

**WIENER
STÄDTISCHE**



IHRE SORGEN MÖCHTEN WIR HABEN

LOOK ON US AS A BRIDGE OVER THE RIVER OF CHANGE ...



LETTER TO THE SHAREHOLDERS 1st QUARTER 2004

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Dear shareholder,

The present letter to shareholders 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 1st quarter 2004.

Wiener Städtische AG in the 1st quarter 2004

IN EUR MILLION	1st Quarter 2004	Change on previous year
Earned premiums, direct	499.98	13.2%
Property/casualty	209.94	5.3%
Health	69.99	2.4%
Life	220.04	26.4%
Insurance payments, direct	301.85	6.2%
Operating expenses	109.01	3.0%
Financial result	50,50	197.4%
Capital assets position ¹⁾	7,207.62	2.4%

¹⁾ excluding unit-linked life insurance, change as of 31.12.2003

Earned premiums in direct business amounting to EUR 499.98 million were produced by Wiener Städtische AG across all classes of business in the 1st quarter 2004. This represents a plus of 13.2% compared with the previous year. As a result, Wiener Städtische was once again way above the growth of the insurance market. The insurance market was clearly outperformed in the life insurance class of business in particular with a growth in earned premiums of 26.4%. Wiener Städtische's total premium income consists of approximately 42% from property and casualty insurance, approximately 44% from life insurance and approximately 14% from health insurance.

Insurance payments have increased by 6.2% in the 1st quarter 2004 compared with the 1st quarter of the previous year and are thus once again clearly lower than the premium growth.

Operating expenses increased by 3.0%. The reason for this is primarily the excellent sales result in life insurance and the increased commission payments associated with it.

The **financial result** in the 1st quarter 2004 turned out

considerably better at EUR 50.50 million than in the 1st quarter 2003 due to the consolidation of the financial markets. The European stock markets in particular were at long-standing lows in the 1st quarter 2003, but have steadily risen thereafter.

The **capital assets position** as of 31.03.2004 of EUR 7,207.62 million (+2.4% on 31.12.2003) is calculated excluding the capital assets of the unit-linked life insurance, which amount to EUR 312.06 million.

Property and casualty insurance

IN EUR MILLION	1st Quarter 2004	Change on previous year
Earned premiums, direct	209.94	5.3%
Motor classes	76.02	13.5%
Non-motor classes	133.92	1.2%
Insurance payments, direct	143.45	16.8%

A premium increase of 5.3% to EUR 209.94 million was achieved in **property and casualty insurance** in the 1st quarter 2004.

In motor vehicle liability insurance, earned premiums increased by 14.3% to EUR 49.15 million in the 1st quarter 2004 due to successful new business. In motor hull insurance, a premium increase of 12.0% to EUR 25.89 million could be accomplished.

In the non-motor classes of business, an increase resulted in earned premiums by 1.2% to EUR 133.92 million. The only moderate increase is solely because of the premium drop in the fire insurance branch, in which premiums fell by 15.3%. This decline is merely attributable to the altered accounting treatment of a few large policies, which have now been recorded for accounting purposes not in the first quarter as in the previous year, but in the 2nd quarter.

There was a significant increase in insurance payments due to a hull loss in the aircraft division and a large loss in the industrial fire branch. However, these two major losses are almost completely reinsured and therefore will barely have repercussions on Wiener Städtische's result. Overall, insurance payments increased by 16.8% to EUR 143.45 million.

Life insurance

IN EUR MILLION	1st Quarter 2004	Change on previous year
Earned premiums, direct	220.04	26.4%
Renewable premium	133.59	12.8%
Single-premium policies	86.45	55.4%
Insurance payments, direct	107.75	-2.4%

The earned premiums from direct business in **life insurance** amounted to EUR 220.04 million in the 1st quarter 2004 and were thus around 26.4% above the premium level of the previous year. A premium growth of 12.8% could be produced in the case of renewable premiums. An increase in premium of 55.4% could even be achieved in the single-premium policy sector compared with the 1st quarter 2003.

This extremely positive performance reflects the increase in production in the single-premium policy sector, particularly the higher number of conclusions of annuity insurance policies. Also, the "Premium Pension", Wiener Städtische's product for the future pension plan with subsidised premiums, is still selling very well in 2004. The 300,000th conclusion of a future pension plan with subsidised premiums was carried out at Wiener Städtische in May 2004.

