



LETTER TO THE SHAREHOLDERS  
1<sup>ST</sup> HALF-YEAR 2003

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## Dear shareholder,

The present report provides you with detailed information regarding the business development for Wiener Städtische Allgemeine Versicherung Aktiengesellschaft as well as for the Wiener Städtische Group in the 1<sup>st</sup> half-year 2003.

## Wiener Städtische AG in the 1<sup>st</sup> half-year 2003

EUR million	1 <sup>st</sup> half-year 2003	Change on previous year
Earned premiums, direct	842.30	10.5%
Property/casual	379.11	11.4%
Health	136.43	3.7%
Life	326.75	12.7%
Insurance payments, direct	566.49	3.5%
Operating expenses	203.23	18.5%
Financial result	116.76	73.4%
Capital assets position <sup>1)</sup>	6986.93	2.6%

<sup>1)</sup> excluding unit-linked life insurance

**Earned premiums** in direct business amounting to EUR 842.30 million were produced across all classes of business in the first half-year 2003. This represents a plus of 10.5% compared with the first half-year of the previous year. As a result, Wiener Städtische was again way above the growth of the insurance market of approximately 2%. The insurance market was clearly outperformed in the life insurance class of business in particular with a growth in earned premiums of 12.7%. Wiener Städtische's total premium income consisted of approximately 45% from property and casualty insurance, approximately 39% from life insurance and approximately 16% from health insurance.

**Insurance payments** increased by 3.5% compared with the corresponding period of the previous year and were thus significantly below the increase in premium growth.

**Operating expenses** increased by 18.5%. The reason for the increase is the commission arising due to the excellent sales result especially in life insurance.

The **financial result** for the first half-year 2003 at EUR 116.76 million turned out markedly better than in the corresponding period of the previous year due to the consolidation of the financial markets.

The **capital assets position** of EUR 6,986.93 million as at 30.6.2003 is calculated by excluding the capital assets of the unit-linked life insurance, which amount to EUR 216.75 million.

## Property and casualty insurance

EUR million	1 <sup>st</sup> half-year 2003	Change on previous year
Earned premiums, direct	379.11	11.4%
Motor classes	134.53	9.5%
Non-motor classes	244.58	12.4%
Insurance payments, direct	253.10	9.6%

A premium increase amounting to 11.4% to EUR 379.11 million was achieved in **property and casualty insurance** in the first half-year 2003. This premium increase includes the takeover of Montanversicherung's portfolio as at 1.7.2002, the premium for which is not taken into account in the comparable figures for the first half-year 2002.

The earned premiums in motor vehicle liability insurance rose by 9.7% to EUR 86.80 million. This is primarily attributable to increased new business. It was possible to increase the insurance portfolio by approximately 3%. The premium income in the motor hull class of business could also be increased by 9.2% compared with the first half-year 2002 due to an excellent sales result. This is all the more significant as no tariff adjustment was applied in 2003 in the motor hull class of business.

Insurance payments increased by 9.6% compared with the first half-year of the previous year. A severe hail storm in May 2003 resulted in a charge on results in the property and casualty class of approximately EUR 8.75 million, nevertheless payments increased considerably more moderately than the premium income. The loss ratio also reduced accordingly across all classes of business from 64.0% to 62.0% in the first half-year 2003 compared with the first half-year 2002.

## Life insurance

The earned premiums from direct business in life **insurance** amounted to EUR 326.75 million in the first half-year 2003 and were thus around 12.7% above the premium level of the corresponding period of the previous

year. In the case of renewable premiums, a premium growth of 19.1% could be produced due to an increasing number of policy conclusions for long-term pension products. Wiener Städtische's "Premium Pension" in particular sold disproportionately well. Wiener Städtische succeeded in maintaining the premium income of the first half-year 2002 in the single-premium policy sector. In comparison to that, the premium income in the insurance market fell by almost 25% in the single-premium policy sector.

