.

Of course with great care and after thoroughly assessing which aspects need to be changed and which should be maintained.

Collaboration with strategic partners such as International Petroleum Investment Company and América Móvil has made a material contribution to the sustainable development of ÖBIB's portfolio companies, and therefore also plays an important role for the Republic of Austria. We share an interest with both syndicate partners in furthering the development of the respective company and forming a stable shareholder structure with a long-term commitment. And we do not intend to change this.

The core objective of ÖBIB – namely maintaining or increasing the value of key investments of the federal government in the interests of furthering the country as a centre of business and research on the one hand and securing and creating jobs in Austria on the other – is also not up for debate.

These objectives were clearly met in the past year, as can be seen from the impressive increase in the value of ÖBIB's portfolio.

Hartwig Löger
Federal Minister of Finance



FOREWORD BY THE SECRETARY GENERAL

ÖBIB as the holding company of the federal government is pleased to look back on a very successful year. Our key objective was and is increasing the value of the portfolio companies in the interests of the taxpayers, and we clearly attained this objective. The value of the ÖBIB portfolio grew by 44% over the past year alone to reach EUR 8,400 million, and the value growth over the past four years was an impressive 75%. The value of ÖBIB's shares in the three listed portfolio companies rose by 42% over the course of the year. This was considerably more than the growth of roughly 29% posted by the ATX in the same period.

All major portfolio companies reported outstanding operating performance. Thanks to good market conditions and an effective strategy, OMV boosted its revenue by 5% and generated a substantial profit for the year. The A1 Telekom Austria Group lived up to its position as the leader in the telecommunications sector and also saw higher revenue. Österreichische Post more than offset the decline in letter business by expanding its parcel operations, and saw both higher revenue and higher earnings. And Casinos Austria posted pleasing figures in all of its segments.



The work of ÖBIB in 2017 again consisted primarily of shareholding management and preparing the necessary basis for various shareholder decisions. A highly qualified team of experts with vast industrial and capital market experience is hard at work to this end. Assistance was also provided to the supervisory board members nominated by ÖBIB.

The legal framework in relation to the structure of ÖBIB is currently being discussed by the government and should be redefined in the coming months.

The gratifying performance over the past year is the result of outstanding cooperation in all areas. I would therefore like to express my sincere thanks to the members of the Nominating Committee and to the experts who have accepted supervisory board postings. I would of course like to thank all employees of ÖBIB, who contribute materially to the success of our company with their knowledge and strong commitment.

Martha Oberndorfer
Secretary General of ÖBIB

ÖBIB

The Republic of Austria holds a series of interests in companies that are managed by the relevant federal ministries in a wide range of forms. Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) holds the government's interests in the following listed companies: OMV AG, Telekom Austria AG, and Österreichische Post AG; and in the unlisted companies: Casinos Austria AG, APK Pensionskasse AG, GKB-Bergbau GmbH, SCHOELLER-BLECKMANN Gesellschaft m.b.H., FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes in Liqu., and IMIB Immobilien- und Industriebeteiligungen GmbH. The legal basis for this is formed by the ÖIAG Act of 2000 as amended by the ÖBIB Act of 2015.

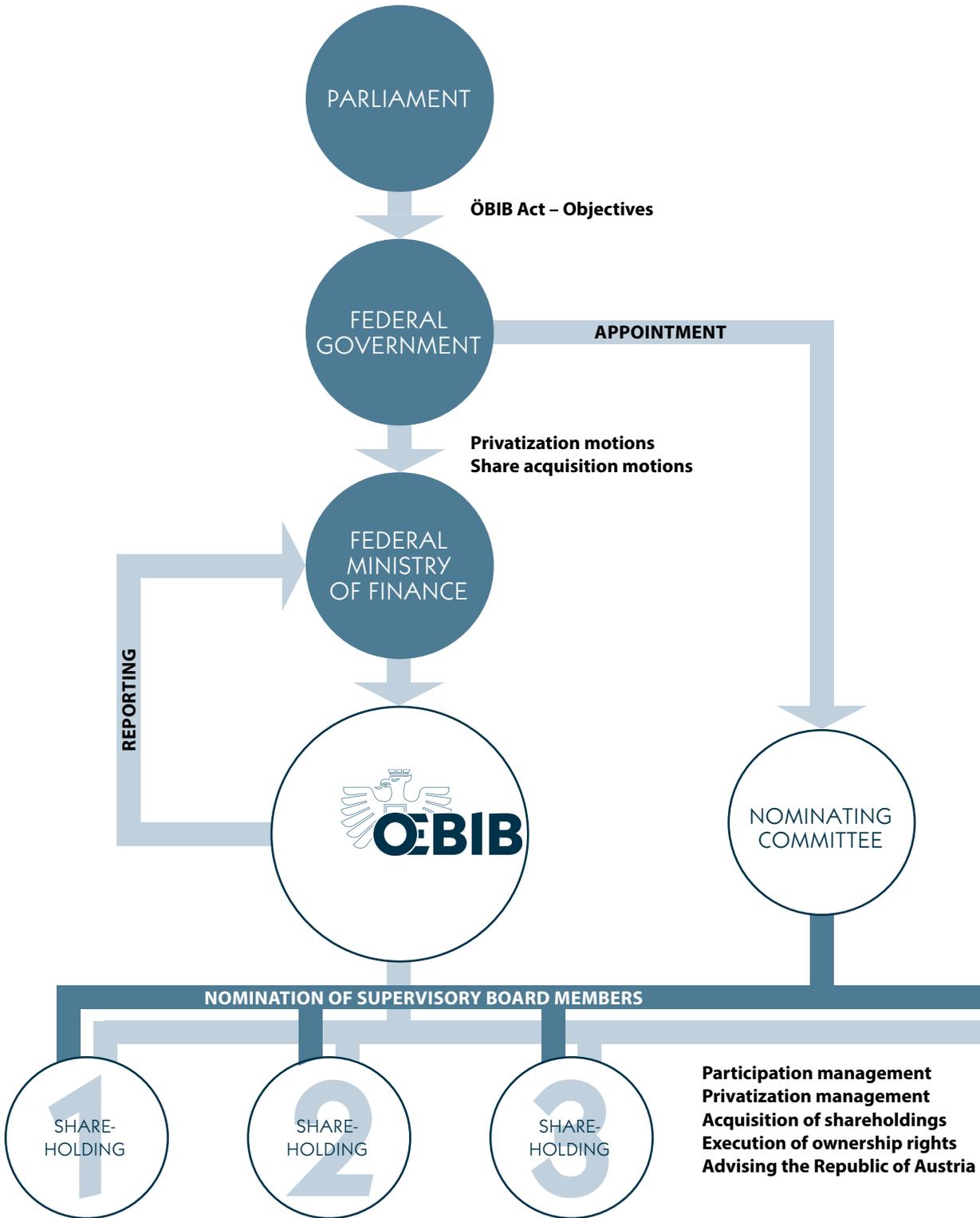
The superordinate strategic objective is to preserve and increase the value of the portfolio of companies in the interests of the Republic of Austria as a key business and research location, and to secure Austrian jobs.

In accordance with the OECD guidelines, the full operational autonomy of these companies is ensured to enable them to achieve their respective business objectives:

- As the top-level parent, the federal government is responsible for making fundamental shareholding policy decisions, for example regarding the acquisition and disposal of interests in companies (privatization mandates), but exercises no influence over operational decisions.
- As the portfolio manager, ÖBIB is a proactive shareholder and represents the owner interests in the companies in its portfolio.

CORE RESPONSIBILITIES OF ÖBIB:

- Shareholding management comprises the upholding, administration, and exercise of shareholder rights. This means that ÖBIB protects its influence over the existing shareholdings to which it is entitled, either by holding a 25% interest plus one share or based on its rights and agreements with third parties.
- Privatization management refers to the professional realisation of privatization projects for which an express mandate has been issued by the federal government.
- In its role as an expert and service provider, ÖBIB also prepares and provides strategic information and supports the Federal Ministry of Finance in preparing its decisions by providing business and capital market know-how.
- ÖBIB also assists the supervisory board members selected by the Nominating Committee in exercising of their duties and supports them with expertise and services.
- ÖBIB administers the contracts with syndicate partners. It engages in dialogue with the syndicate partners, exercises its rights and fulfills its obligations arising from the syndicate agreements.



