

Perspectives on Asset Management Dynamics in CEE & CIS: Current issues, trends and progress

Heinz Bednar, CEO, Erste Asset Management

Why Is He (Heinz Bednar) Telling Us About Asset Management in CEE?

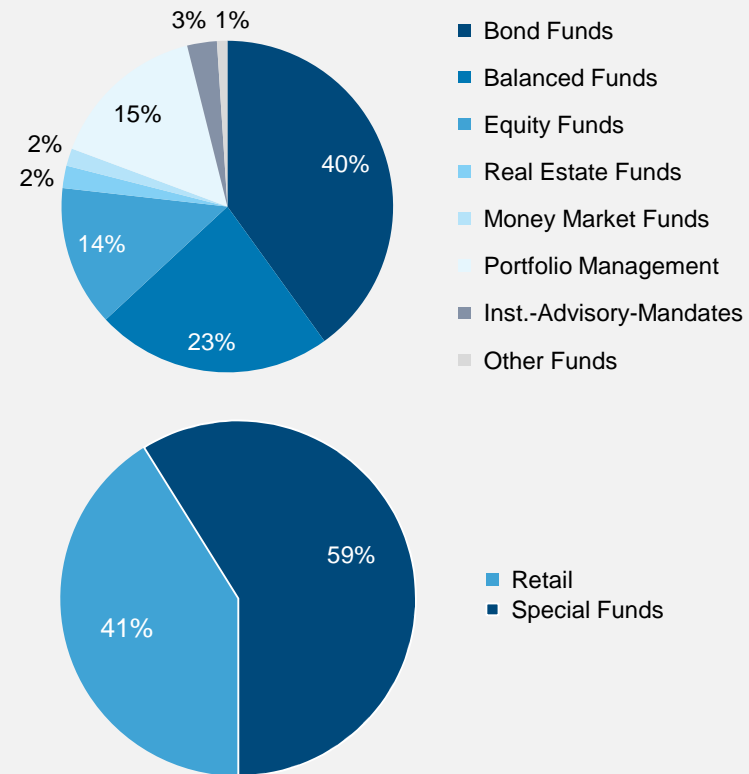
Erste Asset Management at a Glance

Overview

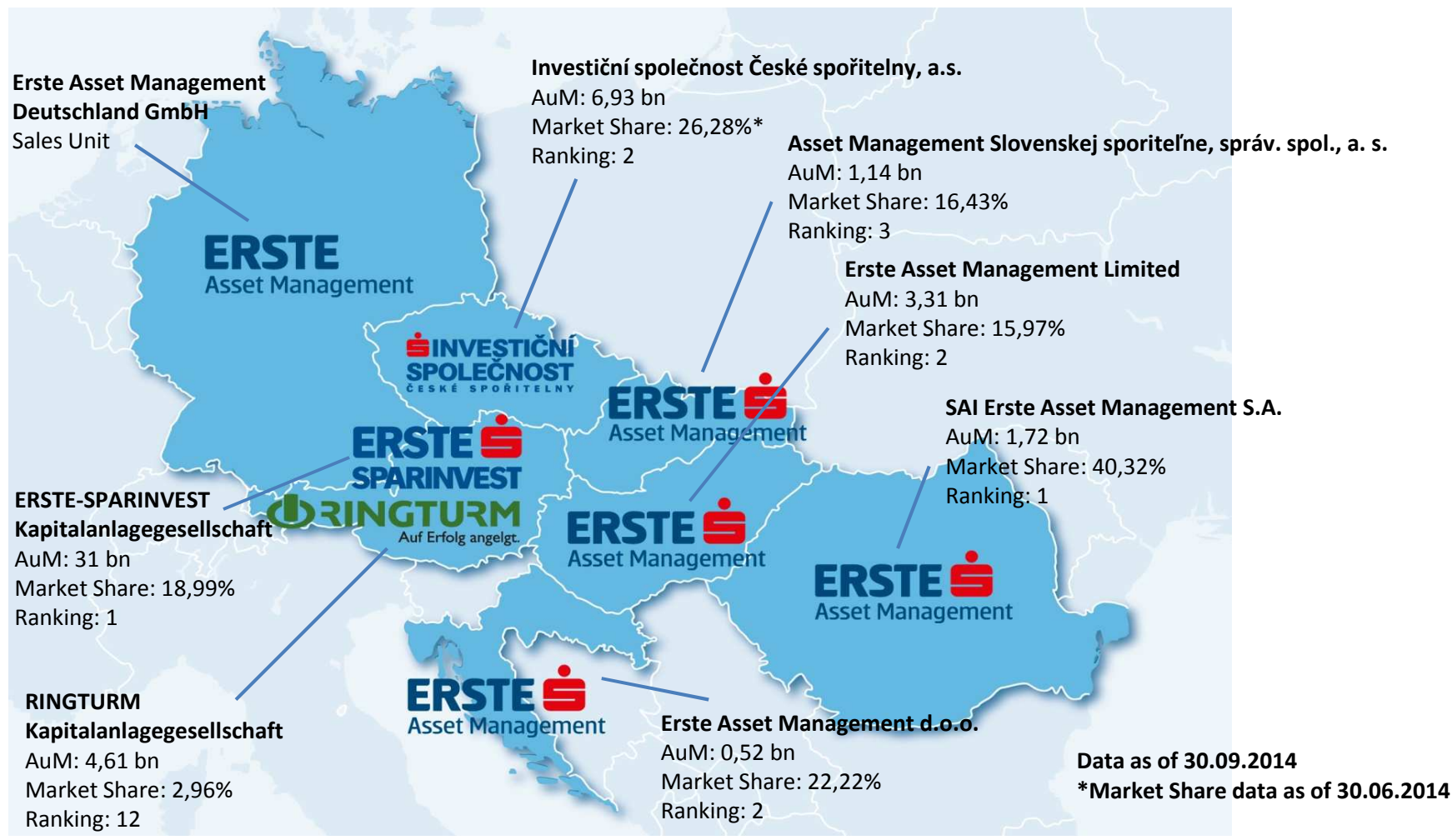
- Has consolidated the asset management activities of Erste Group Bank AG since 2008 (Erste Bank established in 1819)
- Is a wholly owned subsidiary of Erste Bank
- Subsidiary Erste-Sparinvest KAG founded in 1998 through the merger of Sparinvest (1965) and Erste KAG (1985)
- Subsidiaries in the Czech Republic, Slovakia, Croatia, Romania and Hungary
- Employees: 309
- Investment professionals: 101
- Assets under management: EUR 50,5 billion
- Rated “very good” by Telos’ Asset Manager Rating



