



LETTER TO THE SHAREHOLDERS
1ST QUARTER 2003

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Dear Shareholder,

This report will inform you in detail about the development of the business of Wiener Städtische Allgemeine Versicherung Aktiengesellschaft and of the Wiener Städtische Group in the first quarter of 2003.

Wiener Städtische AG in the first quarter of 2003

EURO MILLION	1 st quarter 2003	Year-over-year change
Gross premiums earned	441.86	15.5%
Property & casualty	199.40	14.3%
Health	68.35	4.3%
Life	174.11	22.1%
Benefits paid (direct insurance)	281.37	2.9%
Operating expenses	106.24	16.3%
Financial results	16.46	-69.9%
Capital investments*	6,894.99	1.3%

* excluding fund-linked life insurance

A total of Euro 441.86 million in **gross premiums earned** was generated by all the Divisions combined in direct business in the first quarter of 2003. This represented the substantial increase of 15.5 percent over the first quarter of the preceding year, and also meant that Wiener Städtische far exceeded the average market growth in Austria. In the property & casualty field in particular, growth in gross premiums earned of 14.3 percent was far in excess of the insurance market as a whole. This increase in premiums includes the transfer of the Montanversicherung portfolio on July 1, 2002, which is not included in the comparative figures for the first quarter of 2002. The 22.1-percent increase over the first quarter of 2002 in premium volume in the Life Insurance Division was also most satisfying. The total premium income of Wiener Städtische is made up as follows: about 45 percent comes from property & casualty insurance, about 39 percent from life insurance, and about 16 percent from health insurance.

Benefits paid rose by 2.9 percent over the comparable period of the preceding year, and grew at a rate well below that of the increase in premiums.

The **operating expenses** rose by 16.3 percent. The reason for this was the commission payable on the excellent sales results achieved, particularly in life insurance.

Financial results in the first quarter of 2003 were depressed by the negative performance of the stock exchanges. Whilst in the first three months of the preceding year the stock markets had been recovering, the first quarter of 2003 was marked in some cases by substantial declines in share prices. The situation on the stock markets improved in April and May 2003, however, and because of this notable recovery in the situation on the stock markets in the last two months the financial results that the Wiener Städtische is now achieving have improved considerably.

Capital investments as of March 31, 2003, of Euro 6,894.99 million have been calculated without the capital investments in fund-linked life insurance, which amount to Euro 186.59 million.

Property & casualty insurance

EURO MILLION	1 st quarter 2003	Year-over-year change
Gross premiums earned, direct	199.40	14.3%
Auto division	67.00	8.4%
Non-auto division	132.39	17.5%
Benefits paid (direct insurance)	119.97	3.4%

In **property & casualty insurance** an increase in premiums of 14.3 percent to Euro 199.40 million was achieved in the first quarter of 2003. This premium increase includes the transfer of the Montanversicherung portfolio on July 1, 2002, which is not included in the comparative figures for the first quarter of 2002.

In auto third-party insurance the gross premiums earned increased by 8.3 percent to Euro 43.00 million. This is mainly attributable to an increase in new business. Premium adjustments in the auto third-party insurance division came to a moderate 2.9 percent in the spring of 2003. Outstandingly good sales results enabled the premium volume in the auto comprehensive division to rise by 8.6 percent over the level in the corresponding quarter of the preceding year; it was not necessary to raise general rate levels.

Benefits paid increased less steeply than premium income, and only by 3.4 percent over the first quarter of the preceding year. Accordingly, the loss ratio in all divisions fell from 62.7 percent to 56.6 percent.

Life insurance

EURO MILLION	1 st quarter 2003	Year-over-year change
Gross premiums earned, direct	174.11	22.1%
Regular premiums	118.48	21.1%
One-time premium	55.63	24.3%
Benefits paid (direct insurance)	110.42	2.8%

Gross premiums earned in direct business in **life insurance** amounted to Euro 174.11 million in the first quarter of 2003, and were thus 22.1 percent above the level of premiums in the comparable period of the preceding year. A rising number of new policies on long-term pension products with regular premium payments resulted in premium growth of 21.1 percent. The new form of premium-favored fund-linked life insurance, the Wiener Städtische "Prämienpension", sold better than average in the first quarter of 2003. Wiener Städtische was also successful in the one-time premium field and increased premiums by no less than 24.3 percent over the comparable quarter in 2002. It was the "Limited Edition Best of Best" that contributed particularly well to this outstandingly good result.

