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EANS-Adhoc: VIG switches from full consolidation of non-profit societies to equity method following regulatory changes

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Vienna -

- * Management confirms 2019 targets
- * Net profit expectation and dividend policy remain unchanged

Since September 2016, the VIG majority-owned non-profit housing societies have been fully consolidated in the Group financial statements. In the meantime, the legal situation has changed, particularly due to the amendment of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitgesetz - WGG Amendment 2019, BGBl I 85/2019), which has further significantly restricted the exercise of ownership and control rights. Subsequently, the Management Board took during its meeting on 18 November 2019 the decision that control over the non-profit housing societies of VIG according to IFRS can no longer be considered. As a result, the non-profit housing societies are to be deconsolidated as of 31 July 2019 and their accounting treatment has to be changed to the equity method in accordance with IAS 28. Therefore, the share of profit of non-profit housing societies not attributable to VIG shareholders will no longer be included in both the financial result and the profit before taxes as of 1 August 2019.

This implies that the real estate of the non-profit housing societies (around EUR 3.8 billion), related financing liabilities (around EUR 2.7 billion) and the shareholders' equity special item "non-controlling interests in non-profit societies" (approximately EUR 1.2 billion) will no longer be reported in the consolidated balance sheet. These changes will be incorporated in the results to be published for the first nine months of 2019.

The change in consolidation does not have any impact either on Group results after taxes and non-controlling interests or on earnings per share.

For 2019, VIG's profit before taxes' target remains unchanged in the range of EUR 500 to 520 million, including the profit contribution of the non-profit housing societies until deconsolidation with effect from 1 August 2019. Further adjusted guidance will be prepared in the course of the planning process and on the basis of the positive development of the Group.

The dividend policy of VIG will continue to be based on the result after taxes and non-controlling interests, with the payout ratio ranging unchanged between 30% to 50%.

The following securities of VIG are admitted for trading on a regulated market:

ISSUE TITEL	ISIN	TRADING SEGMENT
Share	AT0000908504	Vienna and Prague Stock Exchange, Official Market

VIG subordinated bond 2015 AT0000A1D5E1 Luxembourg Stock Exchange, Second
Regulated Market
VIG subordinated bond 2013 AT0000A12GN0 Vienna Stock Exchange, Second Regulated
Market

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