Assets under Management



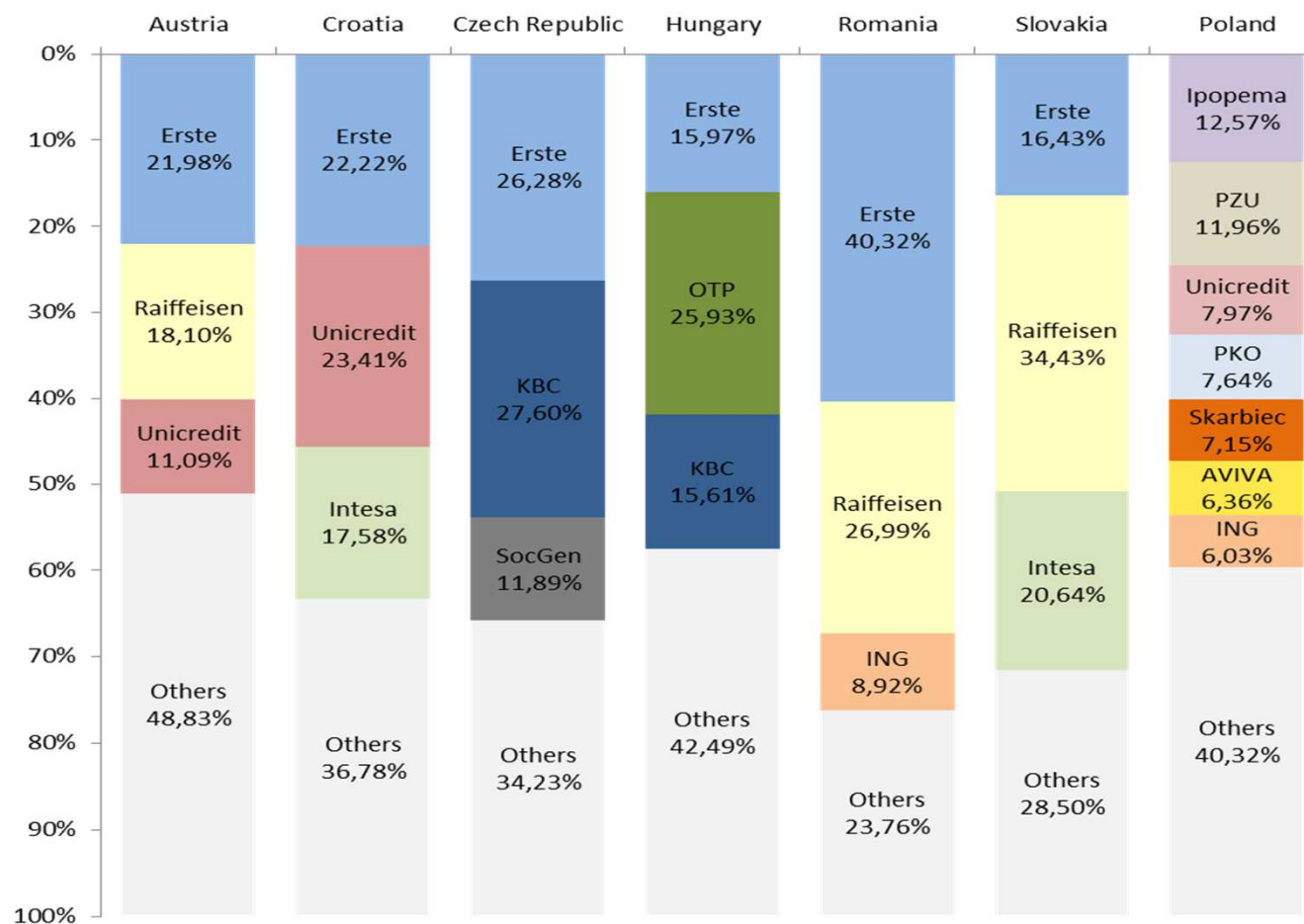
Erste Asset Management





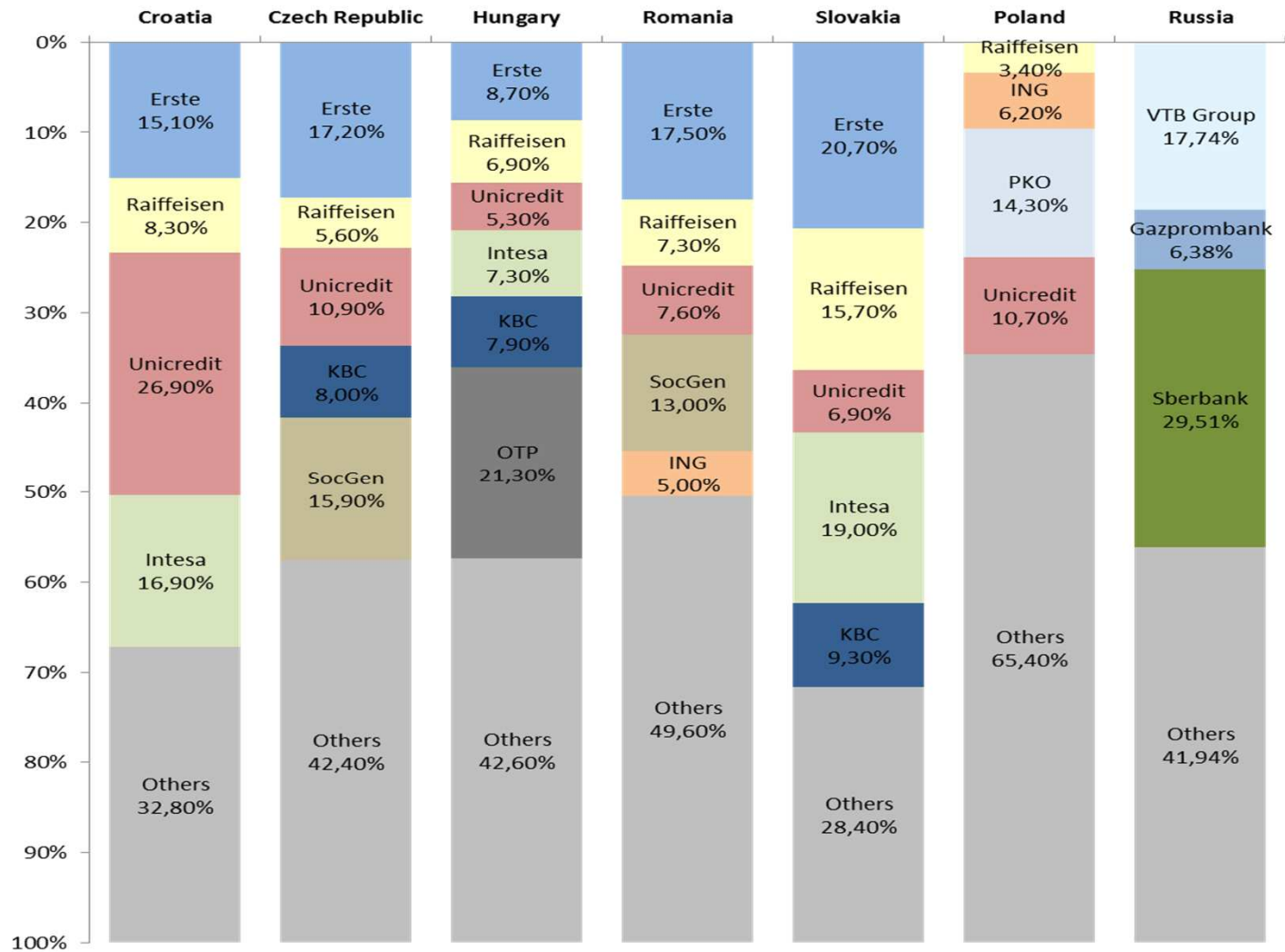
Who is Driving Asset Management - Markets in CEE?

High Concentration of Producers



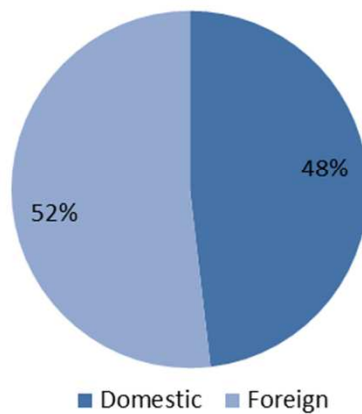
* Market shares as of 2014 Q3
(except Czech Rep as of 2014 Q2)

As Well As of Distributors*

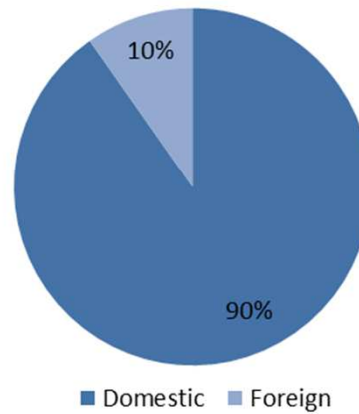


EU - Open Markets?

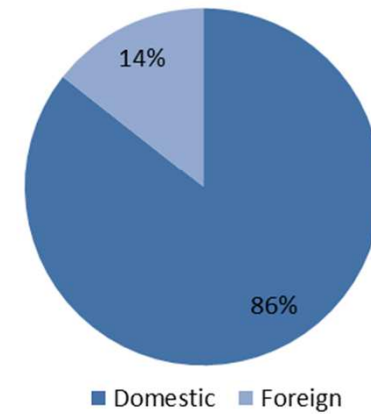
Czech Republic



Romania



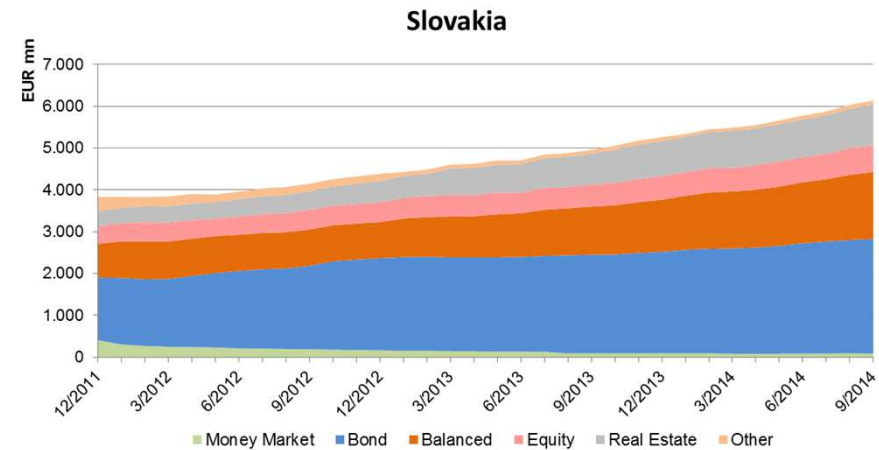
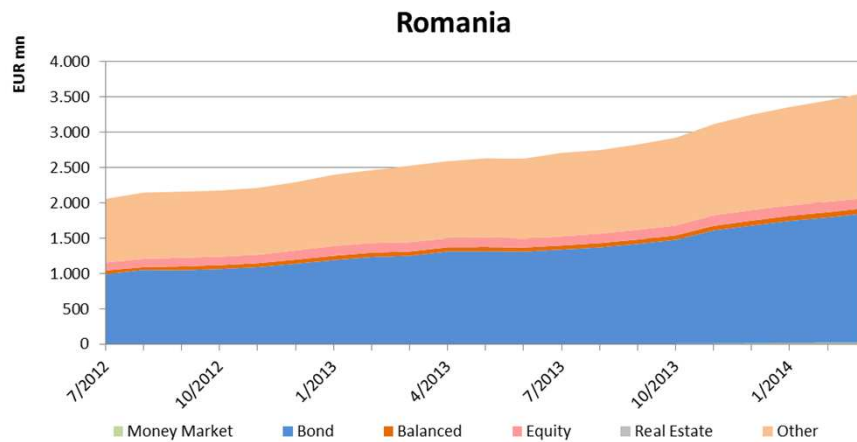
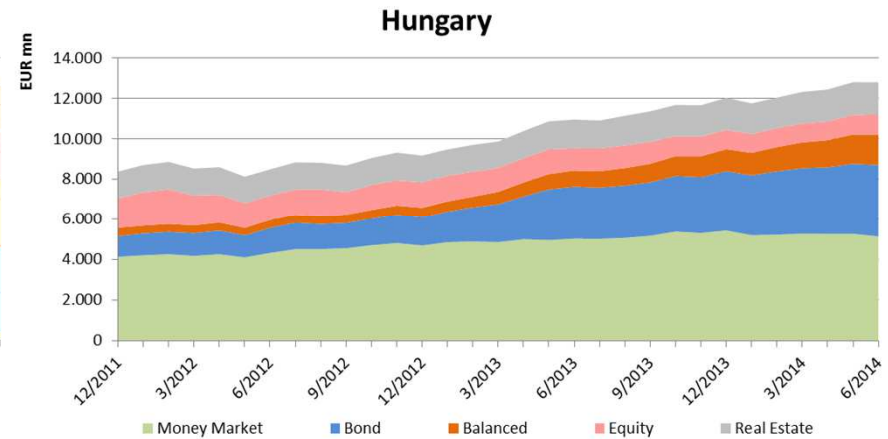
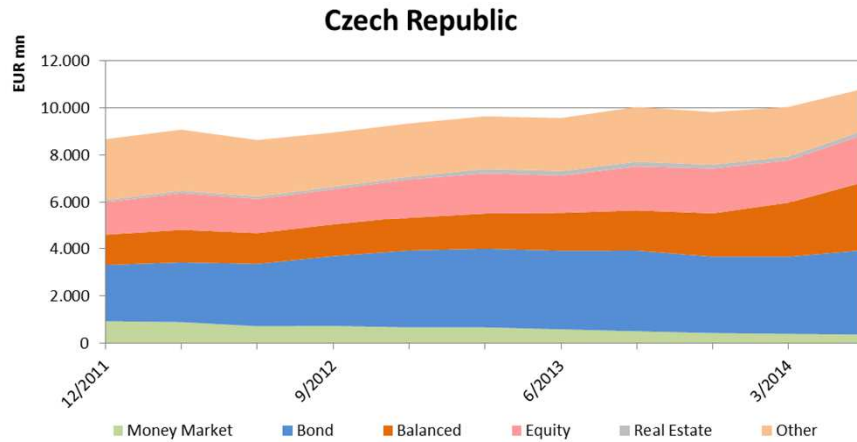
Slovakia