BOARDS AND OFFICERS

ÖBIB



Martha Oberndorfer
Secretary General



Walter Jöstl
Authorized Officer



Eveline Schröfl
Authorized Officer

ÖBIB is wholly owned by the Republic of Austria. The function of shareholder is fulfilled by the Federal Ministry of Finance.

NOMINATING COMMITTEE



Hartwig Löger
Federal Minister of Finance
(from 24 Jan. 2018; Chairman in 2018)



Gernot Blümel
Federal Minister of the EU, Arts, Culture and Media
(from 24 Jan. 2018)



Wolfgang Leitner
CEO and President of the Executive Board
of Andritz AG



Günther Helm
CEO of Hofer KG
(from 24 Jan. 2018)



Thomas Drozda
Federal Minister of the Arts, Culture,
Constitution and Media
(until 23 Jan. 2018; Chairman in 2017)



Harald Mahrer
Federal Minister of Education,
Science and Research
(until 23 Jan. 2018)



Günter Geyer
Chairman of the Supervisory Board
of Vienna Insurance Group AG
(until 23 Jan. 2018)

ÖBIB EXPERT TEAM

The ÖBIB team has extensive expertise in the areas of business management and the capital market, especially in the sectors of telecommunications, transport and logistics, banking, insurance funds, oil and gas, materials, gambling, mining, real estate, and road infrastructure. ÖBIB's experts also offer well founded knowledge in the areas of governance, compliance, and risk management.



Walter Jöstl
Authorized Officer / Analysis and projects



Daniel Strauss
Legal and Compliance



Heinrich Resmann
Analysis and projects



Jan Klajnert
Analysis and projects



Iryna Trygub-Kainz
Analysis and projects/Risk Management

SUPERVISORY BOARD MEMBERS NOMINATED BY ÖBIB/ THE FEDERAL GOVERNMENT

OMV_____

Peter Löscher – Chairman (since 18 May 2016)

Gertrude Tumpel-Gugerell – Deputy Chairwoman
(supervisory board member since 2015;
Deputy Chairwoman since 18 May 2016)

Wolfgang C. Berndt (since 2010)

Elif Bilgi-Zapparoli (since 2009)

Helmut Draxler (since 1990)

Marc H. Hall (since 18 May 2016)

Karl Rose (since 18 May 2016)

Herbert Werner (since 1996)

ÖSTERREICHISCHE POST_____

Edith Hlawati – Chairwoman
(supervisory board member since 2007;
Chairwoman since 2015)

Edeltraud Stiftinger – Deputy Chairwoman (since 2015)

Erich Hampel (since 2010)

Peter Kruse (since 2014)

Chris E. Muntwyler (since 2010)

Markus Pichler (since 2011)

Elisabeth Stadler (since 2011)

Herta Stockbauer (since 2015)

TELEKOM AUSTRIA_____

Wolfgang Ruttenstorfer – Chairman (since 2015)

Karin Exner-Wöhrer (since 2015)

CASAG_____

Gerhard Starsich – Deputy Chairman (supervisory board
member since 2009; Deputy Chairman since 2015)

Andreas Bierwirth (since 2015)

Helene Kanta (since 2015)

Wolfgang Horak (since 2015)

APK PENSIONS KASSE_____

Barbara Potisk-Eibensteiner – Chairwoman
(supervisory board member since 2015;
Chairwoman since 2016)

Evelyn Haas-Lassnigg (since 2006)

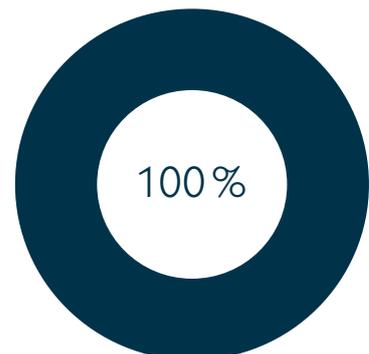
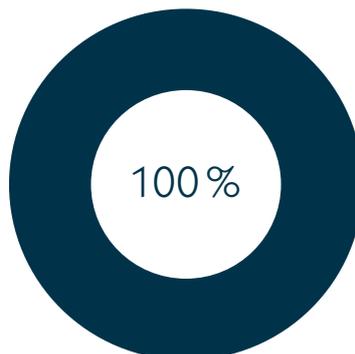
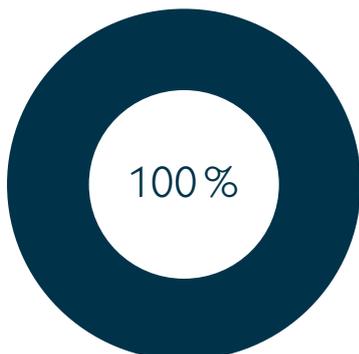
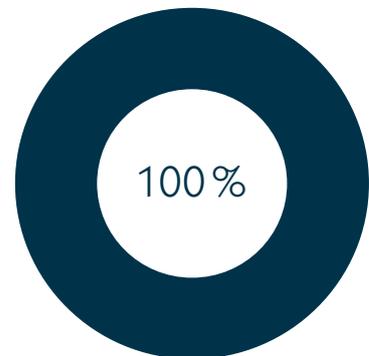
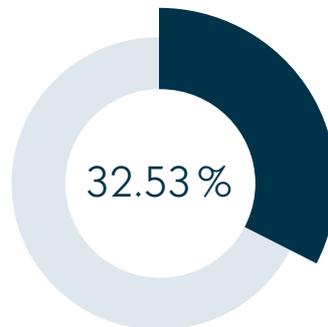
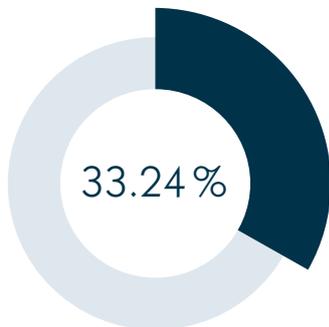
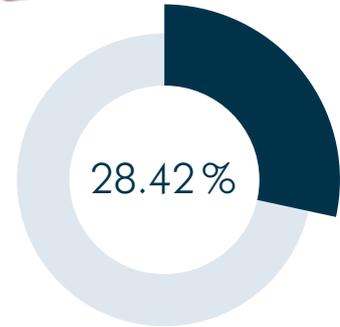
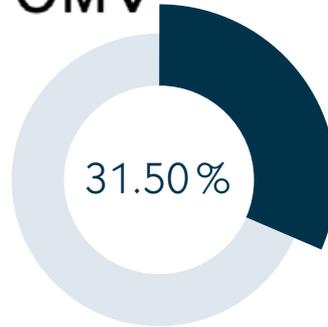
ÖSTERR. LOTTERIEN_____

Gerhard Starsich – Deputy Chairman (since 2015)

Helene Kanta (since 31 March 2016)

As at 31.12.2017

PORTFOLIO





THE YEAR 2017

ECONOMIC ENVIRONMENT

Conditions were very positive for ÖBIB's portfolio companies over the past year. Economic growth in the Eurozone reached a ten-year high of 2.5%. Output has not risen so rapidly since before the financial crisis. In Austria, GDP expanded by 2.8% according to calculations of the Austrian Institute of Economic Research (WIFO), the largest increase in six years. This trend is likely to continue in 2018.

As a result there was a significant increase in investment and productivity in the advanced economies after several weak years. Economic growth is expected to improve in the emerging countries.

The hike of key interest rates in Europe and the USA was a source of uncertainty in terms of the timing of such changes and their scope. While the US Fed was already sending clear signals of a rise, the ECB maintained its loose monetary policy despite the robust upswing and left its key rate at a record low of 0.0% in December 2017.

Great Britain's exit from the EU also brought great uncertainty. The continental European economy feared that there would be numerous unregulated areas and hurdles to future trade relations due to the slow pace of negotiations.

