

# Letter to Shareholders

1<sup>st</sup> to 3<sup>rd</sup> Quarters, 2001

**WIENER  
STÄDTISCHE**   
ALLGEMEINE VERSICHERUNG AKTIENGESELLSCHAFT



## Dear Shareholder,

This report, on the 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2001, is intended to inform you in detail about the business development of the Wiener Städtische Allgemeine Versicherungsgesellschaft and the Wiener Städtische Group

Dr. Günter Geyer  
Chairman

Dr. Franz Lauer  
Vice Chairman

Kurt Ebner  
Member of the Board  
of Management

Dr. Rudolf Ertl  
Member of the Board  
of Management

Dkfm. Karl Fink  
Member of the Board  
of Management

Ing. Mag. Robert Lasshofer  
Member of the Board  
of Management

## Wiener Städtische AG in the 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2001

### WIENER STÄDTISCHE KEY FIGURES

	ATS million	EUR million	Year/year change %
Premiums earned (direct insurance)	14,918	1,084	8.6%
Property & Casualty	6,263	455	5.4%
Health	2,588	188	3.6%
Life	6,067	441	14.4%
Benefits paid (direct insurance)	11,893	864	14.7%
Operating costs	3,548	258	-1.1%
Financial result	1,068	78	-62.2%
Total investments*	90,570	6,582	2.1%

\* Change from 31<sup>st</sup> December 2000

Wiener Städtische has continued to pursue its stable growth course. In the first three quarters its **premium income** rose by 8.6 percent over the comparable figure a year earlier to a total of ATS 14,918 million (EUR 1,084 million). With this outstandingly good result,

Wiener Städtische once again in the first nine months of the current year is lying well above the growth rate of the Austrian insurance market in total. Total premium income is made up as follows: property & casualty accounted for 42 percent, life for 40.7 percent, and health for 17.3 percent.

The increase in **benefits paid** of 14.7 percent, to ATS 11,893 million, is attributable to higher benefit payments in life insurance. The most dynamic growth came in payments under short-term one-time payment policies, which boomed in 1996 on account of changes in tax regulations and are now expiring.

The trend in losses in the non-motor field, on the other hand, was particularly satisfactory. The decline in natural disasters reduced the loss rate in storm insurance from 120 percent last year to 43 percent. The reduction in major losses resulted in a decline in the fire insurance sector loss rate from 71 percent to 56 percent.

The costs trend was also satisfactory in the first nine months of this year, when compared with the previous year, with a decline of 2.2 percent to ATS 2,860 million (EUR 208 million). The prime factor was a reduction in materials costs of 7.9 percent.

**Financial results** were dominated by the dramatic situa-



tion on the international financial markets, as a result of which they fell by 62.2 percent.

### PROPERTY & CASUALTY INSURANCE

	ATS million	EUR million	Year/year change %
<b>Premiums earned (direct insurance)</b>	<b>6,263</b>	<b>455</b>	<b>5.4%</b>
<b>Motor insurance</b>	<b>2,356</b>	<b>171</b>	<b>6.6%</b>
Non-motor	3,908	284	4.7%
<b>Benefits paid (direct insurance)</b>	<b>4,588</b>	<b>333</b>	<b>-2.7%</b>

In the motor insurance segment, an increase in premiums in the first three quarters of the current financial year of 6.6 percent to ATS 2,356 million (EUR 171 million) was only slightly offset by a decline in compensation for damage of 0.1 percent, to ATS 1,883 (EUR 137 million).

In the non-motor segment, it proved possible to raise premiums in the first three quarters of the current financial year by 4.7 percent, to ATS 3,908 million (EUR 284 million). Within the non-motor segment there were particularly satisfactory trends in premium income in the fields of machinery insurance (up 13.8 percent), fire insurance (up 9.4 percent), and storm damage insurance (up 7.2 percent). Losses were down by 2 percent, at ATS 2,450 million (EUR 178 million).

### LIFE INSURANCE

	ATS million	EUR million	Year/year change %
<b>Premiums earned (direct insurance)</b>	<b>6,067</b>	<b>441</b>	<b>14.3%</b>
Regular premiums	3,753	273	7.1%
One-time premiums	2,315	168	28.7%
<b>Benefits paid (direct insurance)</b>	<b>5,130</b>	<b>373</b>	<b>46.6%</b>

As in the last quarters, **life insurance** enjoyed enormous

increases in premiums. The total premium income in this segment came to ATS 6,067 million (EUR 441 million), an increase of 14.3 percent. More than a third of this increase was accounted for by one-time payment policies, which rose by 28.7 percent to ATS 2,315 million (EUR 168 million). Life insurance policies with regular premium payment increased by 7.1 percent.

### HEALTH INSURANCE

	ATS million	EUR million	Year/year change %
<b>Premiums earned (direct insurance)</b>	<b>2,588</b>	<b>188</b>	<b>3.6%</b>
<b>Benefits paid (direct insurance)</b>	<b>2,175</b>	<b>158</b>	<b>0.9%</b>

Premiums charged for **health insurance** in the first nine months of the financial year 2001 came to ATS 2,588 million (EUR 188 million), which meant that an increase of 3.6 percent had been achieved over the comparable period in the preceding year.

In the first three quarters of 2001 the benefits paid amounted to ATS 2,175 million (EUR 158 million). The increase in benefits paid came to an extremely moderate 0.9 percent.

## The Wiener Städtische Group in the 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2001

The **Wiener Städtische Group** increased its premium income by 11.9 percent to ATS 33,964 million (EUR 2,468 million) in the first three quarters of 2001. The main contributors to growth were the foreign companies, which generated about 20 percent of all premium income.