Who Is Buying What?

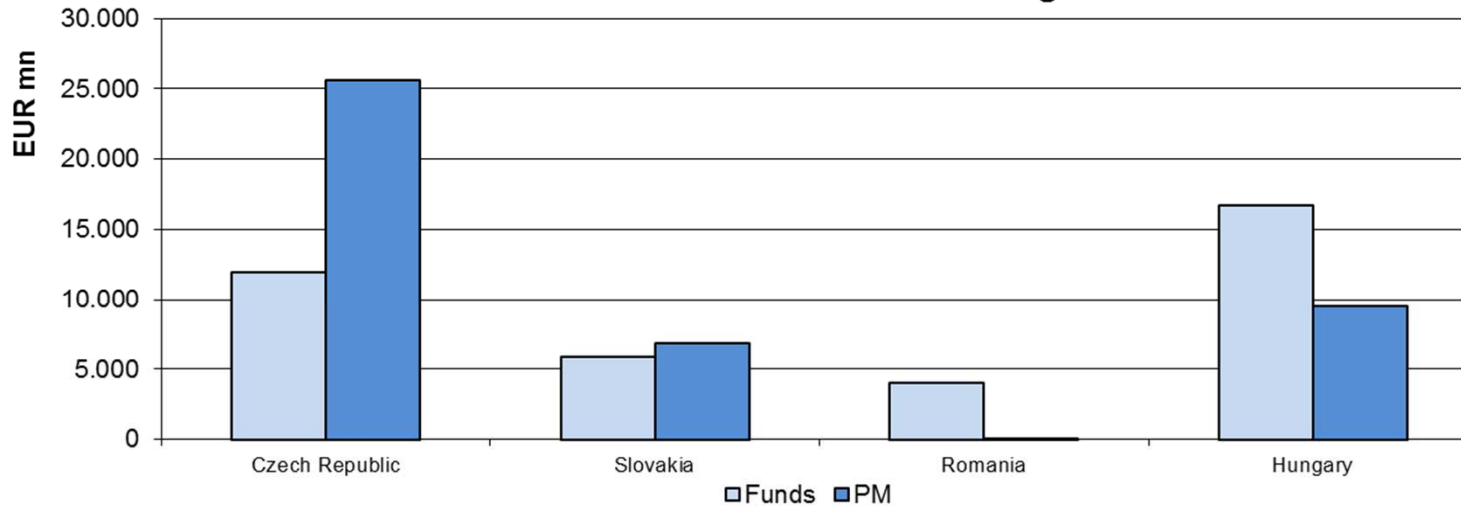
What Else Is Specific?

Asset Class Mix in Selected Markets

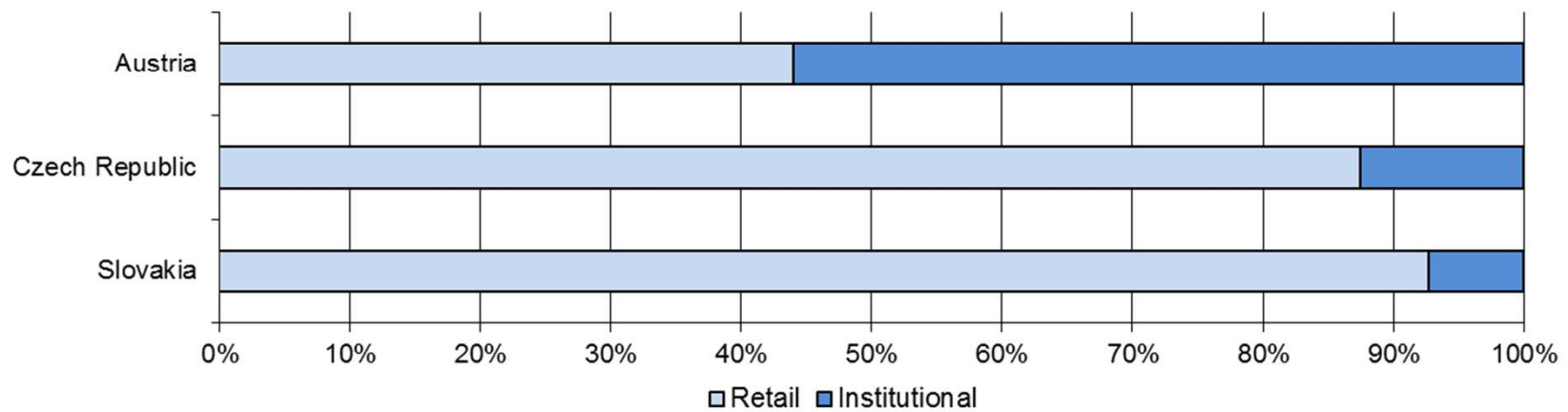


Further Specifics

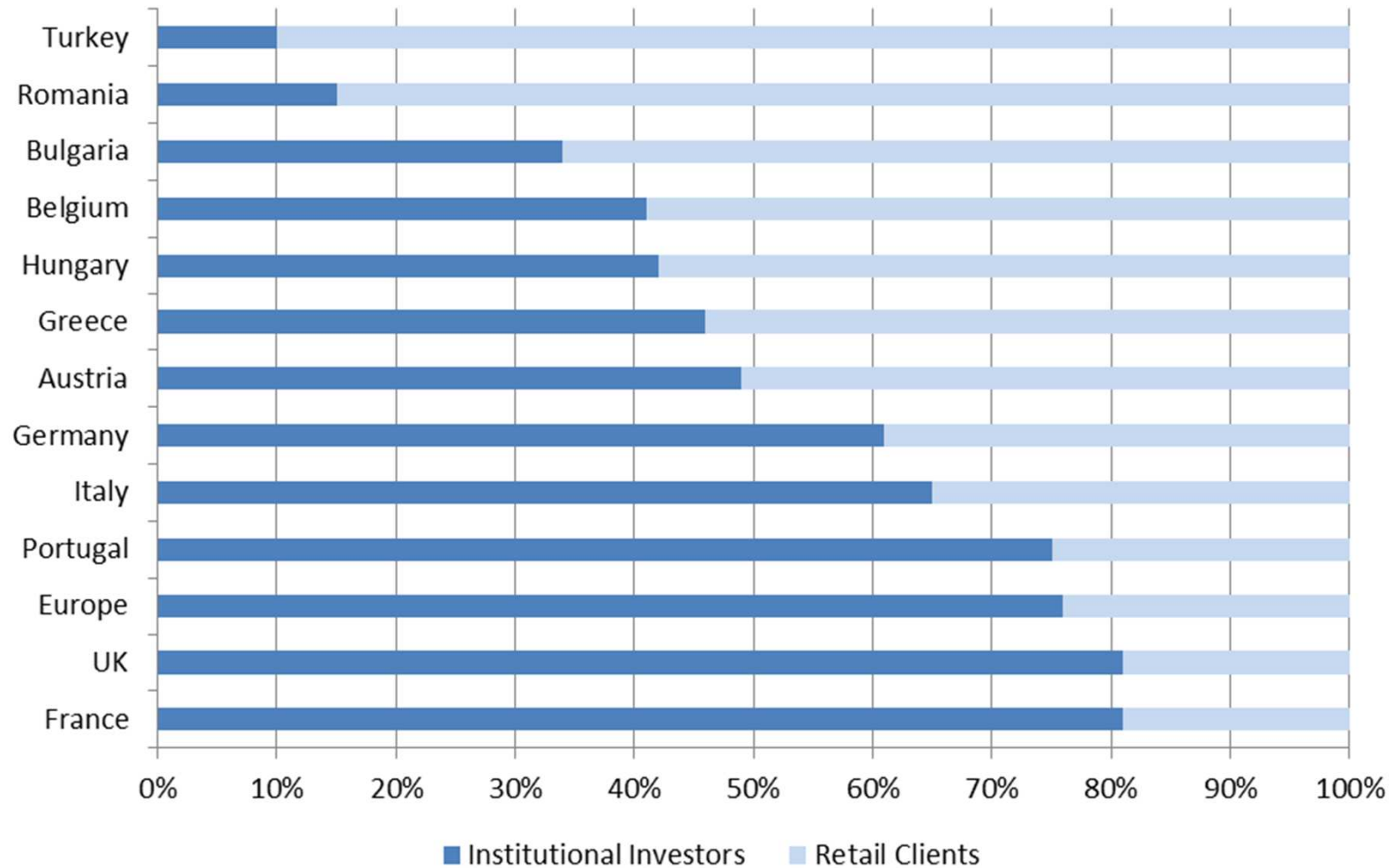
Investment Funds vs. Portfolio Management