Overall, the ÖBIB portfolio companies benefited from the good conditions in 2017. OMV especially profited from the higher oil and gas prices, which boosted the energy sector around the world. The A1 Telekom Austria Group also saw improved conditions in most business segments, though competition remained fierce. Österreichische Post saw further declines in letter business, but enjoyed strong growth in its parcel operations at the same time.

PERFORMANCE IN FINANCIAL YEAR 2017

The sustained economic upswing allowed nearly all ÖBIB portfolio companies to report rising profitability and higher cash flows. OMV's cash flow rose by 56% in annual comparison, that of Telekom Austria by 66%, and that of Österreichische Post by 13%. This also impacted the dividend policy of the companies. OMV raised its dividend per share from EUR 1.20 to EUR 1.50 while Österreichische Post went from EUR 2.00 to EUR 2.05 per share. In total, the three listed shareholdings of ÖBIB account for around 20% of the market capitalisation on the ATX.

In addition to ongoing shareholding management and assistance with growing and optimising operations, ÖBIB also focused on strategic processes that drive the development of individual companies in 2017. In order to represent shareholder interests, ÖBIB dealt intensively with the plans of the Sazka Group to acquire a majority share of Casinos Austria and the ideas about changing the international casino business.

The executive bodies of Österreichische Post dealt with the separation from long-time partner BAWAG P.S.K. and the search for a new financial services partner. ÖBIB supports the appointed supervisory board members with relevant expertise.

ÖBIB exercised its shareholder rights at the annual and other general meetings of the portfolio companies in coordination with the Ministry of Finance. ÖBIB also applied its technical expertise in connection with a wide range of complex issues.

NOMINATION OF SUPERVISORY BOARD MEMBERS

Supervisory board posts at Österreichische Lotterien GmbH (ÖLG) had to be filled by the Nominating Committee during the 2017 financial year. The following individuals were appointed to the supervisory board of ÖLG at the shareholder's meeting on 29 March 2017:

- Gerhard Starsich – Deputy Chairman (since 2015)
- Helene Kanta (since 2016)

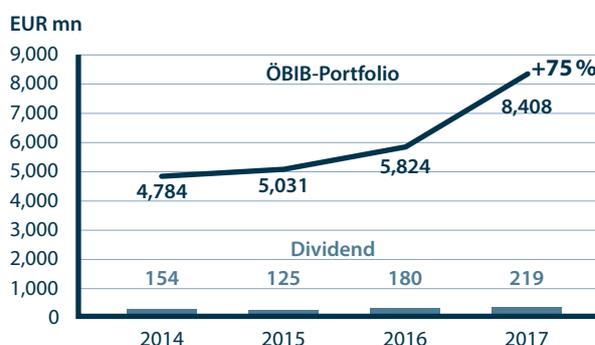
INVESTMENT PORTFOLIO

The value of the investment portfolio developed very well, increasing by 75% in total since the establishment of ÖBIB in March 2015. Through ÖBIB, Austrian taxpayers hold shares worth around EUR 8.4 billion. The value of the three listed portfolio companies grew much more rapidly than that of the ATX Index, with the ATX Index rising by 58% since the end of 2014 versus 75% for the ÖBIB companies. Last year, the value of the ÖBIB shareholdings rose by 42% while the ATX Index was up by 29%.

Income from investments rose from EUR 197.8 million in the prior year to EUR 240.7 million.

After the scheduled debt reduction a dividend payment from ÖBIB to the federal government in the amount of EUR 181 million is planned for the 2017 financial year. ÖBIB (and ÖIAG) have paid dividends amounting to EUR 3,005 million to the federal government since 2003.

ÖBIB PORTFOLIO PERFORMANCE SINCE 2014



ÖBIB-Portfolio: companies listed on the Stock Exchange OMV, Post, Telekom are at market prices as at 31.12.2017; not listed companies are at book values.

RISK MANAGEMENT

Effective risk management is a core element of ÖBIB's business strategy. To meet all of the legal risk controlling requirements, the existing risk management system at ÖBIB was refined on the basis of a best-practice approach. To this end, ÖBIB is oriented towards the internationally recognised standards of the Committee of Sponsoring Organizations (COSO) and adapted them to the special needs and characteristics of the holding company of the federal government. All material risks at ÖBIB are assessed on a quarterly basis. The systematic identification and measurement of the risks showed that the potential effects on the financial performance of ÖBIB were categorised as "low" and that the risk situation is at status "green" in 2017.

COMPLIANCE

Compliance is highly important for ÖBIB because it describes measures intended to ensure that managers and employees of a company act in accordance with the applicable laws. ÖBIB takes the term compliance literally and has implemented rules of conduct that obligate the company and its employees to adhere to these standards and internal guidelines.

The ÖBIB compliance manual was revised in 2017, including the addition of contract award and procurement guidelines. The ÖBIB compliance manual is essentially a set of rules for compliant behaviour on the part of the company and its employees. ÖBIB has developed a strong compliance culture and will continue to enhance this culture based on the conviction that long-term business success is rooted in integrity and ethical action in adherence to the law.

The compliance guidelines of ÖBIB form the foundation of an effective compliance system that consists of the three standard elements of prevention, recognition, and reaction. The focus is on a preventative compliance approach in which potential misconduct is recognised and averted in advance through employee training and awareness. In this context, ÖBIB conducted two training courses on subjects such as conflicts of interest, IT security, and the General Data Protection Regulation in 2017 and at the beginning of 2018.

The compliance organisation is led by a compliance officer who reports directly to the management. This officer ensures that the compliance rules are communicated and followed, coordinates the compliance activities, organises training measures, and advises employees whenever questions arise.

As compliance is a permanent process, the guidelines are updated on a regular basis and the compliance management system is adapted to international developments and new legal requirements. Employees are informed about all such revisions through ongoing training activities.

OUTLOOK

National and international economists are expecting positive developments to continue in 2018. The International Monetary Fund (IMF) projects global economic growth of 3.9% for 2018, and nearly all countries and regions are expected to contribute. The OECD's assessment is somewhat less optimistic with projected GDP growth of 2.1% for the Eurozone and 2.5% for the USA. The IHS and WIFO are predicting that the Austrian economy will grow by 2.7% to 3.0%.

Current geopolitical developments represent a big source of uncertainty, and they are dampening positive sentiment in the economy. Factors such as the war in the Middle East and the unresolved questions regarding the refugees coming into Europe are having negative effects. In the Eurozone, the outcome of the Brexit negotiations will be the key in determining confidence in the currency's movements. The effects of the recently adopted tax reform in the USA on the economy and currencies cannot be predicted. Increased trade protectionism could cause disruptions in the global supply chains and could hamper growth.

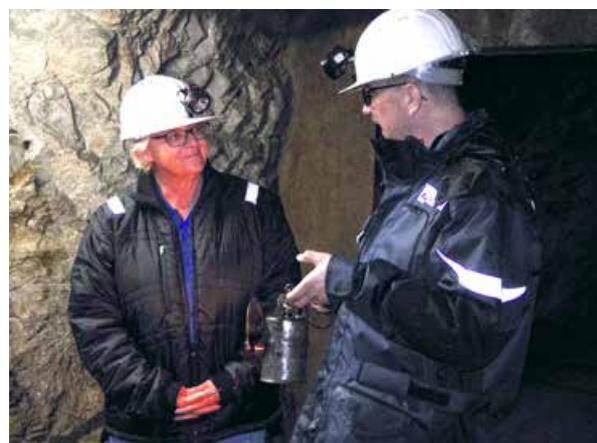
It remains to be seen when the European Central Bank (ECB) will end its zero interest rate policy, and the US Fed is also considering further hikes.

The portfolio companies of ÖBIB are also being confronted with industry-specific effects such as persistent decline in letter business for Österreichische Post and increased production of shale gas in the USA for OMV. The production caps agreed by the Organization of the Petroleum Exporting Countries (OPEC) in concert with ten other countries reduced the excess supply on the market and caused the oil price to rise, and the market expects this to continue in 2018.