EUR million	1 <sup>st</sup> half-year 2003	Change on previous year
Earned premiums, direct	326.75	12.7%
Renewable premium	227.58	19.1%
Single-premium policies	99.17	0.4%
Insurance payments, direct	213.64	-1.2%

Insurance payments fell by 1.2% to EUR 213.64 million in the first two quarters compared with the first half-year 2002. In the course of the 2nd half-year 2003, an increase in benefit payments will result due to the maturity of 15-year tax-privileged policies concluded in 1988.

### Health insurance

EUR million	1 <sup>st</sup> half-year 2003	Change on previous year
Earned premiums, direct	136.43	3.7%
Insurance payments, direct	99.75	-0.7%

The earned premiums from direct business in **health insurance** amounted to EUR 136.43 million in the first half-year 2003. As a result, an increase of 3.7% could be achieved on the corresponding period of the previous year.

Insurance payments for health insurance amounted to EUR 99.75 million in the first half-year 2003, which represents a decrease of 0.7% on the corresponding period of the previous year.

### The Wiener Städtische Group in the 1<sup>st</sup> half-year 2003

The Wiener Städtische Group was able to produce excellent growth in premium in the first half-year 2003. The Wiener Städtische Group's accounted premium for direct business increased overall by 8.6% to EUR 1,983.32 million. This

consists of a growth in premium of 6.6% from the domestic and 14.2% from the foreign insurance companies.

Property insurance business in the domestic market has developed very well at the two large property insurance companies in the Group, Wiener Städtische Versicherung and Donau Versicherung. The accounted premium income could be increased by 10.9% (Wiener Städtische Versicherung, property and casualty) and 5.7% (Donau Versicherung, non-life) compared with the first half-year 2002. In the case of Wiener Städtische's premium increase, it should be taken into account that Montanversicherung's portfolio was assumed as at 1.7.2002 and Montanversicherung's premiums are not taken into account in the comparable figures for the first half-year 2002.

Donau Versicherung was able to increase its accounted premium in the life insurance sector by 27.2% compared with the first half-year 2002. Wiener Städtische also managed a quite excellent half-year result with an increase in accounted premium by 12.6%. In comparison with that, the Austrian life insurance market could only maintain the previous year's premium level in the first half-year 2003. Therefore, Wiener Städtische's sales result as well as that of Donau Versicherung quite clearly stands out positively from the prevailing trend in the market.

### Participations abroad

Very high premium growth rates could also be produced in the first half-year 2003 in the foreign participations of the Wiener Städtische Group. A very satisfactory result was achieved by the foreign participations with a premium plus of 14.2% (to EUR 547.60 million) compared with the corresponding period of the previous year. The proportion of accounted premium from the foreign Group companies to the total premium of the Group already amounted to just under 28% in the first half-year of the reporting period. The number of employees of all the foreign insurance companies of the Group had increased by around 400 since the 2002 year-end and amounted to a good 7,600 employees as at 30.6.2003.

The two largest foreign participations, the Czech and the Slovak Kooperativa, increased their total premium incomes by 13.5% and 38.8% respectively compared with the first half-year of the previous year.

In Bulgaria, the German HUK-Coburg, with which Wiener

## PARTICIPATIONS IN THE DOMESTIC MARKET

EUR million	accounted premium		Non-life		Life	
	1 <sup>st</sup> half-year 2003	Change on previous year	1 <sup>st</sup> half-year 2003	Change on previous year	1 <sup>st</sup> half-year 2003	Change on previous year
Wiener Städtische AG	922.69	10.3%	595.92	9.2%	326.77	12.6%
Donau	311.83	11.4%	217.72	5.7%	94.11	27.2%
CA-Versicherung*	65.81	-2.3%	0.27	-37.2%	65.54	-2.1%
Union**	154.91	-14.4%	2.60	5.3%	152.31	-14.6%
S-Versicherung***	377.81	-6.2%	6.22	10.4%	371.59	-6.5%
Wüstenrot Versicherung****	249.62	4.4%	87.22	10.7%	162.40	1.4%

\* Participation amounting to 50%

\*\* Participation amounting to 33.3%

\*\*\* Participation amounting to 10% via Donau Versicherung

\*\*\*\* Participation amounting to 31.6%

Städtische has already successfully collaborated in Poland since 2001, has acquired a participation in Bulgarski Imoti of approximately 25%. In Poland, the merger was completed of the two property insurance companies of the Wiener Städtische Group, Compensa Sach and Heros. The entry of Union Biztosito in Hungary into motor insurance business is going very auspiciously, but a large number of new motor clients should not be expected until November/December due to legal provisions (obligatory 1-year policies from January – December).