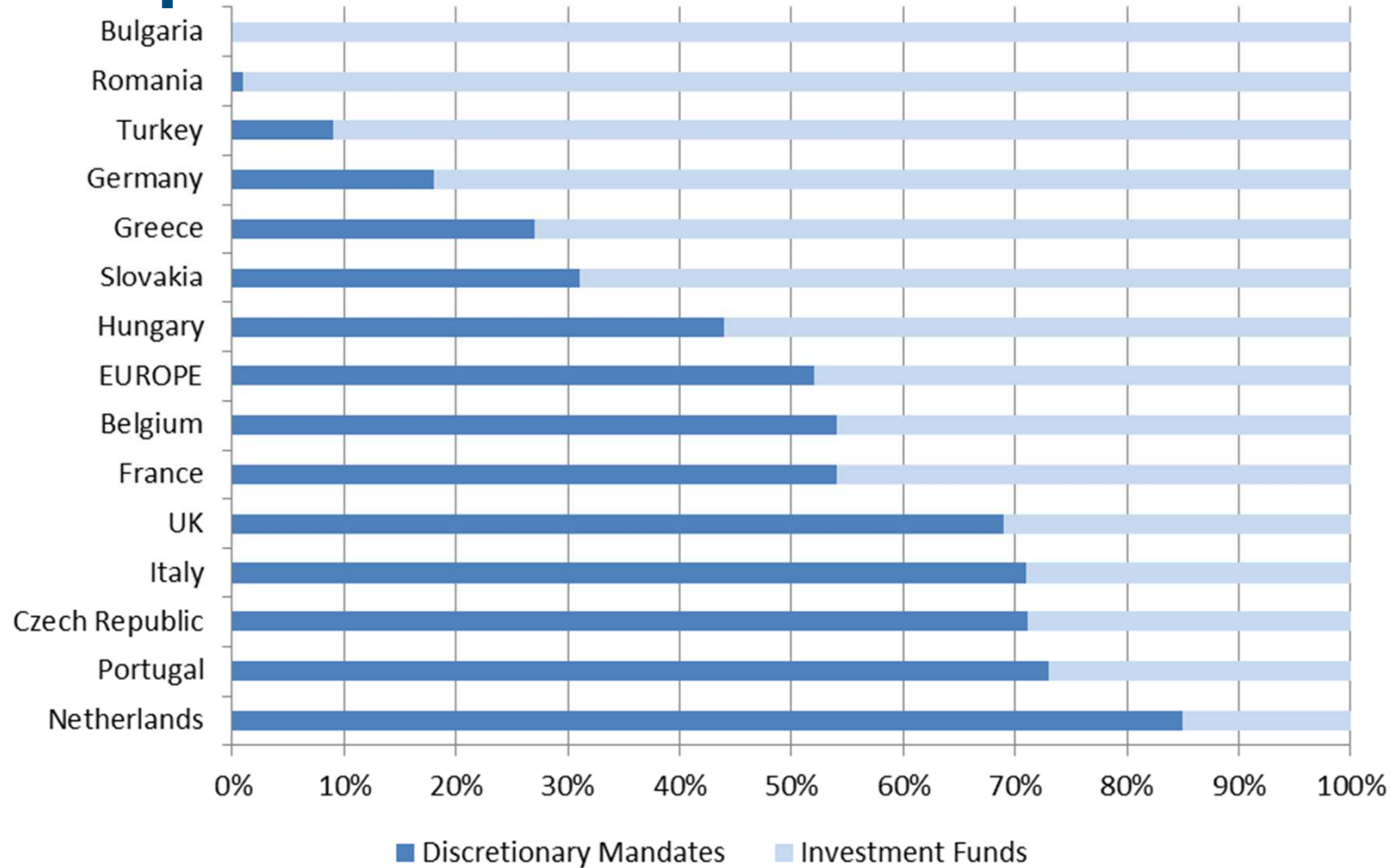
Investment Funds - Retail vs. Institutional



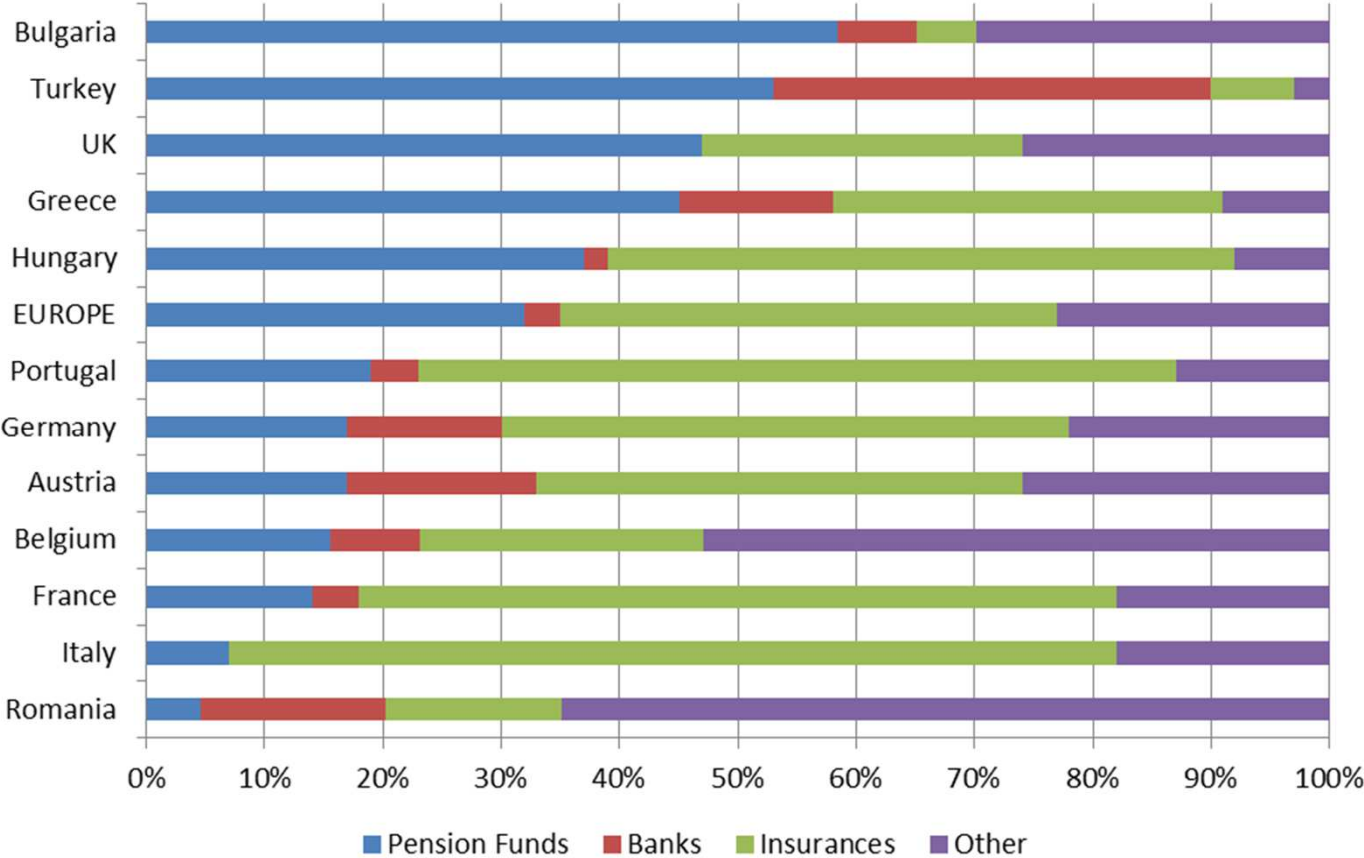
Retail vs. Institutional Client



Discretionary Mandates vs. Funds in Europe

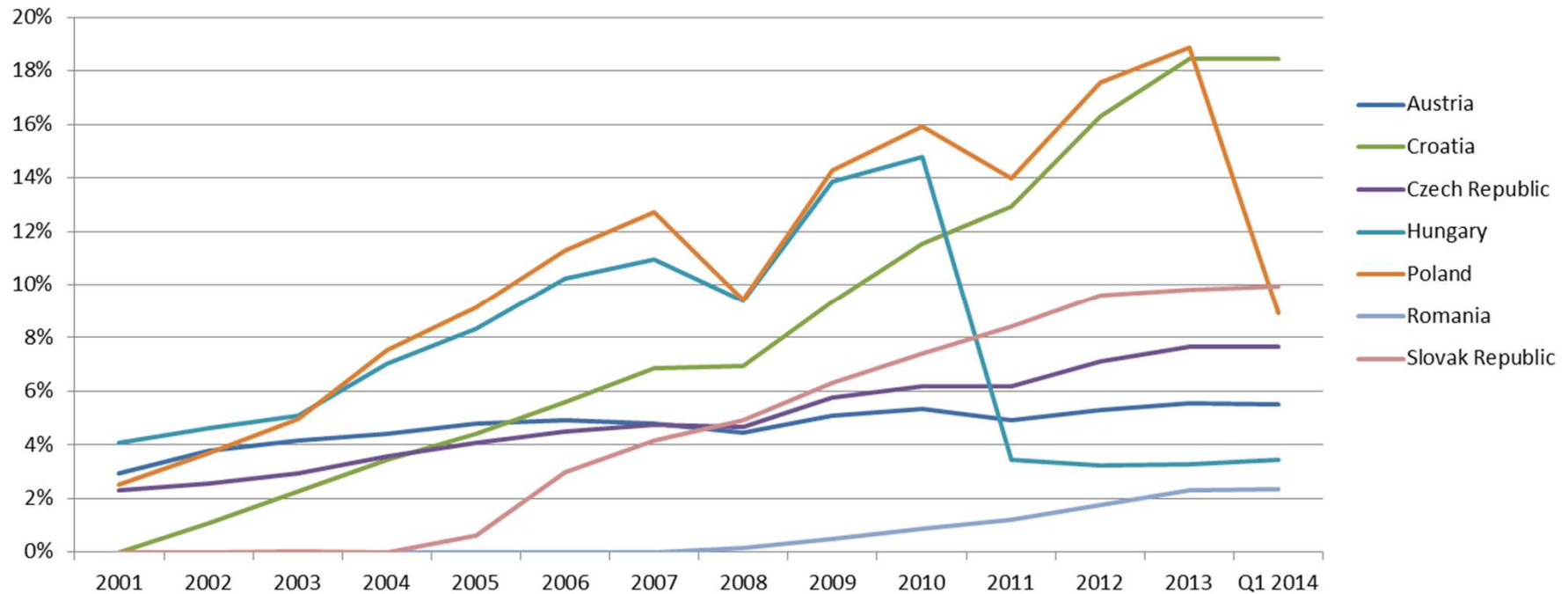


Who Is the Institutional Client?



