

# Letter to the Shareholders

1st Quarter of 2001

**WIENER  
STÄDTISCHE**   
ALLGEMEINE VERSICHERUNG AKTIENGESELLSCHAFT



## Dear shareholder,

this present report for the 1st quarter of 2001 will give you detailed information about the business development of Wiener Städtische Allgemeine Versicherung Aktiengesellschaft and the Wiener Städtische group.

The Board of Management  
WIENER STÄDTISCHE  
ALLGEMEINE VERSICHERUNG  
AKTIENGESELLSCHAFT

## Wiener Städtische AG

### WIENER STÄDTISCHE AG KEY FIGURES

| in ATS million                   | 1st Quarter of 2001 | Change related to 2000 |
|----------------------------------|---------------------|------------------------|
| Earned premiums (direct ins.)    | 5,385               | 11.8 %                 |
| Property & Casualty              | 2,178               | 5.1 %                  |
| Health                           | 870                 | 5.2 %                  |
| Life                             | 2,336               | 21.8 %                 |
| Benefits paid (direct insurance) | 4,076               | 5.6 %                  |
| Operating expenses               | 1,267               | 4.0 %                  |
| Financial result                 | 397                 | - 61.5 %               |
| Total investments                | 89,745              | 1.2 %*                 |

\*Change relative to December 31, 2000

In the first quarter of 2001, the 11.8 % increase in premium income relative to the comparable period in 2000 was mainly due to a plus of 21.8 % in life insurance. Of the total premium income, property & casualty accounted for 40.4 %, life for 43.4 % and health for 16.2 %. This was the first time life insurance generated the biggest share in the income from premiums. **Benefits paid** experienced different developments according to the various divisions: whereas in the property & casualty division benefits paid decreased by 15.7 % thanks to a mild winter, in life insurance they clearly posted a gain relative to the comparable period of 2000 (+ 36.1 %).

In the first quarter of 2001, **costs** (excluding commissions) increased by 4.0 % relative to 2000, to ATS 946 million. Whereas non-personnel costs fell by 2.0 % due to the cessation of expenditures associated with Wiener Städtische's 175th anniversary, personnel

costs rose by 7.6 %, as more funds had to be allocated to pension provisions since revised mortality tables were used. Collective bargaining for office staff settled for a rise of 2.8 %, taking effect on April 1, 2001.

The **financial result** amounted to ATS 397 million by end of March, with the ordinary result rising by 4.3 % relative to the comparative figures of 2000. On the other hand, extraordinary profits were characterized by key-date losses in the stock sector due to a generally weak stock exchange.

### PROPERTY & CASUALTY

| in ATS million                    | 1st quarter of 2001 | Change related to 2000 |
|-----------------------------------|---------------------|------------------------|
| Auto divisions (earned premiums)  | 785                 | 5.9 %                  |
| Non-auto divisions (earned prem.) | 1,393               | 4.6 %                  |
| Total earned premiums             | 2,178               | 5.1 %                  |
| Benefits paid (direct insurance)  | 1,484               | - 15.7 %               |

In the first quarter of 2001, the result in **property & casualty** showed an extremely satisfactory development. In the non-auto divisions, storm damage insurance and third party liability insurance posted the most outstanding gains, accounting for a plus in premiums of 9.3 % and 6.6 % respectively. Auto divisions scored a plus in premiums of 5.9 %, with collision damage insurance leaping by 8.3 %. Whereas earned premiums in property & casualty experienced a total increase of 5.1 % to ATS 2,178 million, loss expenses dropped by 15.7 % relative to the comparable period in 2000, to ATS 1,484 million. In auto collision damage insurance, the loss ratio improved by 21.8 percentage points to about 75 %. On the one hand, this drop results from the increase in premiums



due to modified rates, and, on the other hand, from a decrease of 6.5 % in total claims. Within the fire insurance division benefits paid also went down sharply, as no substantial claims comparable to 2000 were registered and claim payments experienced a fall.