Benefits paid increased during the quarter under review by a moderate 2.8 percent in comparison with the first quarter of 2002 and came to Euro 110.42 million. During the course of 2003 there will be an increase in these benefits as the tax-favored 15-year policies taken out in 1988 mature.

Health insurance

EURO MILLION	1 st quarter 2003	Year-over-year change
Gross premiums earned, direct	68.35	4.3%
Benefits paid (direct insurance)	50.97	2.1%

In health insurance gross premiums earned in direct business during the first quarter of 2003 came to Euro 68.35 million. It had thus proved possible to achieve an increase of 4.3 percent over the comparable period in the preceding year.

Benefits paid in health insurance totaled Euro 50.97 million in the first quarter of 2003, which meant an increase of 2.1 percent over the comparable period in the preceding year. They thus increased by far less than the gross premiums.

The Wiener Städtische Group in the first quarter of 2003

The **Wiener Städtische Group** was able to generate outstandingly good premium growth in the first quarter of 2003. In total the billed premiums from the Wiener Städtische Group's direct business grew by 13.1 percent to Euro 1,157.61 million. Here the growth rates in premiums were most satisfactory both in the Austrian and in the foreign insurance companies.

The property insurance business in Austria developed very well in both of the Group's property insurance companies, Wiener Städtische Versicherung and Donau Versicherung. It proved possible to increase premium income by 12.8 and 9.6 percent respectively over the first quarter of 2002.

The first quarter of 2003 went most satisfactorily in the life insurance field as well. Premium growth rates of 22.4 percent (Wiener Städtische), 44.6 percent (Donau Versicherung), and 22.1 percent (CA-Versicherung) lie far above the rates for the Austrian market as a whole, which in the first quarter of 2003 actually declined very slightly, by 1 percent. The sales results of Wiener Städtische and of its subsidiary companies Donau Versicherung and CA-Versicherung thus stand out to a very clearly positive extent from the overall trend in the market.

In December 2002 the shareholder structure in the Group changed; the share held by Donau Versicherung in S-Versicherung was reduced to 10 percent while in return Wiener Städtische increased its holding in Donau Versicherung to 90 percent.

Foreign investments

Very high growth rates were achieved once again in the first quarter of 2003 in the foreign subsidiaries of the Wiener Städtische Group. With premium growth of 16.7 percent, to Euro 316.81 million, over the comparable period of the preceding year, the foreign subsidiaries achieved a very satisfactory result.

The two biggest foreign subsidiaries, the Czech and the Slovakian Kooperativa companies, increased their total premium volume over the first quarter of the preceding year by 13.5 and 41.3 percent respectively. The number of employees in all the Group's foreign insurance companies has risen since the last day in 2002 by 123 and on March 31, 2003, came to 7,241.

DOMESTIC INVESTMENTS

EURO MILLION	Directly billed premiums		Non-life		Life	
	Q1/2003	y/y ± %	Q1/2003	y/y ± %	Q1/2003	y/y ± %
Wiener Städtische AG	549.74	15.7	374.98	12.8	174.76	22.4
Donau	183.22	16.5	138.28	9.6	44.94	44.6
CA-Versicherung*	34.09	21.5	0.14	-46.2	33.95	22.1
Union**	79.51	-7.0	1.25	4.2	78.26	-7.2
S-Versicherung***	224.91	-6.4	3.25	11.0	221.66	-6.6
Wüstenrot Versicherung****	132.26	4.5	46.56	13.3	85.70	0.2

* 50-percent holding

** 33.3-percent holding

*** 10-percent holding through Donau Versicherung

**** 31.5-percent holding

Latest news

“Prämienpension” is selling extremely well

Prämienpension, Wiener Städtische's state-promoted premium-favored life insurance product, is selling outstandingly well during the current year. Wiener Städtische, with this Prämienpension, was the first insurance company on the market to offer a state-promoted premium-favored life insurance product. By the end of April more than 15,000 of these policies had already been sold, which makes Wiener Städtische the clear market leader. Work is currently being done on another product innovation: the Prämienpension with one-time premium payment.