Pension Funds: A Strong and Sustainable Investor Base?

Pension Funds Total Investments / GDP



Comments:

Austria only 2nd pillar in all years

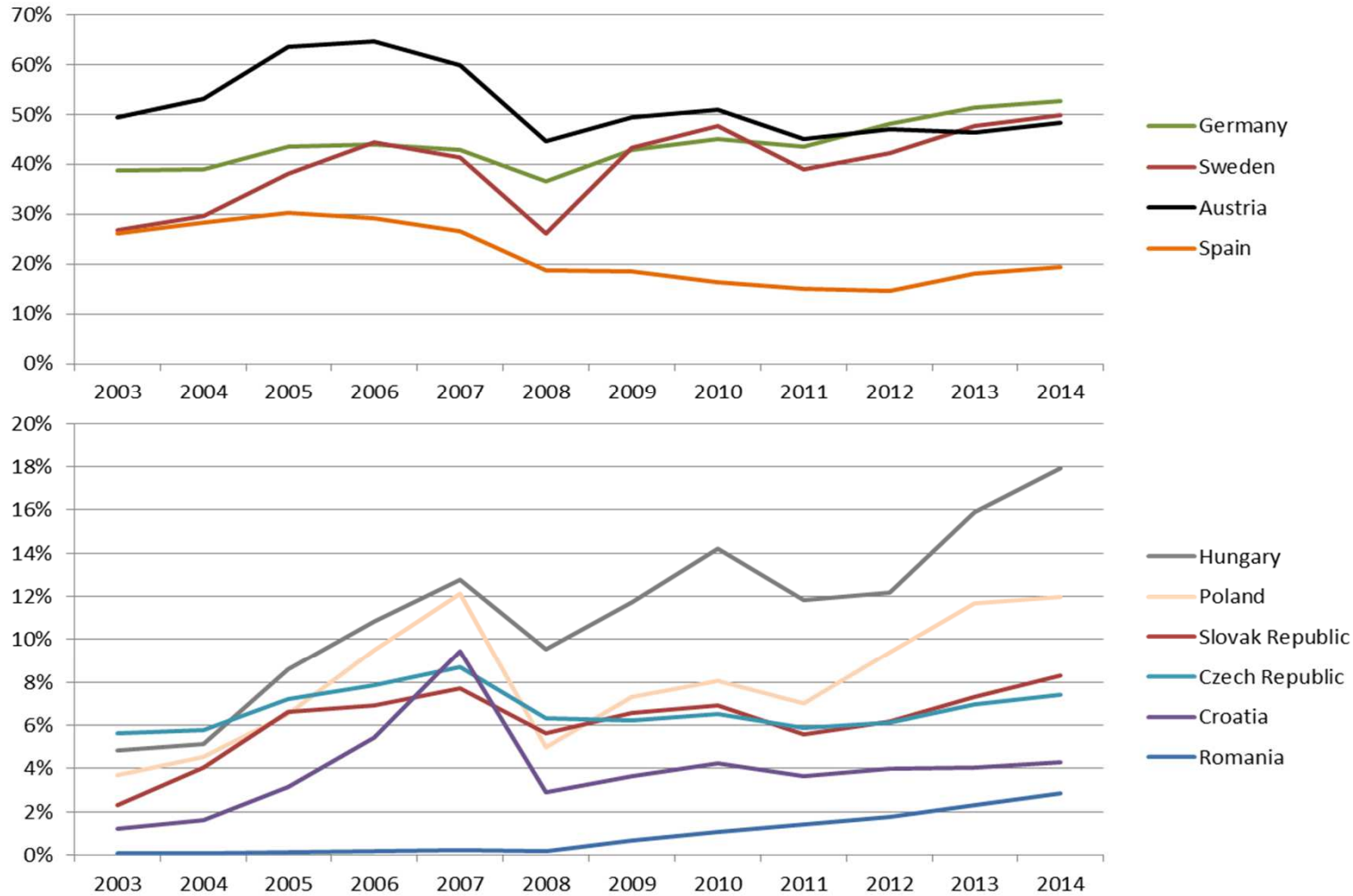
Hungary only 2nd pillar since 2011



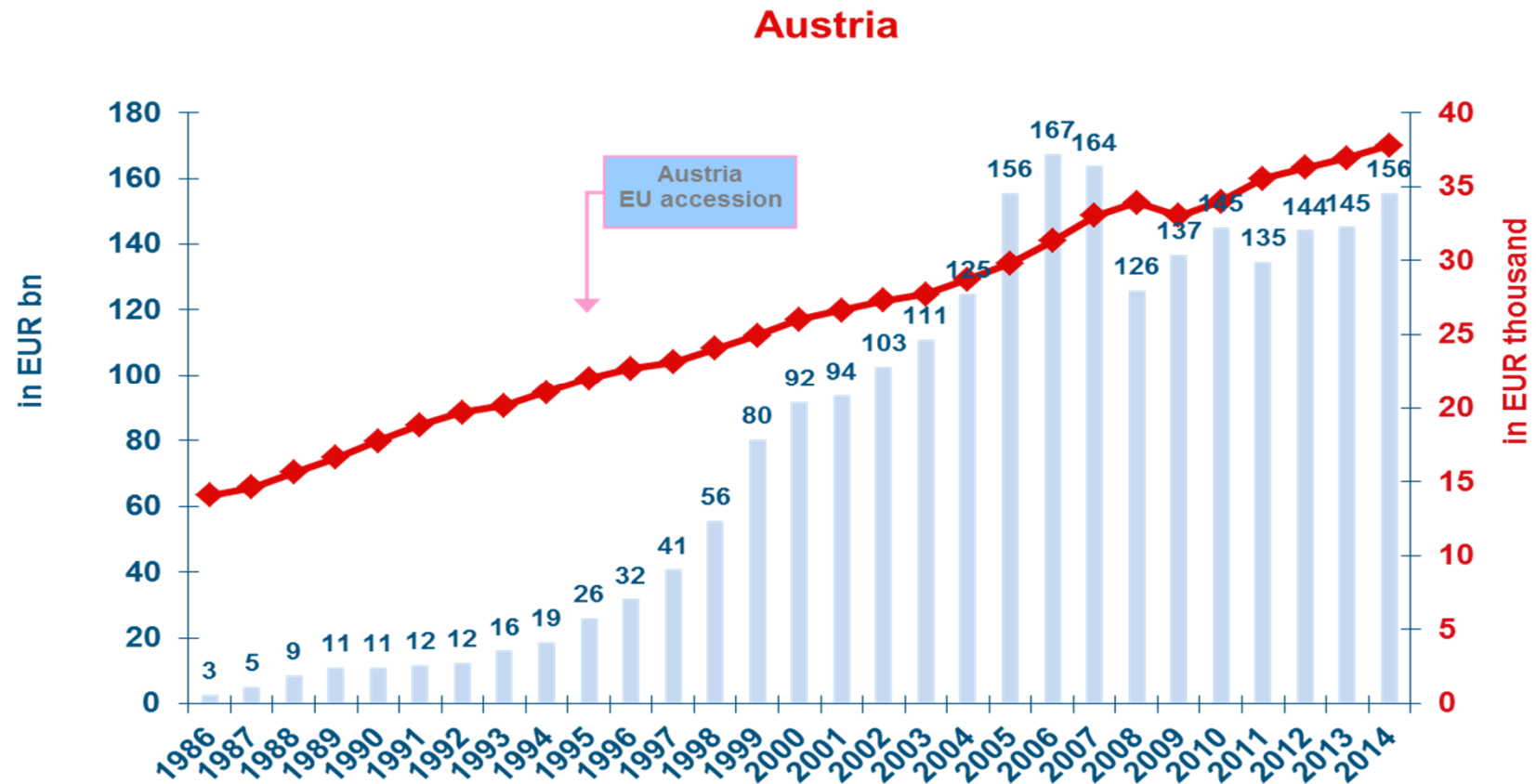
What About the Perspectives?