## Equity holdings in Austria

	Premiums		Year/year change %	Non-life ATS million	Year/year change %	Life ATS million	Year/year change %
	ATS million	EUR million					
Donau	5,284	384	4.3%	3,681	4.3%	1,603	4.4%
Montan	445	32	38.5%	445	38.5%	–	–
CA Versicherung	1,822	132	18.0%	16	–	1,806	17.4%
Union	2,834	206	16.0%	48	11.9%	2,786	16.1%

The largest subsidiary within Austria is **Donau** Versicherung, which achieved premiums of ATS 5,284 million (EUR 384 million) and thus a respectable premium growth over the preceding year of 4.3 percent.

The highest rate of premium growth, 38.5 percent, was achieved by **Montan**, which specialises in insuring the manufacturing and transport industries.

Wiener Städtische also holds about 30 percent of the shares in S-Versicherung (through Donau) and in Wüstenrot Versicherung. The total premium income of these two insurance companies in the first three quarters of 2001 came to ATS 13,121 million (EUR 954 million). They both grew faster than the market average, by 16 percent and 18 percent respectively.

## Equity holdings in other countries

	Premiums		Year/year change %	Non-life ATS million	Year/year change %	Life ATS million	Year/year change %
	ATS million	EUR million					
Kooperativa (SK)*	782	57	23.9%	524	7.4%	258	80.8%
Kooperativa (CZ)	4,293	312	18.8%	3,361	13.7%	632	60.8%
Heros (PL)	235	17	-6.7%	235	-6.7%	–	–
Union Biztosító (H)	166	12	112.8%	17	30.8%	149	129.2%
InterRisk (D)**	870	63	2.0%	490	3.6%	380	0.0%
WS Kvarner (HR)***	75	5	–	49	–	26	–
Vienna Life (FL)	1	0	–	–	–	1	–
Vienna Life (PL)	6	0	–	–	–	6	–
Compensa (PL)****	565	41	–	484	–	81	–
Unita (RU)*****	127	9	–	101	–	26	–

\* Including Komunalna in 2001, with a premium income of ATS 67 million

\*\* Comparative figure for 2000 ignoring InterRisk Leben

\*\*\* WS osiguranje merged with Kvarner in 2001

\*\*\*\* 50 percent of Compensa is held by HUK Coburg

\*\*\*\*\* Equity held by Wiener Städtische Wechselseitige (mutual insurance company)



Foreign business increased by 26.2 percent to a total of ATS 6,838 million (EUR 497 million). The main contributors to this upward trend in the business were the Czech Republic and Slovakia; the biggest foreign subsidiary, Kooperativa in Prague, increased its premiums to ATS 4,293 million (EUR 312 million). Kooperativa in Bratislava, as the second-largest insurer on the Slovakian market, achieved a premium volume of ATS 782 million (EUR 57 million). The highest growth rate in the period from January to September was achieved by the Hungarian subsidiary, Union Biztosító R.t.; its premiums increased by a very respectable 112.8 percent, to ATS 166 million (EUR 12 million). Nearly 40 percent of the premium income was accounted for by its successful trust-fund linked one-time payment life insurance.

In total the Wiener Städtische Group, with its foreign subsidiaries in the Czech Republic, Slovakia, Poland, Romania, Hungary, and Croatia, holds second place in any comparison by size of international insurance groups in Eastern Europe. The strategic alignment is based on the profit-orientated growth of the foreign subsidiaries. Because of the highly dynamic development of the Eastern European insurance market, high growth rates can continue to be expected from all the foreign companies. It is planned to reinvest the earnings thus generated in further expansion of the companies in Eastern and Central Europe in order to gain market leadership in each of the regional markets.

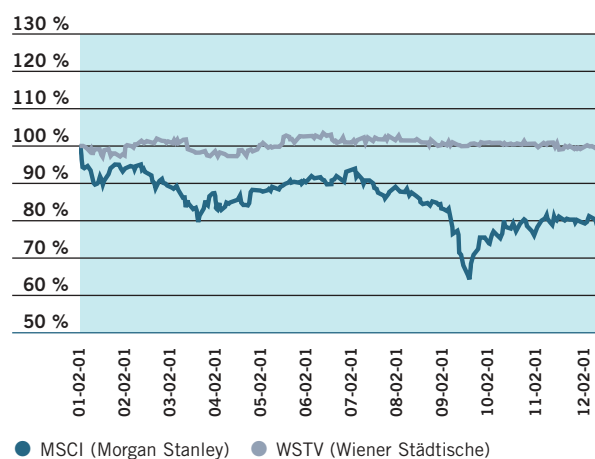
## Wiener Städtische preferred shares

Wiener preferred shares are listed in official trading at the Vienna Stock Exchange, and were once again in 2001 able to hold their high price, with EUR 114.50 on 13<sup>th</sup> December 2001. Whilst the Morgan Stanley Insurance Index was subject to hefty fluctuations, the Wie-

ner Städtische share remained steady almost throughout the period and can thus be seen to be an extremely solid investment.

### CHART COMPARISON – WSTV VERSUS MSCI

1<sup>st</sup> January to 13<sup>th</sup> December 2001



## Latest news

Wiener Städtische is the first Austrian insurance company to have brought a complete online motor insurance package onto the market. At [www.wienerstaedtsche-24.at](http://www.wienerstaedtsche-24.at) it is possible to take out a third-party and all-risks motor policy and a passenger liability insurance. Transferring all the administrative work to the Internet reduces costs for the company, and this benefit is of course handed on to the customer. The know-how behind this innovation comes mainly from our co-operation partner, HUK-Coburg, which has already been operating the German B2C platform "HUK24" successfully for some time now.