Overall, the positive trend should persist because the portfolio companies are strategically well positioned to deal with the uncertainties on the markets. The collaboration with the syndicate partners Mubadala/IPIC and América Móvil forms a solid foundation for a stable and professional shareholder structure. The companies also profit from the industry expertise, know-how, and innovative capabilities of the syndicate partners. ÖBIB exercises the rights and obligations under the respective syndicate agreements in constant dialogue with its syndicate partners.

The new experts that have been appointed to the supervisory boards will also help to protect the interests of the Austrian taxpayers and maintain a focus on increasing the value of the shareholdings.

The structures of ÖBIB are currently being discussed at the government level and are expected to be redefined in the coming months.



In autumn 2017, ÖBIB's team visited GKB-Bergbau, in particular the underground mining facilities in Bad Bleiberg. During the trip GKB-Bergbau's managing director Helmuth Landsmann handed over a historic carbide mining lamp to Martha Oberndorfer, who represented the main shareholder.





THE SHAREHOLDINGS



OMV Aktiengesellschaft, of which ÖBIB holds 31.5%, continued its successful course in 2017. In accordance with its development strategy, the group is concentrating above all on the further optimization of its upstream portfolio. On 30 November 2017, OMV closed the deal for the acquisition of 24.99% of the shares in the Juschno Russkoje gas field in Siberia. This made a major contribution to establishing Russia as a new core region for OMV. This also gave OMV additional extractable reserves amounting to 580 million barrels of oil equivalent and will allow production costs to be cut further.

OMV also signed a letter of intent with ADNOC (Abu Dhabi National Company) for a far-reaching partnership on 25 May 2017. The agreement is to cover the joint valuation of downstream projects, the exchange of knowledge and experience relating to refinery processes and the optimization of petrochemical processes, and services relating to downstream technology and maintenance.

As part of its ongoing cost optimization efforts, OMV focused on projects that deliver profitable barrels. These included key projects such as Juschno Russkoje and Achimov in Russia, as well as projects in Norway and Pakistan. The Sofiya gas field in Pakistan went online on 27 October 2017, allowing OMV to raise its production by 425,000 cubic metres of gas and 1,400 barrels of condensate per day. OMV also realised cost reductions totalling EUR 330 million (compared with 2015) in the 2017 financial year.

The increase in the oil and gas prices also had a positive impact on the company's performance. The OPEC countries and additional nations including Russia agreed on oil production cuts during the past year. As a result, the price rose from USD 57/bbl in January to USD 67/bbl in December 2017. OMV also profited from a higher average gas price, which rose by 22.5% to EUR 17.2/MWh in the 2017 financial year.

Overall, OMV's strategy proved to be effective. Revenue rose by 5.0% from EUR 19,260 million to EUR 20,222 million

thanks to the strong oil price and increased output of barrel of oil equivalents. The profit for the year went positive thanks to improved operational efficiency and cost cuts, amounting to EUR 853 million (after a net loss of EUR 183 million in 2016). The free cash flow before dividends rose from EUR 1,081 million to EUR 1,681 million, and the ROE improved further. The debt ratio continued to fall, coming in at 14% at the end of 2017 after amounting to 21% at the end of 2016. Total investments rose by 80% to EUR 3,376 million due to the acquisition of the Juschno Russkoje shares. The number of employees was 8% lower than in the previous year at 20,721.

Due to improved financial performance, OMV is expected to increase its dividend by 25% to EUR 1.50 per share. The decision on the dividend disbursement for 2017 will be made at the annual general meeting on 22 May 2018.

Thanks to improved profitability and greater efficiency, OMV's market capitalisation rose by 57% to EUR 17.3 billion and the share price rose from EUR 33.56 to EUR 52.83. The sector index STOXX 600 Europe Oil and Gas fell by 2.9% in the same period (as of 31 December 2017).

The position of Rainer Seele as Chairman of the Executive Board and CEO was extended until 30 June 2020.

OMV presented its strategy for the current financial year and subsequent years up to 2022 on 13 March 2018. A cornerstone is the full international implementation of the current integrated business model that is employed in Europe. Focuses also include strong upstream growth, geographical diversification in downstream operations, a concentration on higher-quality products (especially in Europe), and cost leadership in the gas segment.

The expected growth in the oil price should help to boost performance. Among the key drivers in 2018 will be the cooperation with Gazprom and ADNOC, which will especially have an impact on investment expenses and the cash flow.

	2016	2017
Consolidated revenue (in EUR mn)	19,260	20,222
EBIT (in EUR mn)	-32	1,732
Profit for the year (in EUR mn)	-183	853
Investments/new plant and equipment (in EUR mn)	1,878	3,376
Free cash flow (in EUR mn)	1,081	1,681
Equity ratio	43 %	45 %
Return on equity (ROE)	-1 %	6 %
Dividend per share (in EUR)	1.20	1.50
Employees	22,544	20,721
Production (in thousand boe/day)	311	348
Price per share (in EUR)	33.56	52.83

TELEKOM AUSTRIA

Telekom Austria AG, of which ÖBIB holds 28.42%, enjoyed better operating conditions in most segments during the past financial year. However, the company was still confronted with intense competition and was also required by regulators to eliminate end-customer roaming as of June 2017.

In this context, the A1 Telekom Austria Group focused on its growth strategy with the three key elements of optimising its core business, expanding its product and service portfolio, and value-enhancing mergers and acquisitions.

To monetise the strong increases in data usage, the company invested in the further expansion of its LTE network in all markets and in the accelerated expansion of the fibre optic network in Austria. The fixed-line segment was also strengthened through the takeover of relevant providers in Croatia and Belarus. To improve its servicing of the B2B market, the A1 Telekom Austria Group established a new subsidiary by the name of A1 Digital that offers digital products such as cloud services and that assists customers in digitalising their operations.

Mobile WIFI routers with unlimited data play an important role on the Austrian broadband market. In this segment, the A1 Telekom Austria Group offers a hybrid modem that combines wireless and fixed-line connections to achieve higher bandwidths. The available download speed in the broadband network was also increased to as much as 300 Mbit/s, and a key focus in general is the digital transformation of the network infrastructure.

The decision to gradually apply the A1 brand to the entire group was made in September 2017 and is intended to strengthen the brand profile. This resulted in the write-off of the local brand values.

With its focus on a high quality customer base, attractive fixed-line offerings, and acquisitions in CEE, Telekom Austria AG was able to increase its revenue by around 4% in annual

comparison to EUR 4,382 million despite the difficult market environment. Earnings before interest, taxes, depreciation, and amortisation (EBITDA) rose by 3.2% to EUR 1,397 million. The profit for the period fell, however, by 16.5% to EUR 345 million due to the write-off of brand values in the amount of EUR 123.2 million. The free cash flow rose from EUR 232 million to EUR 385 million, mainly due to lower expenditures for new equipment, lower interest expenses, and operational improvements.

The equity ratio rose from 34.9% last year to 38.5% as at the end of 2017. Net debt (excluding the EUR 600 million hybrid bond) fell to EUR 2,332 million in the same period. The number of mobile telecommunications customers came to 20.66 million, a slight decline of 0.2%, but the number of contract customers rose by 3.6%.

Total investments in the group amounted to EUR 737 million, with EUR 436 million having been spent in Austria alone for network and broadband expansion. The number of employees in the group rose to 18,957. More than 8,200 were employed in Austria.

After some sideways movements, the share price developed very positively and rose by 36% in annual comparison. This enabled the Telekom Austria share to outperform the ATX (which rose by 29%) and the European sector index Stoxx Telecom (which fell by 4%). The proportionate market capitalisation rose by 37.8% from EUR 1.06 billion at the end of 2016 to EUR 1.46 billion at the end of 2017.

The A1 Telekom Austria Group expects good demand for fixed-line services in 2018, with continued fierce competition. The growth and investment strategy will be maintained while efforts to boost operational efficiency will be stepped up. The company expects this to bring moderate revenue growth, but also expects the elimination of end-customer roaming to have a slightly negative effect on the group EBITDA.