Catching Up – But Still a Long Way to Go

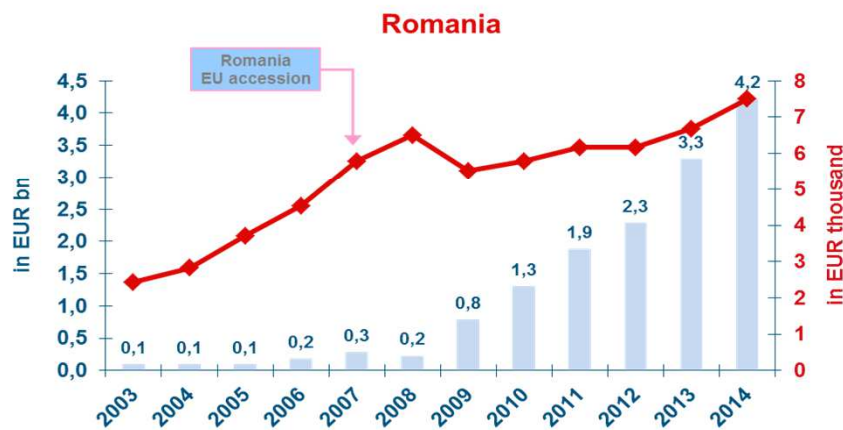
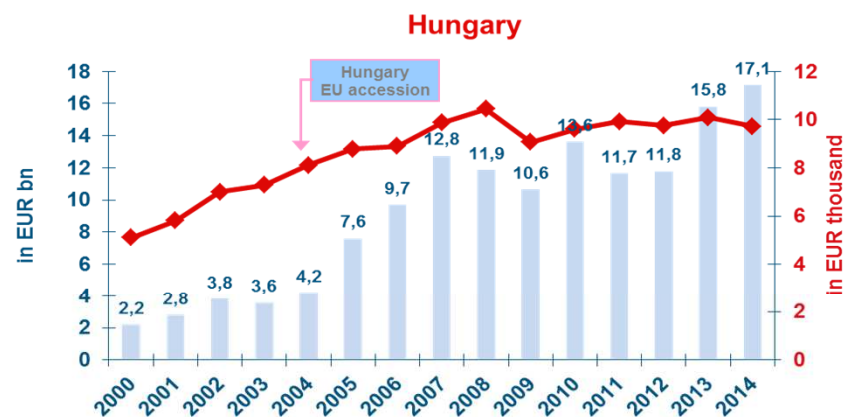
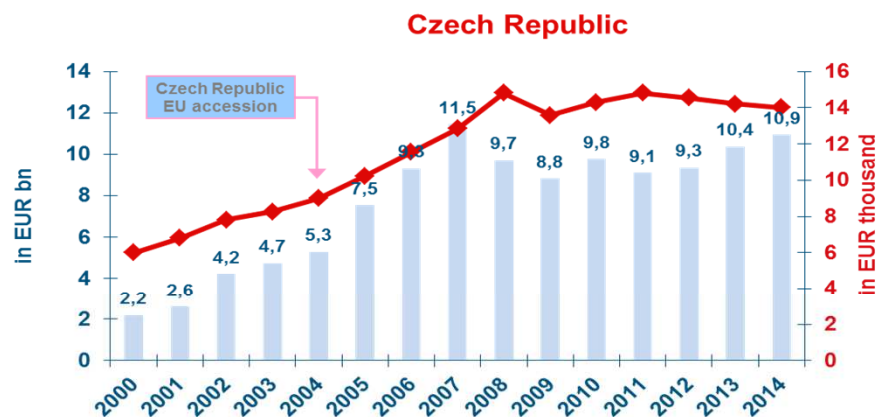
Investment funds AuM / GDP



Investment Funds AuM vs. GDP/Capita in Austria



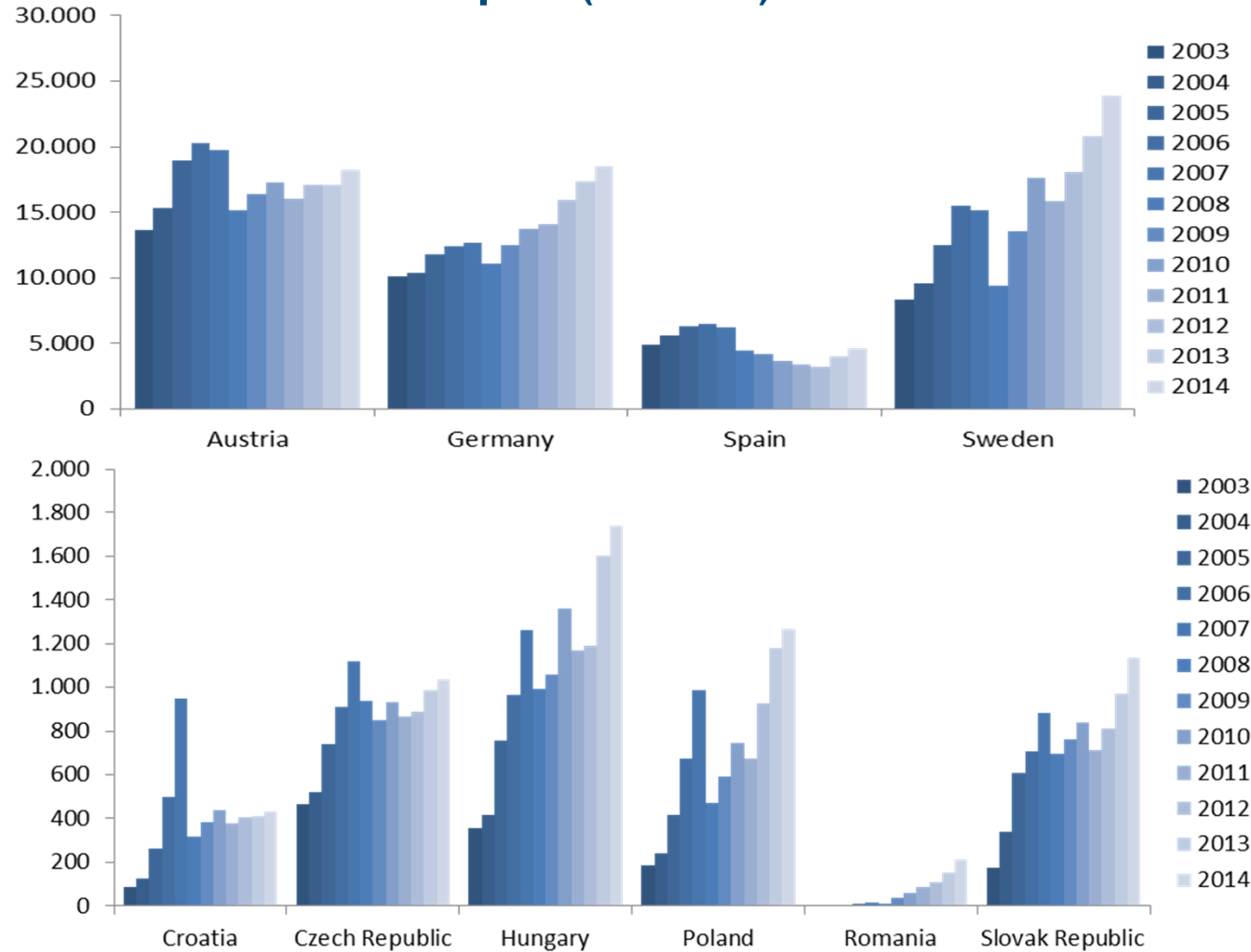
Investment Funds AuM vs. GDP/Capita in CEE



* AuM data for 2014 of 2014 Q3
(except Czech Rep as of 2014 Q2)

Catching Up – But Still a Long Way to Go

Investment Funds AuM / Capita (in EUR)