Insurance payments reduced by 2.4% to EUR 107.75 million in the 1st quarter 2004 compared with the 1st quarter 2003.

Health insurance

IN EUR MILLION	1st Quarter 2004	Change on previous year
Earned premiums, direct	69.99	2.4%
Insurance payments, direct	50.65	-0.7%

The earned premiums from direct business in **health insurance** amounted to EUR 69.99 million in the 1st quarter 2004. As a result, an increase of approximately 2.4% could be achieved compared with the 1st quarter 2003. The tariff adjustment implemented at the start of the year 2004 on the basis of adapted mortality tables will only have an impact in the course of the year.

Insurance payments in health insurance amounted to

EUR 50.65 million, which represents a reduction of 0.7% compared with the previous year.

The Wiener Städtische Group in the 1st quarter 2004

The Wiener Städtische Group was able to produce a premium growth of 12.3% overall to EUR 1,341.65 million in the 1st quarter 2004. This consists of a growth in premium of 8.7% at the domestic insurance companies and 22.1% at the foreign insurance companies.

Wiener Städtische Group in the domestic market

In addition to Wiener Städtische AG, Donau Versicherung (including a share of 10% in S-Versicherung), BA-CA-Versicherung and Union Versicherung also belong to the domestic group. In addition, there is a participation in Wüstenrot Versicherung to the extent of 31.6%.

Property insurance business in the domestic market has developed well in the 1st quarter 2004 at Wiener Städtische AG. At Donau Versicherung also, which has the second-largest property insurance portfolio of the domestic group, the premium development in the 1st quarter 2004 was very satisfactory in the property sector with an increase of 6.0% in accounted premiums compared with the corresponding period last year.

Premium increases in the Wiener Städtische Group also continued to develop very satisfactorily in life insurance business. Thus, in addition to Wiener Städtische AG, Donau Versicherung also generated a growth rate that was considerably above the market growth with a premium growth of 16.7% compared with the 1st quarter of the previous year.

The Wiener Städtische Group abroad

The high premium growth in the accounted premium income of the Group's foreign insurance companies could also be maintained in the 1st quarter 2004. Overall, around 22.1% more accounted premiums were generated at the foreign insurance companies in the first 3 months of 2004 than in the corresponding period of the previous year. The total amount of accounted premi-

THE WIENER STÄDTISCHE GROUP IN THE 1st QUARTER 2004

IN EUR MILLION	Accounted premium		Non-life excluding health insurance		Life	
	1st Quarter 2004	+/-% of prev yr	1st Quarter 2004	+/-% of prev yr	1st Quarter 2004	+/-% of prev yr
Group premiums ^{*)}	1,341.65	12.3	798.66	11.0	469.24	16.4
Group, domestic market	942.18	8.7	479.22	4.9	389.21	15.1
Group, foreign countries	399.47	22.1	319.44	21.7	80.03	23.4

^{*)} The participation relationships were taken into account with the calculation of Group premiums.

ums stood at EUR 399.47 million for the 1st quarter 2004. In particular, the Czech and Slovak members of the Group were able to continue their impressive growth.

The ratio of accounted premiums for foreign Group companies to the total premium of the Group already amounted to almost one third in the reporting period.

Latest news

New Wiener Städtische logo

After almost two decades, the Wiener Städtische logo has been revamped. The tulip was modernised and now has a more dynamic effect. The shapes are softer and rounder. The flower and the leaves of the tulip have a more natural effect – at the focal point of the message of the new logo are security, trust and reliability. The introduction of the new logo will take place gradually in the current year, whereby existing residual stocks of printed forms with the old logo are not destroyed, but used up for the purposes of economic trading. The fitting out of the agencies and branches with the new logo will be carried out gradually as well.

T-Center sold

The T-Center is one example of a successfully implemented real estate project. A huge office block, the T-Center, was constructed in the area of the former abattoir in St. Marx (Vienna) by Wiener Städtische together with other investors. Even before completion of the office building at the end of 2004, the 135,000 square metres could be pre-let, primarily to T-Mobile.

T-Mobile will centralise its locations here, which are scattered across the whole of Vienna. In April 2004, the T-Center was sold to a real estate fund.