	2016	2017
Consolidated revenue (in EUR mn)	4,211	4,382
EBIT (in EUR mn)	487	444
Profit for the year (in EUR mn)	413	345
Investments/new plant and equipment (in EUR mn)	764	737
Free cash flow (in EUR mn)	232	385
Equity ratio	35%	38%
Return on equity (ROE)	16%	12%
Dividend per share (in EUR)	0.20	0.20
Employees	18,203	18,957
Mobile communications customers and Revenue Generating Units (in mn)	26.61	26.69
Price per share	5.61	7.73

ÖSTERREICHISCHE POST



Österreichische Post AG (ÖPAG), of which ÖBIB holds 52.85%, enjoyed a successful financial year. The key market trends continued in 2017. The electronic substitution of conventional letters led to a steady decline in letter business while the continued growth of online shopping brought market growth in parcel deliveries.

ÖPAG did exceedingly well under these conditions. The losses in traditional letter business were partly offset by the expansion of online services to supplement the physical offerings. Thanks to the high quality of its logistics systems, ÖPAG also benefited from the record number of voters submitting absentee ballots for the National Council elections in the autumn of 2017. The volume of advertising mail in Austria rose by 4% in the reporting period.

ÖPAG succeeded in expanding its leading market position in the booming but highly competitive parcel segment. With a volume of roughly 97 million parcels (plus 20% to previous year), the market share rose from 45% to 47%. This was facilitated by the outstanding delivery quality and speed, which result in above-average levels of satisfaction among Austrian customers in international comparison.

To further strengthen this position, ÖPAG is investing in the expansion of its logistics infrastructure. The sorting capacity is to be increased to over 100,000 parcels per hour over the medium term so that the associated annual delivery capacity can be more than doubled.

The company also moved into its new headquarters in early autumn 2017. A new building went up on Rochusmarkt in Vienna in just 18 months. In addition to the offices, the premises also include a shopping centre named POST AM ROCHUS with around 20 shops and restaurants.

The financial services offered by ÖPAG are being reorganised. After banking partner BAWAG P.S.K. cancelled the

cooperation agreement, the two companies agreed on a mutual and gradual separation by the end of 2019. The first redimensioning of the bank advisory services is already being implemented in 2018. Over the medium term, ÖPAG plans to continue offering financial services through its network of branches as this is considered to be a sensible complement to postal services.

The adjusted consolidated revenue of ÖPAG rose by 2.3% from EUR 1,896 million to EUR 1,939 million, with the roughly 2% decline in letter business being more than offset by a 17.7% plus in parcel operations. Consolidated EBIT came to EUR 208 million, surpassing the EUR 202 million achieved in the previous year. The intensification of logistics synergies between letter and parcel operations had a positive impact on earnings. Some 52% of the parcels were already delivered through the letter logistics system in 2017. The profit for the period amounted to EUR 165 million, up from EUR 153 million in the previous year.

The share price of Österreichische Post AG rose by 17% from January to December, but failed to keep pace with the Eurostoxx Transportation Index. Österreichische Post AG had a market capitalisation of EUR 2.5 billion as of 31 December 2017.

The contracts with CEO Georg Pölzl and CFO Walter Oblin were extended to 30 September 2019 and 30 June 2020, respectively, during the reporting period. This ensures management continuity over the medium term after Walter Hitziger was already reappointed in the previous year.

ÖPAG expects stable revenue and earnings development in 2018, in line with the current market developments. The company intends to further improve its services in the letter segment and to expand its customer service offerings in line with international trends. Additional investments are planned in distribution centres in the parcel segment.

	2016	2017
Consolidated revenue excluding trans-o-flex (in EUR mn)	1,896	1,939
EBIT (in EUR mn)	202	208
Profit for the year (in EUR mn)	153	165
Investments/new plant and equipment (in EUR mn)	103	102
Free cash flow (in EUR mn)	119	147
Equity ratio	43%	42%
Return on equity (ROE)	30%	31%
Dividend per share (in EUR)	2.00	2.05
Number of employees (FTE)	21,695	20,524
Parcels in Austria (in mn)	81	97
Price per share (in EUR)	31.9	37.4

CASINOS AUSTRIA

Casinos Austria AG (CASAG) received a great deal of publicity during the financial year due to the planned changes in the shareholder structure. However, the shares of Leipnik Lundenburger (LLI) and UNIQA in Medial Beteiligungs-Gesellschaft m.b.H. (Medial) – and therefore indirectly in CASAG – were not transferred until the extraordinary general meeting on 15 January 2018. CAME Holding GmbH (CAME) assumed stakes of 29.63% from both LLI and UNIQA at this time, and now holds around 88.89% of Medial, which in turn holds around 38.29% of the shares in CASAG. This means that CAME now holds around 34% of CASAG. CAME is a 100% subsidiary of the Czech company Austria Gaming Holding, which is a member of the Sazka Group.

The management of CASAG was restructured in June 2017. Alexander Labak was appointed as chairman of the managing board until 31 December 2019. The contract of Dietmar Hoscher was extended until 31 December 2019, and that of Bettina Glatz-Kremsner (which also runs until 31 December 2019) was left unchanged. Karl Stoss stepped down from the managing board.

The new leadership is focusing on an evaluation of the individual business segments of the CASAG Group. Especially the international business activities were assessed in the context of the overall strategy. A cost optimization programme was launched for the entire CASAG Group in the second half of the year.

The operations of the Austrian casinos developed positively in 2017. The twelve Austrian casinos saw a decline of just over 5% in the number of visitors, but were still able to boost revenue by around 1% thanks to high rollers playing at individual casinos. Live game grew especially well in the Austrian casinos, but business with slot machines also rose slightly. Vienna and Bregenz again saw the highest revenue.

Österreichische Lotterien again faced fierce competition from internationally active online providers in the 2017 financial year. Nevertheless, revenue from Lotto and Euromillionen increased by around 1% in total. This was especially driven by the success with the first sixfold jackpot ever, the

higher number of threefold jackpots, and the introduction of the new LottoPlus product. This performance enabled Österreichische Lotterien to make the largest contribution to the result of the CASAG Group by far.

The entertainment segment, which consists of the online business Win2day, the WINWIN video lottery terminals, and Tipp3, saw varied performance. Win2day further increased its revenue with new games, the launch of a poker network, the expansion of its mobile gaming offerings, and marketing-driven customer activation. The video lottery terminals also used the positive momentum from the locations opened in 2015/2016 and saw growth at most WINWIN locations. By contrast, Tipp3 suffered a decline due to the lack of revenue generated by the European football championships in 2016.

The international operations of CASAG with gambling offerings in 11 countries and on five cruise ships were successful again with revenue growth of 5.9% despite the revenue loss resulting from the sale of shares in the casino in Sopron, Hungary, in 2016 and the associated consolidation effects. It seems that the turnaround is now sustainable. The markets in Germany, Belgium, and Canada did especially well. The casino in Brno, Czech Republic, that had to be closed last year because of the general prohibition on gambling in cities was reopened in July 2017 under an official permit. The Czech minister of finance granted a casino operation licence until 2020, but slot machines are still prohibited. CAI opened a casino in Schaanwald, Liechtenstein, in October. A bond that was issued by CAI in 2010 in the amount of EUR 121.3 million and with a coupon of 5% came due in July 2017 and was redeemed at the nominal value.

Overall, the CASAG Group generated revenue of EUR 4,021.73 million in 2017, surpassing the EUR 3,885.95 million generated in the previous financial year by 3.5%. EBIT fell by 7.2% to EUR 139.26 million, primarily due to the sale of 45% of the shares in the casino in Sopron in May 2016. The consolidated result rose by 10.3% from EUR 91.2 million to EUR 100.63 million. The casinos group had 4,204 employees, roughly the same as in the previous year, 2,374 of whom worked in Austria.

	2016	2017
Consolidated revenue (in EUR mn)	3,886	4,022
EBIT (in EUR mn)	150	139
Profit for the year (in EUR mn)	91	101
Investments/new plant and equipment (in EUR mn)	38	22
Free cash flow (in EUR mn)	214	129
Equity ratio	23.73 %	28.34 %
Return on equity (ROE)	31.6 %	30.24 %
Number of employees (FTEs on annual average)	4,233	4,209
Guests at Austrian casinos (in mn)	3.01	2.85

APK PENSIONSKASSE

As a pioneer in the pension fund system, APK Pensionskasse Aktiengesellschaft has been a market leader since its establishment. ÖBIB holds 32.53% of this company. APK continued to expand during the past financial year and again had a positive result. The assets under management rose by 7.1% from EUR 4.39 billion to EUR 4.70 billion, and the number of beneficiaries increased by 3.3% from around 127,500 to roughly 131,700.