## LIFE

| in ATS million            | 1st quarter of 2001 | Change related to 2000 |
|---------------------------|---------------------|------------------------|
| <b>Earned premiums</b>    | <b>2,336</b>        | <b>21.8 %</b>          |
| Regular premiums          | 1,273               | 4.5 %                  |
| One-time payments         | 1,063               | 51.9 %                 |
| <b>Benefits paid</b>      | <b>1,837</b>        | <b>36.1 %</b>          |
| Change in premium reserve | 587                 | - 5.0 %                |

The increase in premiums in **life insurance** can be attributed mainly to the strong growth of one-time business in classic life insurance. Whereas the current development on the stock exchange in fund-linked life insurance had a weakening effect on business (-13.3 %), new business in one-time payments in the classic life insurance division went up by 67.4 % to just under 1 billion ATS. The surge in insurance benefits stems from a rise in benefit payments (+33.3 %) due to endowment payments/maturing policies and current pension payments as well as the increased addition to the claim reserve associated with repurchases of employer's pension liability policies for company pension commitments which are still tax-privileged at present.

## HEALTH

| in ATS million         | 1st quarter of 2001 | Change related to 2000 |
|------------------------|---------------------|------------------------|
| <b>Earned premiums</b> | <b>870</b>          | <b>5.2 %</b>           |
| <b>Benefits paid</b>   | <b>755</b>          | <b>0.5 %</b>           |

The increase in premium income of 5.2 % in **health insurance** is largely due to rate adjustments of an average of 5 % effected in February, which will still affect business results in the following months. In the course of adjustments, which became necessary due to calculations based on new mortality tables, extended cost covering of regional rates in neighbouring federal provinces was pointed out. The "Entgeltfortzahlung für Arbeitnehmer" ("Continuation of Payments for Employees") rate, newly introduced in November 2000, also accounted for the increase in premiums. A total of 760 persons made use of this offer by March 31, 2001, with premiums written of ATS 1.2 million.

## The Wiener Städtische Group

In the first quarter of 2001, the **Wiener Städtische Group** posted consolidated premiums written of ATS 12,149 million, a plus in premiums of 13.2 %, of which ATS 9,650 million were generated in Austria and ATS 2,498 million abroad.

A distinctive feature of business development of the Wiener Städtische Group in the first quarter of the current year is a significant plus in premiums in **foreign business**. The group's foreign subsidiaries raised their premium income by 23.4 % to ATS 2,498 million. This increase in premiums is primarily based on the outstanding result in life insurance. The Czech Kooperativa scored a plus in premiums of 130.2 %, with ATS 200 million in the life division. In the non-life division, income from premiums rose by 10.0 % to ATS 1,584 million. The Hungarian Union Biztosító generated a sharp increase in the life division of even 203.5 % to ATS 66 million.

Within the **domestic group companies**, the life insurers

CA Versicherung and Union, both associated with banks, again scored high rates of growth: CA Versiche-

rung realized an increase of 38.2 %, Union a plus of 27.7 %.

## Participating interests in Austria

### AUSTRIA

| in ATS million  | Premiums written<br>1st quarter of 2001 | Change related<br>to 2000 | Non-life<br>1st quarter of 2001 | Change related<br>to 2000 | Life<br>1st quarter of 2001 | Change related<br>to 2000 |
|-----------------|---|---------------------------|---------------------------------|---------------------------|-----------------------------|---------------------------|
| Donau           | 2,228                                   | 8.4 %                     | 1,725                           | 11.4 %                    | 503                         | 18.0 %                    |
| Montan          | 146                                     | 8.8 %                     | 146                             | 8.8 %                     | -                           | -                         |
| CA Versicherung | 514                                     | 38.2 %                    | 2                               | 11.2 %                    | 512                         | 38.3 %                    |
| Union           | 1,162                                   | 27.7 %                    | 15                              | 12.6 %                    | 1,146                       | 28.0 %                    |