### The Erste Bank Group is the Wiener Städtische Group's partner in the Czech Republic

In August, the Czech Kooperativa Versicherung succeeded in determining for itself the invitation to tender regarding the purchase of the property insurance portfolio of the Czech savings bank insurance. As a result, its annual premium income will increase by around a further EUR 100 million. Furthermore, Kooperativa will henceforth be the property insurance partner of the Czech savings bank (Ceska Sporitelna). Thus, in addition to the existing collaboration of the Donau/Wiener Städtische in Austria as well as the collaboration in the Slovak Republic and in Croatia, a cooperation of the Wiener Städtische Group with the Erste Bank Group is now resulting in the Czech Republic as well.

### Latest news

#### New Limited Edition "Quattro"

After the huge success of the previous single-premium policy products from the "Limited Edition" series, Wiener Städtische is now launching an additional "Limited Edi-

tion" product: "Limited Edition QUATTRO". "QUATTRO", with a minimum deposit of EUR 5,000 and a term of 12 years, is offering annual disbursements even after 6 years. The capital guarantee and the 80 per cent peak level guarantee of the structured bond underlying the product (QUATTRO bond coupled to the MSCI World Index) ensure assessment success. The "Limited Edition QUATTRO" is issued with only limited volume. Experience shows that these special types of attractive investments are very quickly seized.

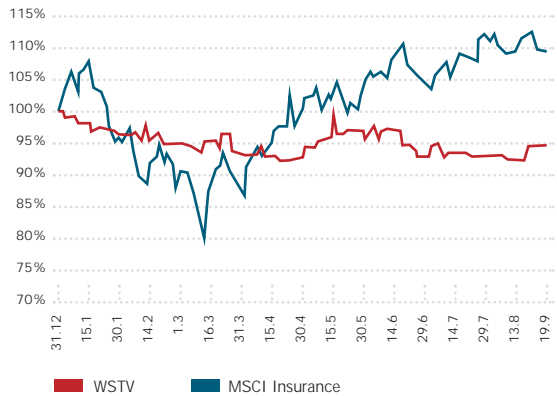
### New on the Wiener Städtische home page: the pension gap calculator

The level of the net pension and the size of the pension gap (= the difference between the final salary and the pension size) can be calculated with immediate effect using the pension gap calculator on Wiener Städtische's Internet site. The basis of the calculation is the current gross salary plus a two per cent salary increase for each year until the start of the pension. The actual pension gap would be even bigger in the event of a larger salary increase. Only an approximate value can be calculated with the pension gap calculator, but one that gives a good overview regarding the pension gap to be expected.

### "BESSER-LEBEN" now also for the "Premium Pension"

Wiener Städtische's clients, who have concluded a "Premium Pension", may with immediate effect also allow themselves to be pampered with "BESSER-LEBEN". For just EUR 9.90 per person each month in addition to the premium for the "Premium Pension", a wellness holiday may be claimed or your strength topped up in a fitness club.

**CHART COMPARISON WSTV vs. MSCI INSURANCE**  
 1<sup>st</sup> January 2003 - 19<sup>th</sup> September 2003



**Wiener Städtische Preference Share**

Wiener Städtische Versicherung's preference share, listed in official trading on the Vienna stock market, remained largely stable in the course up to now of 2003. However, the high level of the 2002 year-end of EUR 116.00 could not be maintained and the share was quoted at EUR 107.85 on 19.9.

Dr. Günter Geyer  
 General Manager

Dr. Franz Lauer  
 Deputy General Manager

Mag. Christian Brandstetter  
 Director on the Managing Board

Kurt Ebner  
 Director on the Managing Board

Dr. Rudolf Ertl  
 Director on the Managing Board

Karl Fink  
 Director on the Managing Board

Robert Lasshofer  
 Director on the Managing Board