APK Pensionskasse manages 19 collective investment and risk groups, of which three are freely accessible to new customers and two of which are accessible to new customers with restrictions. They can be freely selected by the customers and differ in terms of investment approach and risk positioning.

Contributions in 2017 totaled EUR 185.0 million, well above the EUR 166.0 million posted in the previous year. Of this, EUR 158.4 million came from recurring contributions and EUR 26.6 million from one-time contributions. Benefits paid rose by 2.7% and totaled EUR 178.5 million (2016: EUR 173.9 million). Over 90% of this, or EUR 167.2 million, can be attributed to pensions and EUR 11.3 million to termination benefits. The profit after tax dropped by 11% from EUR 5.4 million to EUR 4.8 million.

The average performance of the 19 collective investment and risk groups was 7% (calculated using the OeKB method). This clearly surpassed the 4.2% achieved in 2016. APK also gained a performance advantage over its competitors and surpassed the other independent pension funds during the financial year (market performance of 6.1%) and in a long-term comparison of the last 15 years.

This has earned APK the title of "Best Pension Fund Europe" from the professional journal "Investment & Pensions Europe" multiple times, along with a recent award at the renowned IPE Real Estate Awards in Munich as the best real estate investment in the category of "Austria, Germany and Switzerland".

APK Pensionskasse is awaiting the effects that the new government programme will have in terms of company pension plans.

APK feels it would be sensible to include such pension plans in the collective bargaining agreements and to improve the relevant tax regulations. Because the demographic changes are confronting the public pension system with major challenges, and there is no apparent way around increased company plans. Only 24% of all active employees have a pension fund plan at this time, and only 4% of all pensioners are receiving a supplementary pension from a pension fund. This market penetration is also low in international comparison.

The current financial year is being shaped by increased volatility on the financial markets and impending interest rate hikes. European regulations also need to be implemented in national law, for which reason the Pension Fund Act is currently being amended. APK expects similar growth as in the past years for 2018, though the current good conditions on the labour market could bring a slight acceleration.

GKB-BERGBAU

GKB-Bergbau GmbH is wholly owned by ÖBIB. It is responsible for the organised withdrawal from the mining industry, and the remaining rights and obligations of the former Österreichische Bergbauholding (ÖBAG) are consolidated within it. It also carries out securing and closing measures required by law, including revegetation. GKB is responsible primarily for the

following sites: the Voitsberg-Köflacher lignite field, which was exhausted in 2004; the former Pöfing-Bergla anthracite field; the Ratten, Weiz, Wiesenau, and Thallern fields; the closed mines of the former Bleiberg Bergwerksunion (BBU) in Bad Bleiberg, including outdoor areas in multiple provinces; and the field of the former Lavanttaler Kohlenbergbau Gesellschaft m.b.H. (LAKOG) in Wolfsberg.

SCHOELLER-BLECKMANN GMBH

Until 1995, SCHOELLER-BLECKMANN Gesellschaft m. b. H. was the parent company of multiple companies that specialised in processing high-alloy stainless steel and that were disposed of as part of the Republic of Austria's privatization mandate. Following privatization, SCHOELLER-BLECKMANN again concentrated

on securing the former plant site in accordance with law during the past financial year. The site had been used for industrial purposes for over 150 years, and now continuous inspections, expert reports, and professional environmental management are being conducted in close consultation with the authorities.

FIMBAG FINANZMARKTBETEILIGUNG I.L.

As sole shareholder of FIMBAG Finanzmarkt-beteiligung Aktiengesellschaft des Bundes in Liqu., ÖBIB was commissioned by the federal government in a decision of the Council of Ministers from 3 November 2015 to prepare the necessary steps for the liquidation of the company. In accordance with this, the assets held in trust for the Republic of Austria in the amount of EUR 1.67 billion (which consisted of participation capital and shares in Austrian banks) were transferred back to the government on 15 April 2016. All contracts including the

employment contracts were also terminated as of [the date the company went into liquidation] 30 June 2016.

The decision to liquidate the company was made at the annual general meeting on 15 April 2016, where Walter Knirsch was appointed liquidator of the company. The company is now operating under the name FIMBAG Finanzmarkt-beteiligung Aktiengesellschaft des Bundes in Liqu.

IMIB IMMOBILIEN- UND INDUSTRIEBETEILIGUNGEN

Under its former name of VOEST-ALPINE AG, IMIB Immobilien- und Industriebeteiligungen GmbH was one of the most important shareholdings of the former ÖIAG. The operational units of the steel and

technology division were hived off in 1987. After the remaining shareholdings were sold, IMIB today holds 13% of the shares in VAMED AG and is focusing on winding down outstanding business.

FINANCIAL STATEMENTS



ASSETS

			as at 31.12.2017	as at 31.12.2016
	EUR	EUR	EUR	EUR k
A. NON-CURRENT ASSETS				
I. Intangible assets				
Licences		42,158.50		15
II. Tangible assets				
1. Land	2,297,791.33			2,298
2. Factory and office equipment	<u>112,061.43</u>			<u>85</u>
		2,409,852.76		2,383
III. Financial assets				
1. Shares in affiliated companies	392,455,264.39			392,455
2. Shareholdings	<u>1,807,349,067.04</u>			<u>1,807,349</u>
		<u>2,199,804,331.43</u>	2,202,256,342.69	<u>2,199,804</u> 2,202,202
B. CURRENT ASSETS				
I. Receivables and other assets				
1. Trade receivable	1,777.96			26
2. Receivables from affiliated companies thereof from trade EUR 30,170.84 (2016: EUR 541.68)	30,170.84			1
3. Other receivables and assets	<u>33,515.06</u>			<u>46</u>
		65,463.86		73
II. Cash and credit balances at banks		<u>4,411,107.94</u>	4,476,571.80	<u>2,857</u> 2,930
C. PREPAID EXPENSES			33,842.66	46
			<u>2,206,766,757.15</u>	<u>2,205,178</u>

BALANCE SHEET

AS AT 31 DECEMBER 2017

EQUITY AND LIABILITIES

			as at 31.12.2017	as at 31.12.2016
	EUR	EUR	EUR	EUR k
A. EQUITY				
I. Called up share capital		363,365,000.00		363,365
Subscribed share capital EUR 363,365,000 (2016: EUR 363,365 k)				
Paid up share capital EUR 363,365,000 (2016: EUR 363,365 k)				
II. Capital reserves				
1. Committed	328,238,362.16			328,238
2. Unrestricted	<u>500,000,000.00</u>			<u>500,000</u>
		828,238,362.16		828,238
III. Retained earnings (statutory reserve)		36,336,417.08		36,336
IV. Net profit		729,893,141.83		713,194
thereof profit carryforward EUR 494,694,410.46 (2016: EUR 520,405 k)				
			1,957,832,921.07	1,941,134
B. PROVISIONS				
1. Provisions for severance payments		45,765.00		41
2. Provisions for pensions		542,514.00		562
3. Other provisions		<u>27,526,059.16</u>		<u>27,124</u>
			28.114.338,16	27,727
C. LIABILITIES				
1. Liabilities owed to banks		115,080,000.00		172,620
thereof rt* < 1 year EUR 57,882,219.15 (2016: EUR 57,540 k)				
thereof rt* > 1 year EUR 57,197,780.85 (2016: EUR 115,080 k)				
2. Trade accounts payable		59,643.75		6
thereof owed to equity participations EUR 4,339.56 (2016: EUR 0 k)				
thereof rt* < 1 year EUR 59,643.75 (2016: EUR 6 k)				
3. Liabilities owed to affiliated companies		18,567,478.33		3,517
thereof other EUR 18,567,478.33 (2016: EUR 3,517 k)				
thereof rt* < 1 year EUR 18,567,478.33 (2016: EUR 3,517 k)				
4. Other liabilities		87,112,375.84		60,174
thereof relating to taxes EUR 50,013.29 (2016: EUR 116 k)				
thereof relating to social security EUR 21,193.62 (2016: EUR 25 k)				
thereof rt* < 1 year EUR 87,112,375.84 (2016: EUR 60,174 k)				
			220,819,497.92	236,317
Total Liabilities				
thereof rt* < 1 year EUR 163,621,717.07 (2016: EUR 121,237 k)				
thereof rt* > 1 year EUR 57,197,780.85 (2016: EUR 115,080 k)				
			<u>2,206,766,757.15</u>	<u>2,205,178</u>
Guarantees and other commitments			3,900,000.00	3,900