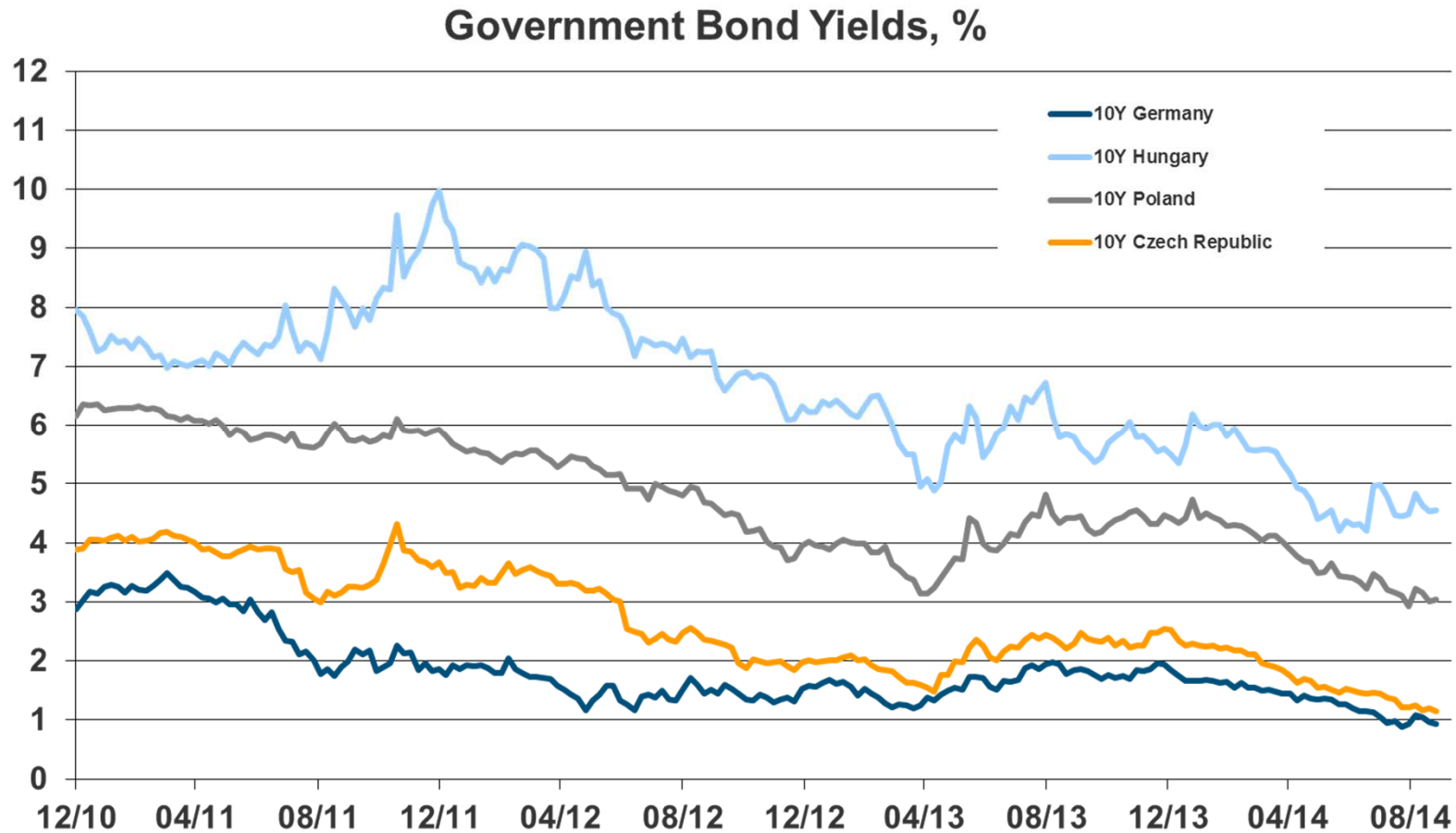


Best Environment Ever? - Broad Based Rate Cuts

	Official rate	Current rate (% pa)	Change since last peak / through (bp)	Forecast, Dec 15
Czech Republic	2-wk repo	0.05	-370	0.05
Hungary	2-wk repo	2.10	-490	2.00
Poland	7-day interv	2.00	-275	1.50
Romania	Base rate	3.00	-725	2.50
Russia	Key pol rate	8.00	250	8.50
Turkey	1-wk repo	8.25	-175	8.25

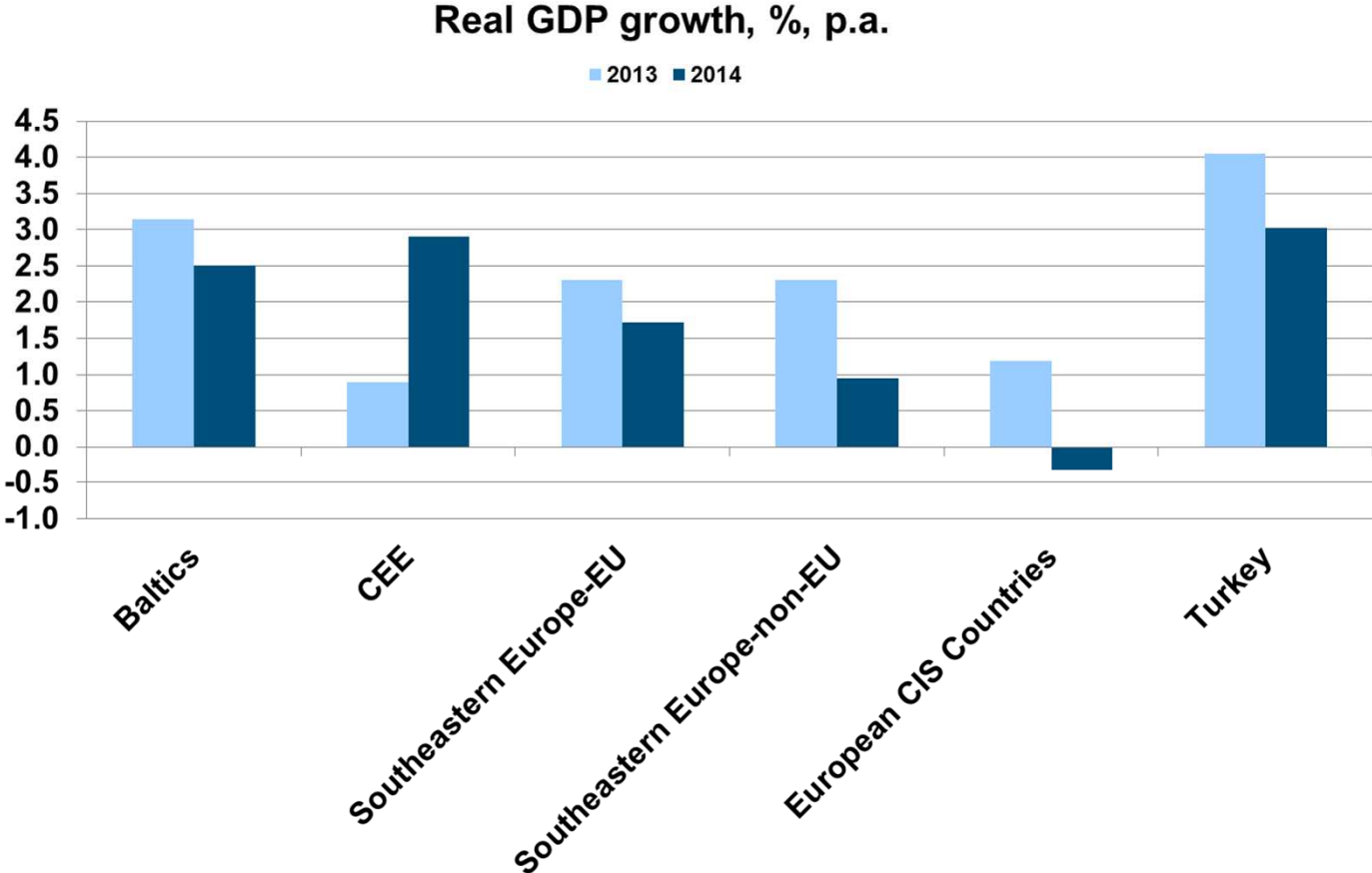
Source: Bloomberg, ERSTE-SPARINVEST

Falling Yields – Leading to Reduced Home Bias?



Source: Bloomberg

The New Medicare Takes Its Toll - Unevenness remains



*Weighted average. Weighted by GDP valued at purchasing power parity

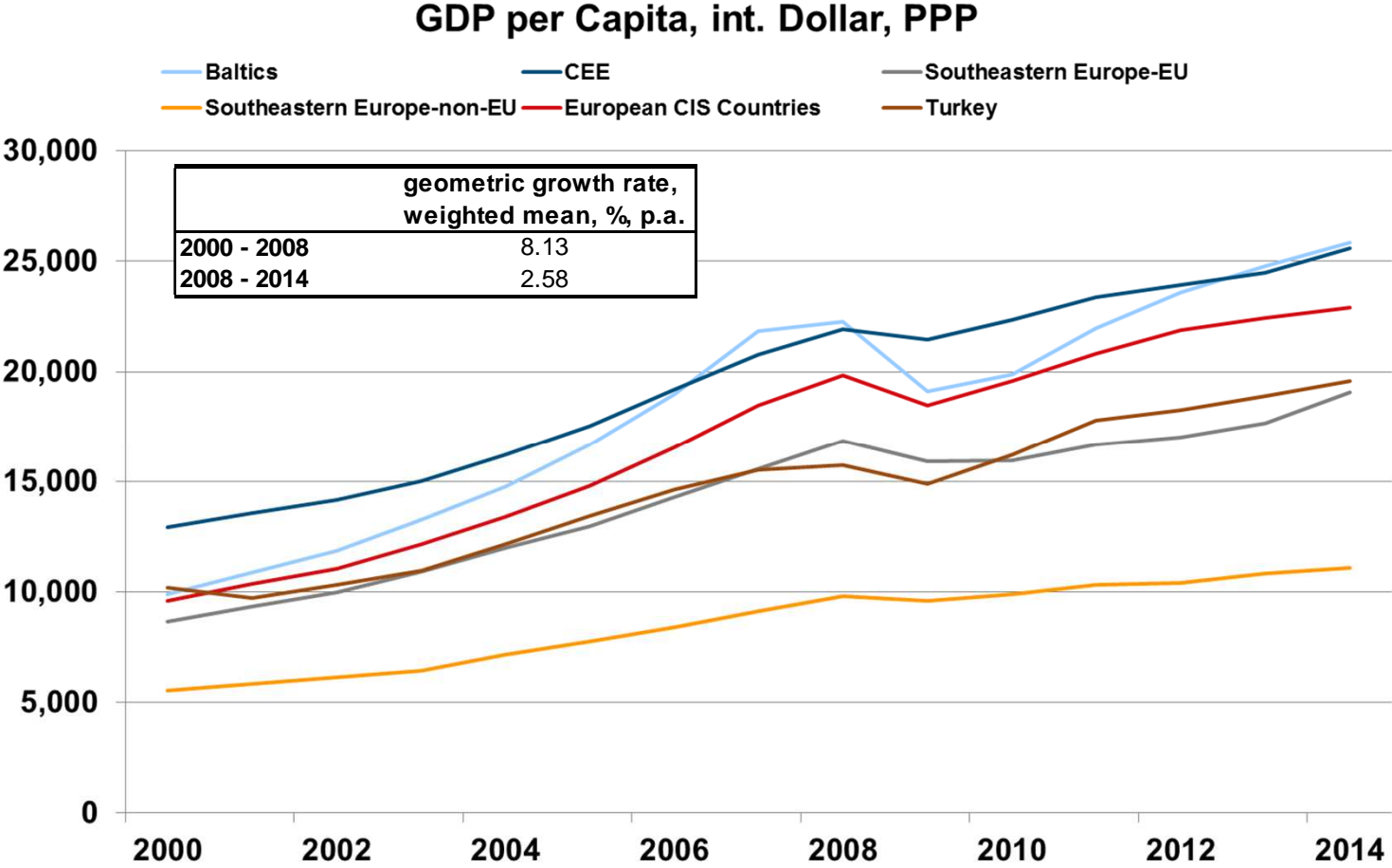
Source: IMF, World Economic Outlook 2014, ERSTE-SPARINVEST

Growth Still Higher Than in „EU-West“

Real GDP growth, % p.a.