## Participating interests abroad

### ABROAD

| in ATS million               | Premiums written<br>1st quarter of 2001 | Change related<br>to 2000 | Non-life<br>1st quarter of 2001 | Change related<br>to 2000 | Life<br>1st quarter of 2001 | Change related<br>to 2000 |
|------------------------------|---|---------------------------|---------------------------------|---------------------------|-----------------------------|---------------------------|
| Kooperativa (Slovakia)       | 243                                     | 8.7 %                     | 172                             | - 3.7 %                   | 71                          | 58.2 %                    |
| Kooperativa (Czech Republic) | 1,784                                   | 16.9 %                    | 1,584                           | 10.0 %                    | 200                         | 130.2 %                   |
| Heros                        | 86                                      | 18.3 %                    | 86                              | 18.3 %                    | -                           | -                         |
| Union Biztosító              | 74                                      | 173.0 %                   | 7                               | 41.5 %                    | 66                          | 203.5 %                   |
| InterRisk*                   | 303                                     | 73.6 %                    | 178                             | 2.1 %                     | 125                         | -                         |
| WS osiguranje                | 7                                       | 734.7 %                   | -                               | -                         | 7                           | 734.7 %                   |
| Vienna Life (Liechtenstein)  | 0.2                                     | -                         | -                               | -                         | 0.2                         | -                         |
| Vienna Life (Poland)         | 1                                       | -                         | -                               | -                         | 1                           | -                         |

\*Comparative figures of 2000 without InterRisk Life

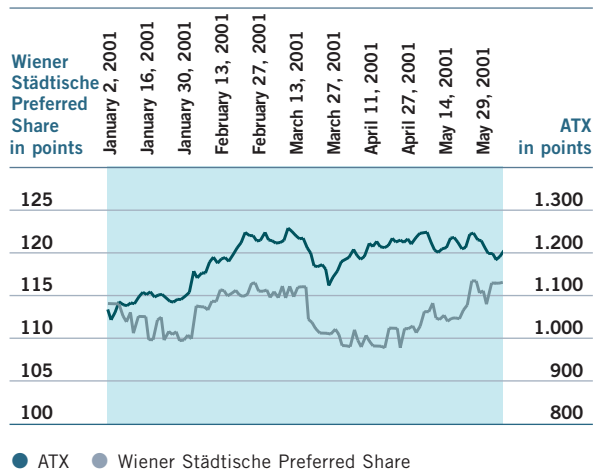
## The Wiener Städtische Preferred Share

The Wiener Städtische preferred share, listed at the Vienna Stock Exchange, also became stabilized at a high level in the first months of 2001 and was quoted at EUR 117 on May 31, 2001 (year-end position of 2000: EUR 114).

### STOCK CHART

#### WIENER STÄDTISCHE PREFERRED SHARE VS. ATX

January - May 2001



## Outlook

In 2001, the main emphasis will be put in further stepping up **foreign business**. The positive economic development on all foreign markets is expected to continue, since the economic efforts of the European Union accession candidates provide for favourable basic conditions within the group companies. The saturation of insurance markets in countries like Poland, the Czech Republic, Slovakia and Hungary is below average. This means that in the property and third party liability divisions growth rates well above European level can be realized. Therefore Wiener Städtische plans to boost its operations in Slovakia, with Kooperativa Bratislava entering into a 90 % partnership with Komunálna poisťovňa, a.s. Komunálna is engaged both in the life and in the non-life insurance sector.

**Wiener Städtische** expects to considerably improve its business result in 2001: the upturn in the life insurance market is expected to continue; the growth of the property and casualty insurance market will be above the expected inflation rate, mainly due to premium adjustments in the auto divisions. Moreover, a clear improvement of the technical result will be aimed at by further optimizing the cost structure within the group.

For further information please contact:

Mag. Harald Burger, telephone: +43/1/531 39-2926, fax: +43/1/531 39-1066, e-mail: [generalsekretariat@staedtische.co.at](mailto:generalsekretariat@staedtische.co.at)  
internet: <http://www.wienerstaedtische.at>

Masthead:

Owner, editor and publisher: Wiener Städtische Allgemeine Versicherung Aktiengesellschaft  
Address: 1010 Vienna, Austria, Schottenring 30

Design & Layout: Advertising Department – Wiener Städtische

17.PG.008 E (01.07 – 20010208)