* rt = remaining term

INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017

		2017	2016
	EUR	EUR	EUR k
1. Revenue		77,596.45	177
2. Other operating income		56,983.22	396
3. Personnel expenses			
a) Salaries	1,090,162.26		1,676
b) Social expenditures	2,447,888.86		125
<i>thereof pension expenses</i>	<i>2,183,263.67</i>		<i>-293</i>
		-3,538,051.12	-1,801
4. Amortisation and depreciation on intangible and tangible non-current assets		-42,622.46	-55
5. Other operating expenses		-1,400,501.00	-2,828
6. Sub-total of items 1 to 5 (operating result)		-4,846,594.91	-4,112
7. Income from investments		240,693,603.00	197,797
<i>thereof from affiliated companies</i>		<i>73,900,000.00</i>	<i>81,615</i>
8. Other interest and similar income		1,144.42	1
9. Interest and similar expenses		-649,859.14	-897
<i>thereof from affiliated companies</i>		<i>383.04</i>	<i>0</i>
10. Sub-total of items 7 to 9 (financial result)		240,044,888.28	196,901
11. Profit before tax		235,198,293.37	192,789
12. Taxes on income and revenue		438.00	-1
13. Profit after taxes = profit of the year		235,198,731.37	192,789
14. Profit carryforward from the previous year		494,694,410.46	520,405
15. Net profit		729,893,141.83	713,194

NOTES FOR THE 2017 FINANCIAL YEAR

A. GENERAL REMARKS

The company is under the sole ownership of the Republic of Austria.

Under the ÖIAG Act 2000, Federal Law Gazette I No. 37/2015, Österreichische Industrieholding Aktiengesellschaft (ÖIAG) was converted into a limited liability company (GmbH) effective 20 March 2015 pursuant to §§ 239 ff of the Stock Corporation Act (AktG). The name of this company is Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) and its registered domicile is in Vienna.

According to § 1 (2) of the ÖIAG Act, the primary duties of the company are the holding, management, and exercise of shareholder rights (shareholding management) and the preparation of decisions by the boards of the companies in which ÖBIB holds a stake or which it will acquire in future by way of federal law or legal transaction (shareholdings); the purchase of shares under a mandate issued by the federal government pursuant to § 7 (3) and (4); the disposal of shares (privatization management) under a mandate issued by the federal government pursuant to § 8 (1); the execution of measures pursuant to § 2 (1) 1 to 3 and 6 of the Financial Market Stability Act (FinStaG), Federal Law Gazette I No. 136/2008, as authorised agent of the federal government; and the purchase of shareholdings in legal entities pursuant to § 1 FinStaG and § 2 (1) 4 and 5 FinStaG.

ACCOUNTING AND VALUATION METHODS

General principles

The accounting provisions of the latest version of the Austrian Uniform Commercial Code (UGB) were applied to these annual financial statements as at 31 December 2017.

The financial statements, prepared in accordance with the accounting principles generally accepted in Austria, present a true and fair view of the assets and liabilities, the financial situation of the company, and the results of its operations (§ 222 [2] UGB).

Generally accepted principles were taken into account in drawing up the balance sheet and in the valuations. In this, the generally accepted principles of accounting codified in § 201 (2) UGB and the breakdown and valuation rules for the balance sheet and income statement in §§ 195 to 211 and 222 to 235 UGB were also observed. The valuation was based on the assumption that the company will remain in business. The income statement was compiled using the total cost format.

The annual financial statements were also prepared in accordance with the ÖIAG Act 2000.

All amounts are shown in euros unless indicated otherwise.

NON-CURRENT ASSETS

Intangible assets are generally valued at acquisition costs with amortisation applied using the straight line method. The amortisation rates are 33.3%.

Tangible assets are valued at acquisition or production costs, less depreciation generally ascertained using the straight line method. Impairment charges are applied where a reduction in value is expected to be permanent.

Low value assets (acquisition or production costs up to EUR 400.00) are written off in full in the year of entry and stated as an addition and disposal.

Depreciation of tangible non-current assets is based on the following depreciation rates:

Factory and office equipment: 10–33.3%

Investments on shareholdings and affiliate companies are generally recognised in the balance sheet at acquisition costs. Permanent reductions in value are accounted for using impairment charges.

Schedule of non-current assets

The changes in the individual fixed asset items, the breakdown of amortisation and depreciation in the year, and cumulated amortisation and depreciation by individual item are shown in the schedule of non-current assets in the notes.

CURRENT ASSETS

Receivables and other assets are capitalised at their nominal value. Identifiable risks are accounted for by applying corresponding impairment charges.

EQUITY

Disbursements

Disbursements were made to shareholders in the amount of EUR 218,500,000.00 in the current financial year.

PROVISIONS AND LIABILITIES

Provisions for severance payments and anniversary payments are recognised as at the reporting date in accordance with actuarial principles. The actuarial cost method is applied here with an actuarial interest rate of 3.74% and an average wage increase of 2.3% to 2.4% (2016: actuarial interest rate of 4.08% and an assumed average wage increase of 2.35%).

The amount of the **provisions for pensions** is ascertained using actuarial principles applying a 3.06% actuarial interest rate and an average wage increase of 1.07% (2016: actuarial interest rate 3.49% and an assumed average wage increase of 1.27%) and the actuarial cost method. The AVÖ 2008-P tables (employees) are used as the basis for calculation for the pension insurance.

The **other provisions** include funding obligations (or contribution commitments) for outsourced pensions. The calculation basis for the funding obligations is ascertained in accordance with actuarial principles applying a 3.17% actuarial interest rate and an average wage increase of 1.9% (2016: actuarial interest rate 3.57% and an assumed average wage increase of 1.9%) and the actuarial cost method. The AVÖ 2008-P tables (employees) are used as the basis for calculation for the pension insurance. The remaining other provisions include identifiable risks and uncertain obligations as at the reporting date.

Liabilities are shown at the settlement amount as determined applying the principle of prudence.

B. NOTES TO THE BALANCE SHEET

a. Intangible and tangible assets

Changes to intangible and tangible assets are shown in the schedule of non-current assets (annex to the notes).

b. Financial assets

Changes to financial assets are shown in the schedule of non-current assets (annex to the notes).

c. Receivables and other assets

Item	Carrying amount EUR mn
Trade accounts receivable (previous year)	0.00 (0.03)
Receivables from affiliated companies (previous year)	0.03 (0.00)
Other receivables and assets (previous year)	0.03 (0.05)
Total	0.06
(Total previous year)	(0.08)

The item "Receivables from affiliated companies" consists of services charged to IMIB Immobilien und Industriebeteiligungen GmbH and GKB-Bergbau GmbH. All receivables are current.

d. Cash and credit balances at banks

The amount stated under this item primarily relates to fixed-term deposits and credit with Austrian banks.

e. Pre-paid expenses

The reported prepaid expenses relate to amounts paid prior to 31 December 2017 insofar as they represent expenditure for a specific period after this date.

f. Equity

The share capital amounts to EUR 363,365,000 (2016: EUR 363,365,000). All shares are held by the federal government. Based on the General Meeting resolution dated 31 May 2017, a dividend amounting to EUR 218.5 million was paid out to the federal government and EUR 494.69 million was carried forward to the new account from the 2016 net profit.