Stress test passed successfully

Wiener Städtische submitted itself by way of an experiment to the “stress test” prescribed by the German life insurer's supervisory body. It simulates and tests out a major collapse of the capital markets with shares falling by 35 percent and bonds by 10 percent to see whether the company would still be able to meet its short-term and long-term obligations towards its customers. Wiener Städtische passed this test with flying colors; even if the capital market were to crash in the manner described above, the technical insurance reserves are covered and the solvency of Wiener Städtische is guaranteed.

Wiener Städtische Group in the Slovakian Republic

The Wiener Städtische Group is now represented on the Slovakian market by three insurance companies: Kooperativa Bratislava, the second-biggest insurance company in the country, Komunálna, and Kontinuita. The Wiener Städtische Group is thus indisputably the biggest Austri-

an insurance company operating in the Slovakian Republic. In addition to the two full-service companies, Kooperativa Bratislava and Komunálna, Kontinuita is the youngest addition to the Group in the Slovakian Republic. This company operates exclusively in life insurance and holds 10th place in the market. In the first quarter of 2003 the three companies together were able to achieve a market share of more than 22 percent.

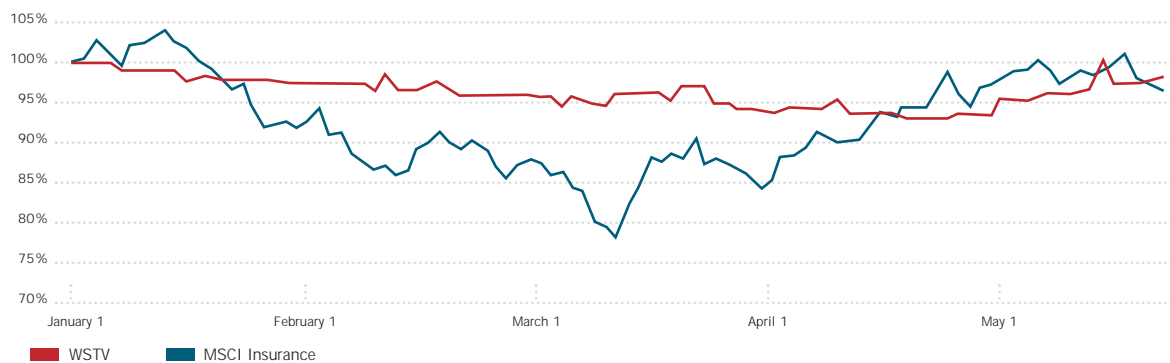
Business Class redefined

With its new Business Class, Wiener Städtische is offering a completely updated insurance package for small and medium-sized enterprises in almost all branches of trade and commerce. Its flexible modular principle enables it to adapt its scope and amount of cover to the many and varied requirements of the various types of company. Broad basic cover can be extended as necessary to include any required combination of additional policies in order to arrive at a wide package of insurance offering the best possible cover.

Wiener Städtische preferred stock

The 2003 stock exchange year started with a further drop in stock prices in the first quarter. In April, however, the stock prices stabilized within the main indices and this was followed by a rise that brought prices nearly back to their levels at the beginning of the year. The officially quoted Wiener Städtische preference shares once again remained stable in 2003 even though they were not quite able to hold the level they had reached at the end of 2002. On May 21, 2003, their price was Euro 112.50 or 3.0 percent below their 2002 year-end value of Euro 116.00.

CHART COMPARISON: WSTV versus MSCI INSURANCE



Vienna, May 2003

Dr. Günter Geyer
Chairman of the Board

Dr. Franz Lauer
Vice Chairman

Mag. Christian Brandstetter
Board Member

Kurt Ebner
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Dr. Rudolf Ertl
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