Wellness Plus for a plus to the quality of life

"Wellness Plus" combines the "BESSER LEBEN" benefits with a consolation of EUR 60 per day and with services of assistance if a hospital stay is unavoidable. The combination of "BESSER LEBEN" and a priority category insurance policy is the new highlight of health insurance, which is also offered with favourable premiums for families.

New Wiener Städtische advertisement

The current advertising campaign started on 15th May 2004 with a new advertisement. At the airport, Jack makes his father aware, in a humorous way, that everyone needs a reliable partner in life. The advertisement was shown on television and on the Infoscreens in the Vienna underground until 6th June.

Wiener Städtische sponsors the Danube Island Festival (Donauinselfest) in Vienna

The Danube Island Festival in Vienna takes place from 25th to 27th June for the 21st time. More than 2,000 artists offer almost 600 hours of entertainment. Wiener Städtische has supported the Danube Island Festival from the start and is present in the entire festival area and on all printed matter.

Architecture in Ringturm

The exhibition "Europe's best buildings 2003" from the "Architecture in Ringturm" series of events was opened on 11th May 2004. The work of Zaha Hadid, the "Mies van der Rohe Pavillon" prizewinner, is at the centre of the exhibition. The British architect originating from Iraq obtained the distinction for her project "Hoenheim-North multi-storey car park and terminal" in Strasbourg, France.

Wiener Städtische Preference Share

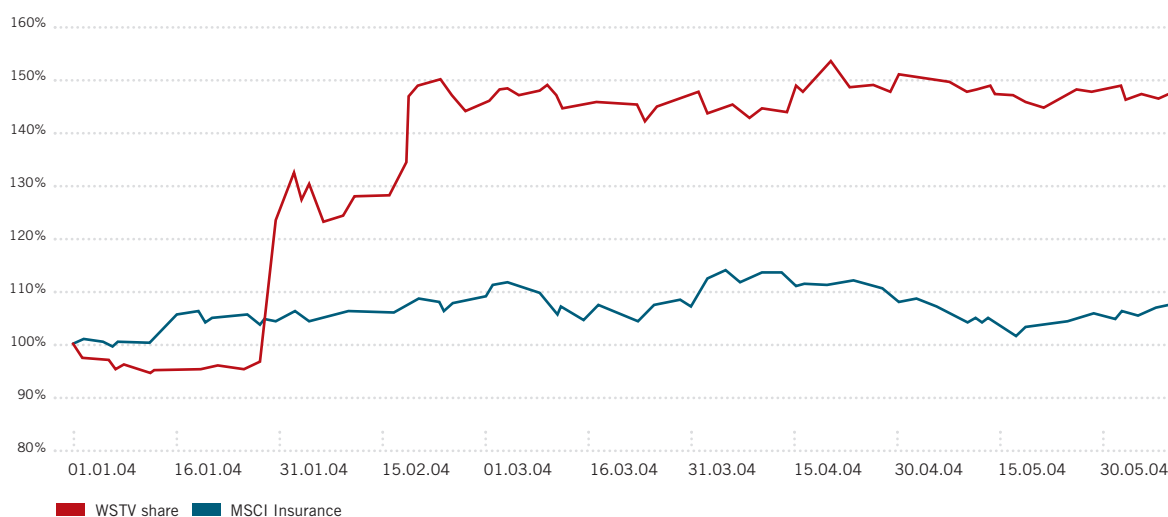
The Wiener Städtische preference share was able to maintain its high price level attained in 2004. It was quoted at EUR 173.80 on 8th June 2004. That represents an appreciation in value of 46.7% since 1.1.2004. As a result, the MSCI Insurance has

been outperformed by approximately 40 percentage points since the start of 2004.

An increase in the dividend distribution to preference shares by 0.95 cents to EUR 3.15 per share will be proposed for the financial year 2003 by the Managing Board.

PERFORMANCE OF WSTV AND MSCI-INSURANCE

1st January - 8th June 2004



Dr. Günter Geyer
General Manager

Dr. Franz Lauer
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

Dkfm. Karl Fink
Director on the Managing Board

Ing. Mag. Robert Lasshofer
Director on the Managing Board



... IN THE NEW EUROPE: WIENER STÄDTISCHE. WISH WE HAD YOUR PROBLEMS.

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