	WEO October 2014			WEO April 2014		
	2013	2014	2015	2013	2014	2015
Baltics	3,1	2,5	3,1	2,9	3,2	3,7
CEE	0,8	2,9	2,9	0,8	2,5	2,7
Southeastern Europe-EU	2,2	1,6	2,1	2,2	1,6	2,1
Southeastern Europe-non-EU	2,3	0,9	2,4	2,1	1,9	2,6
European CIS Countries	1,2	-0,1	0,6	1,2	1,3	2,3
Turkey	4,1	3,0	3,0	4,3	2,3	3,1

We All Live in a Nominal World



*Weighted average. Weighted by GDP valued at purchasing power parity

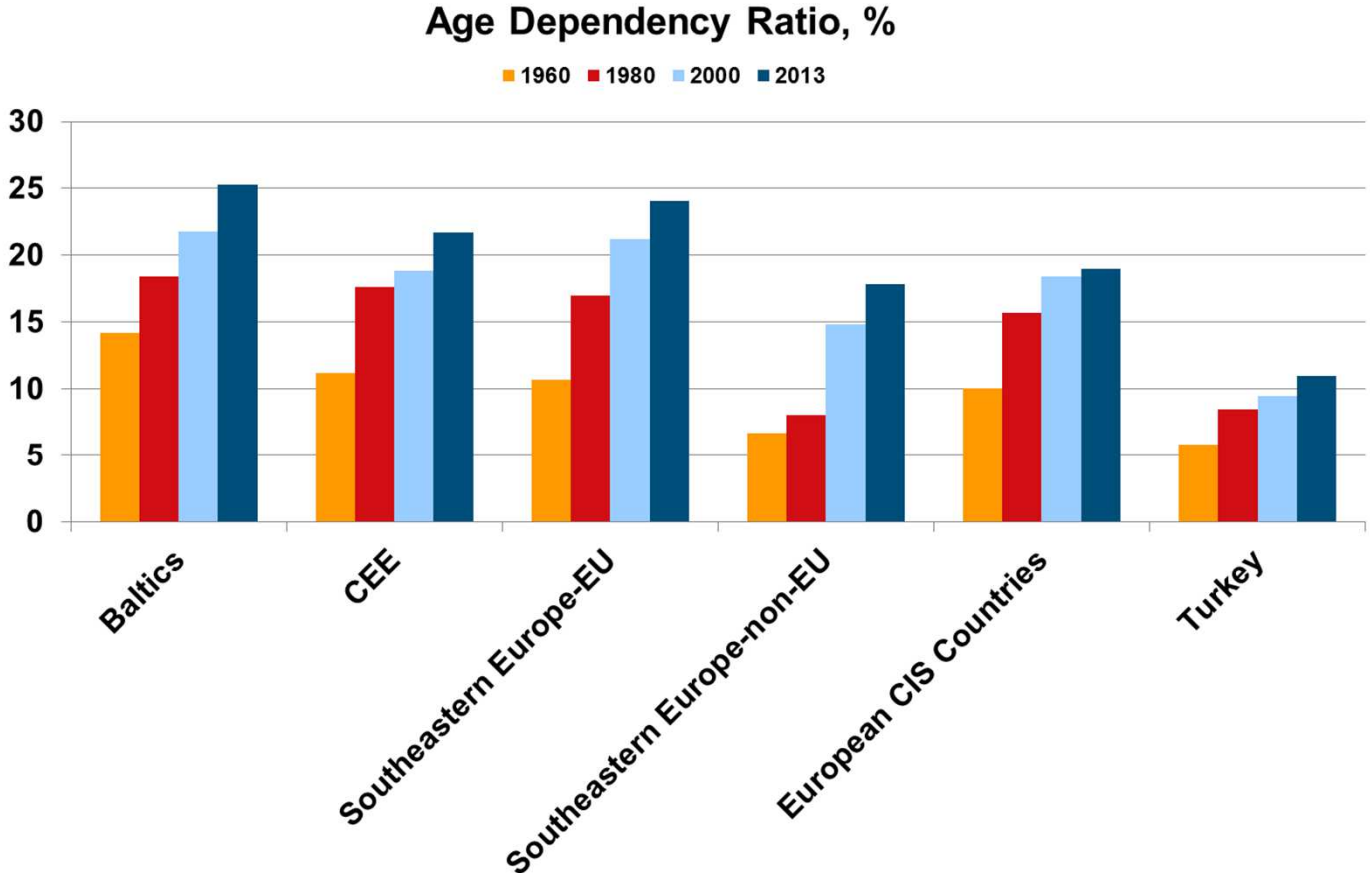
Source: IMF, World Economic Outlook 2014, ERSTE-SPARINVEST

A Well Known Trend

Geometric population growth rates, %, p.a., 2000 - 2013	
CEE	0.03
Baltics	0.03
Southeastern Europe-EU	-0.47
Southeastern Europe-non-EU	-0.19
European CIS countries	-0.26
Turkey	1.35

Source: IMF, World Economic Outlook 2014, ERSTE-SPARINVEST

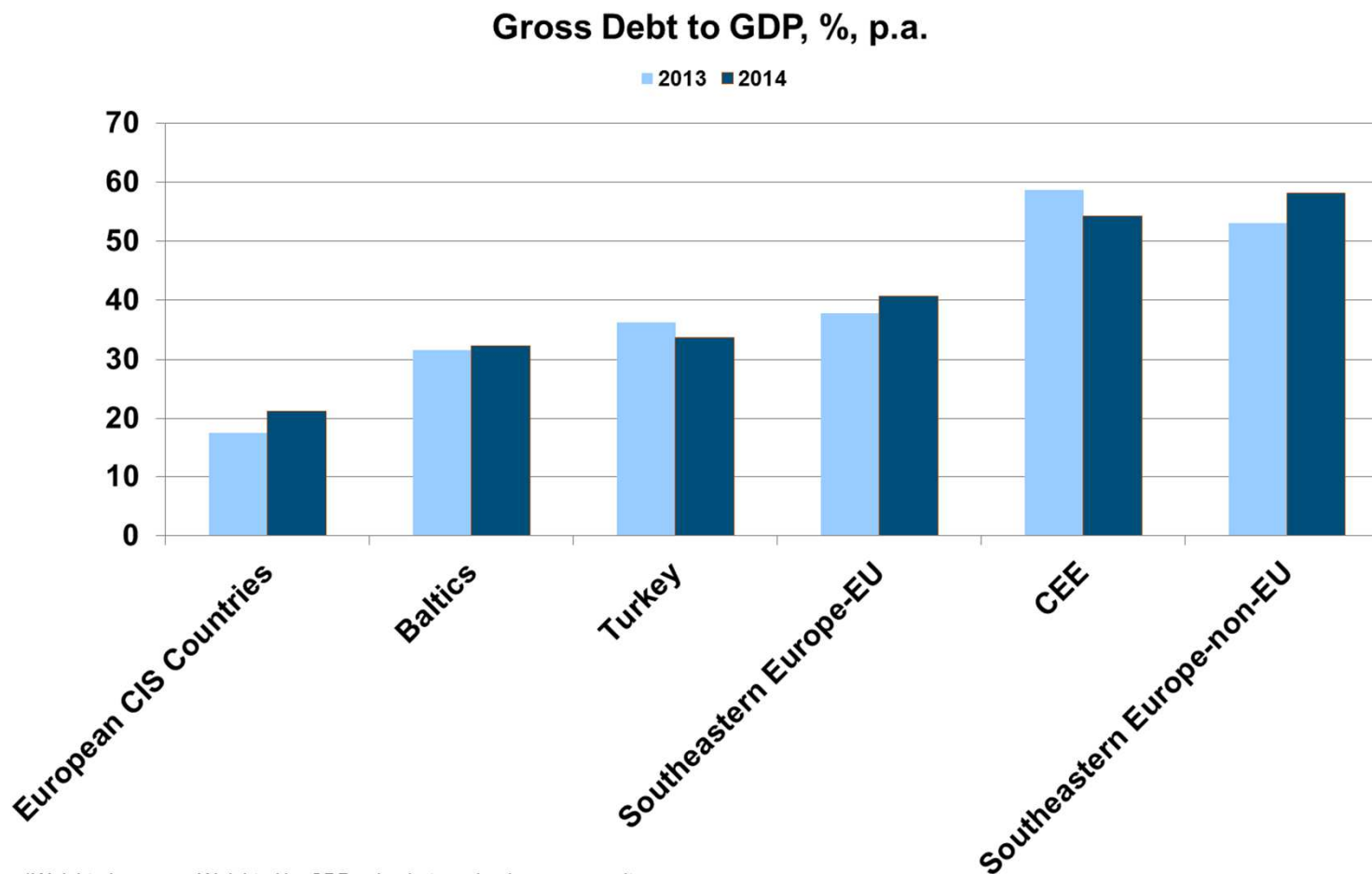
Increasing Demand for Solutions



*Weighted average. Weighted by Population

Source: The World Bank, ERSTE-SPARINVEST

Gross Debt to GDP



*Weighted average. Weighted by GDP valued at purchasing power parity

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The fund prospectus, Information for Investors pursuant to § 21 AIFMG, the simplified prospectus, and the key investor document/KID can be viewed in their latest versions at the web site www.erste-am.com or www.ersteimmobilien.at or obtained in their latest versions free of charge from the domicile of the management company and the domicile of the custodian bank. The exact date of the most recent publication of the fund prospectus or simplified prospectus, the languages in which the key investor document/KID is available, and any additional locations where the documents can be obtained can be viewed on the web site www.erste-am.com or www.ersteimmobilien.at.

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