g. Provisions

Other provisions primarily include provisions for additional pension contribution obligations as well as for unconsumed holiday leave, anniversary payments, and other personnel expenditure amounting to EUR 19.85 million (2016: EUR 18.43 mn) and other provisions amounting to EUR 7.68 million (2016: EUR 7.78 mn).

h. Liabilities

Item	Remaining term up to one year	Remaining term more than one year	Thereof remaining term between one and five years	Carrying amount
	EUR mn	EUR mn	EUR mn	EUR mn
Liabilities owed to banks (previous year)	57.88 (57.54)	57.20 (115.08)	57.20 (115.08)	115.08 (172.62)
Trade accounts payable (previous year)	0.06 (0.01)	0.00 (0.00)	0.00 (0.00)	0.06 (0.01)
Liabilities owed to affiliated companies (previous year)	18.57 (3.52)	0.00 (0.00)	0.00 (0.00)	18.57 (3.52)
Other liabilities (previous year)	87.11 (60.17)	0.00 (0.00)	0.00 (0.00)	87.11 (60.17)
Total	163.62	57.20	57.20	220.82
(Total previous year)	(121.24)	(115.08)	(115.08)	(236.32)

The carrying amount of the item "Liabilities owed to banks" relates to the financing in 2014 of the subscription of new shares in the course of participating in the capital increase of Telekom Austria AG in November 2014. The item "Liabilities owed to affiliated companies" consists of trade accounts payable (EUR 0.00 million, 2016: EUR 0.00 mn), liabilities from cash investments of IMIB Immobilien und Industriebeteiligungen GmbH (EUR 16.95 million, 2016: EUR 1.90 mn), and liabilities from shareholder's grants (EUR 1.62 million, 2016: EUR 1.62 mn) IMIB Immobilien und Industriebeteiligungen GmbH.

The item "Other liabilities" contains expenditure amounting to EUR 0.05 million (2016: EUR 0.17 mn) that does not become a cash item until after the reporting date.

i. Guarantees and other commitments

GKB-Bergbau GmbH has assumed various rights and obligations in connection with mergers and legal succession in recent years. The company is subject to liability of a maximum of EUR 3.9 million to the Austrian Federal Forestry Office in connection with the transfer of land. ÖIAG agreed to the transfer contract at the time and assumed a default guarantee in the event that GKB-Bergbau GmbH as a wholly owned subsidiary of the legal successor to ÖBIB is unable to fulfil its obligations. A contingent liability of EUR 3.9 million is recognised in connection with this default guarantee.

C. NOTES TO THE INCOME STATEMENT

a. Revenue

The revenue consists primarily of income from amounts invoiced to third parties and rental income.

b. Other operating income

The gains on the release of provisions pertain to the release of other provisions for personnel expenses.

c. Personnel expenses

	2017 EUR mn	2016 EUR mn
Salaries	1.09	1.68
Expenses for severance payments	0.00	0.00
Expenses for contributions to employee benefit funds	0.01	0.02
Expenses for pensions	2.18	-0.29
Expenses for compulsory social security contributions and payroll taxes	0.23	0.32
Other social expenditure	0.02	0.07
Total	3.54	1.80

Changes in the provisions for pension obligations outsourced to APK Pensionskasse Aktiengesellschaft are reported under expenses for pensions.

d. **Other operating expenses**

	2017 EUR mn	2016 EUR mn
Taxes, excluding income taxes	0.01	0.02
Other	1.39	2.81
Total	1.40	2.83

The other operating expenses include rent, IT expenses, insurance, professional fees, consulting expenses, and other similar expenses charged for purchased services.

e. **Net interest income**

	2017 EUR mn	2016 EUR mn
Other interest and similar income	0.00	0.00
Interest and similar expenses	-0.65	-0.90
Total	-0.65	-0.90

f. **Net profit**

The net profit includes the profit carried forward from the previous year of EUR 729.27 million (2016: EUR 713.19 mn). This contains a portion not subject to distribution of EUR 123.05 million, which originates from the write-up that took place on the interest in Österreichische Post AG in the 2006 financial year.

D. BOARDS, OFFICERS, AND EMPLOYEES

a. ÖBIB had 12 employees on average in 2017 (2016: 14).

b. **Pensions and severance payments**

Expenses for	Severance payments and contributions to employee benefit funds		Pensions	
	2017 EUR mn	2016 EUR mn	2017 EUR mn	2016 EUR mn
Managing Board and senior executives	0.00	0.00	0.00	0.00
Other employees	0.01	0.02	2.80	-0.29
Total	0.01	0.02	2.80	-0.29

The topping-up requirements capitalised as at the reporting date were a result of the actuarially calculated legal coverage requirements for companies minus ÖBIB's assets as estimated by APK Pensionskasse Aktiengesellschaft as at 31 December 2017 at the time of balance sheet preparation. APK Pensionskasse Aktiengesellschaft's final calculation of ÖBIB's assets is performed with the annual statement for 2017. The pension obligations (beneficiaries as at 31 December 2017: 174 people; 2016: 185 people) are mainly a result of earlier mergers with the former ÖIAG/current ÖBIB (Vereinigte Edelstahlwerke AG/Austrian Industries AG).

Expenses for contributions to the employee benefit funds within the framework of the BMVG employee benefit fund law are reported separately in the notes to the income statement.

c. **Management**

Martha Oberndorfer

E. SHAREHOLDINGS

The indicated equity and the profit/loss for the period pertain to the separate financial statements of each company.

Company name	Domicile	Information for equity and result	Equity capital in EUR mn	Share of capital in %	Net profit or loss in EUR mn
APK Pensionskasse Aktiengesellschaft	Vienna	2017	52.17	32.53	4.82
FIMBAG Finanzmarktbeteiligung Aktiengesellschaft des Bundes i. L.	Vienna	2017	0.08	100.00	0.00
IMIB Immobilien- und Industriebeteiligungen GmbH	Vienna	2017	9.08	100.00	2.21
GKB-Bergbau GmbH	Bärnbach	2017	29.46	100.00	1.36
Österreichische Post Aktiengesellschaft	Vienna	2017	708.65	52.85	132.24
OMV Aktiengesellschaft	Vienna	2017	5,298.24	31.50	782.20
SCHOELLER-BLECKMANN Gesellschaft m.b.H.	Ternitz	2017	3.68	100.00	-0.07
Casinos Austria AG	Vienna	2017	429.95	33.24	60.25
Telekom Austria Aktiengesellschaft	Vienna	2017	5,428.33	28.42	1,060.49

The federal law of 26 April 2000, which came into force on 17 May 2000 (ÖIAG Act 2000), expressly forbids the consolidation of ÖBIB with its shareholdings. On the basis of this law, ÖBIB is exempt from the obligation to prepare consolidated financial statements.

F. OTHER INFORMATION

Events after the reporting date

No material events that have an impact on the annual financial statements occurred after the reporting date.

Vienna, am 9 May 2018
The Management
Martha Oberndorfer m.p.

cumulated depreciation					as at 31.12.2017	Carrying amounts 31.12.2017	Carrying amounts 31.12.2016
as at 1.1.2017	depreciation	transfers	disposals	as at 31.12.2017			
EUR	EUR	EUR	EUR	EUR	EUR	EUR	
304,794.93	15,884.85	-14,207.75	0.00	306,472.03	42,158.50	14,758.79	
4,298.08	0.00	0.00	0.00	4,298.08	2,297,791.33	2,297,791.33	
751,929.45	26,737.61	14,207.75	209,908.49	582,966.32	112,061.43	85,181.71	
756,227.53	26,737.61	14,207.75	209,908.49	587,264.40	2,409,852.76	2,382,973.04	
441,817,241.96	0.00	0.00	0.00	441,817,241.96	392,455,264.39	392,455,264.39	
0.00	0.00	0.00	0.00	0.00	1,807,349,067.04	1,807,349,067.04	
441,817,241.96	0.00	0.00	0.00	441,817,241.96	2,199,804,331.43	2,199,804,331.43	
442,878,264.42	42,622.46	0.00	209,908.49	442,710,978.39	2,202,256,342.69	2,202,202,063.26	
0.00	2,961.84		2,961.84	0.00	0.00	0.00	

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