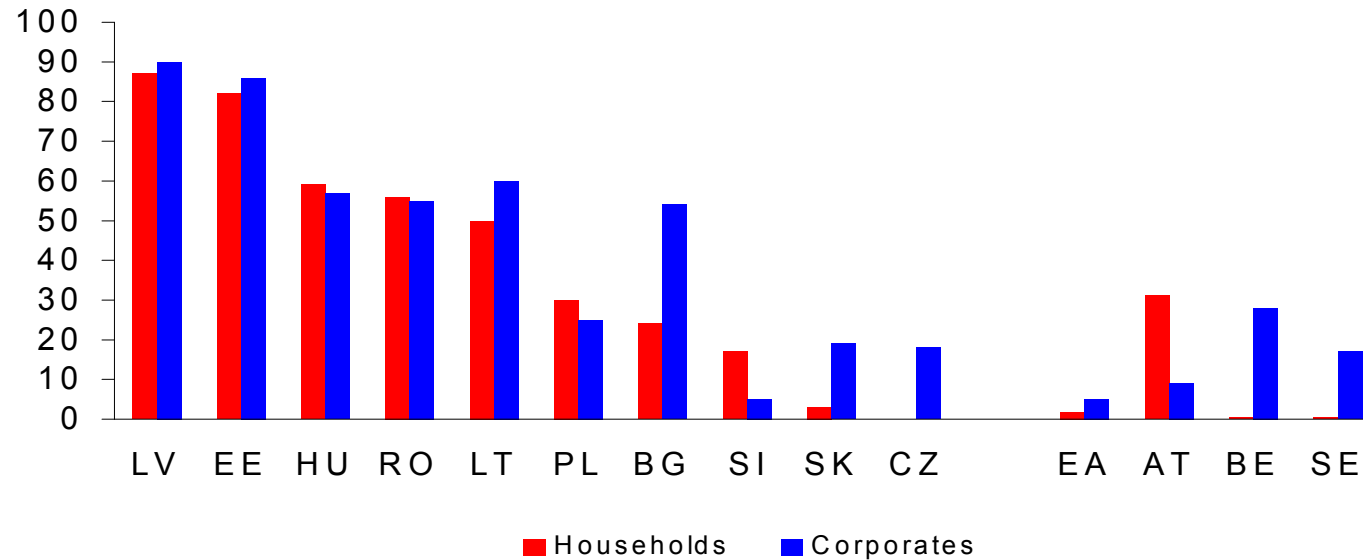


Hard Currency Lending Practices

FX loans in selected EU countries
(% of total loans to given sector; 2008)



Source: BIS, ECB, national central banks

Note: EA = euro area. SI - data as of February 2008; BE - households include only housing loans, corporates include all client loans excluding housing loans.

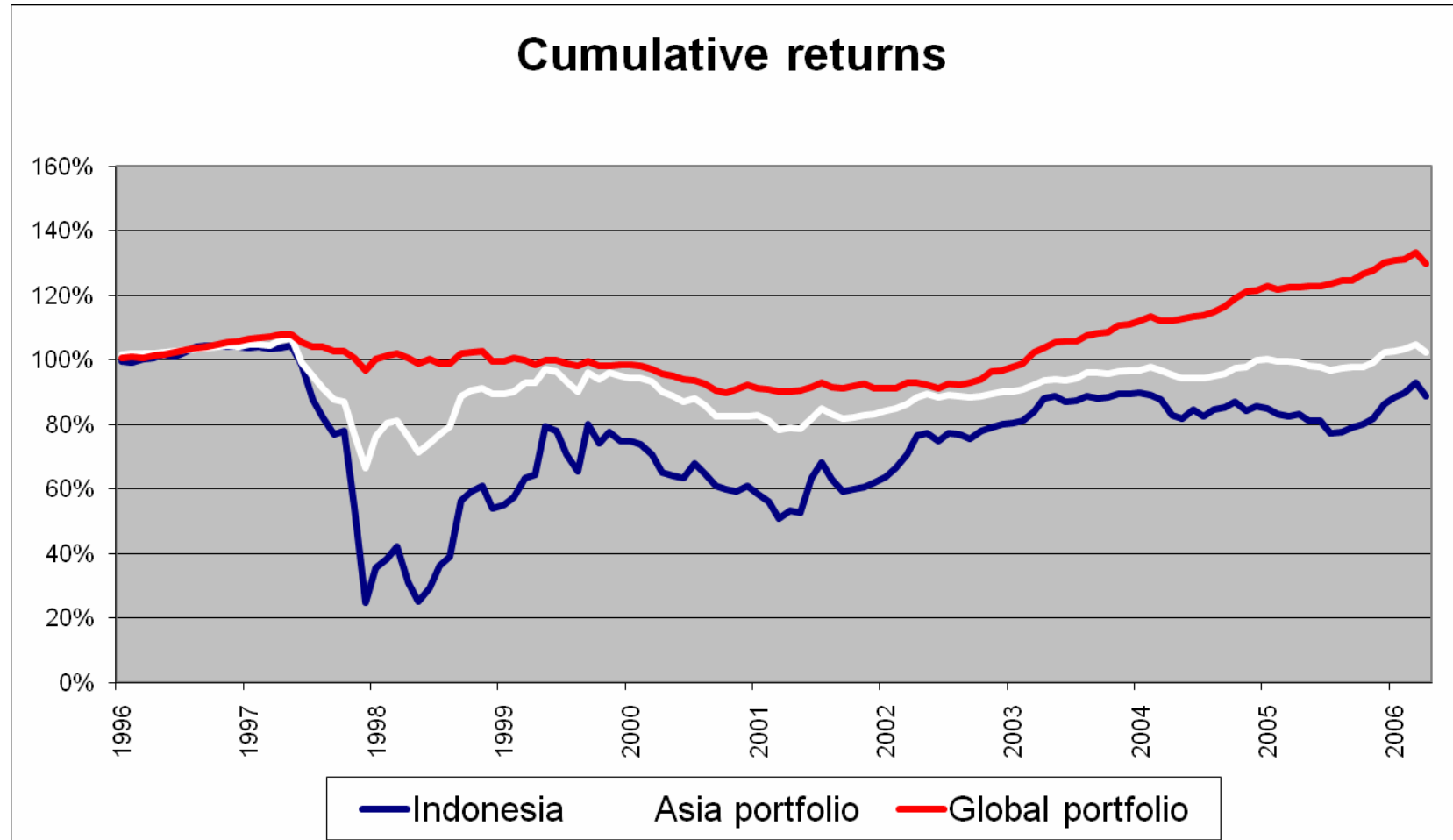
Hard Currency Lending Practices (2)

Foreign Currency Loans of Commercial Banks (US\$ MM)

	Total FX loans	Of which to households	Of which to corporations	avg maturity
Serbia	14,534	4,986	9,548	
Ukraine	47,275	22,654	24,621	5.0
Total	61,809	27,640	34,169	

Source: Central Banks, David Vavra

Who should assume the FX risk?



What to expect?

2008 currency shock occurred due to flight to USD.

- Individual currency movements against the USD not spectacular
- Correlation of movements against USD highly unusual

→ in-country perception of currency crisis less severe than felt by international portfolio investors

What to expect

- Emerging markets experiencing more classical cyclical downturn
- Individual currency volatility on the increase

→ This is not the time to speculate!