

Double exposure



CNB Gov. Zdeněk Tůma expects Czech banks to survive a second wave of the economic crisis in the latter half of 2009 or in 2010, but the question some customers are asking is to what degree outside factors will shuffle the deck. Austria's finance minister warned of a domino effect in the EU if there is economic and political catastrophe in Ukraine. UniCredit estimates that Central and Eastern European banks have a funding gap - loans minus deposits - of €150bn. Austria's banks have exposure to the region equaling 75% of their country's GDP, according to the [Financial Times](#). In the CR, Erste Bank's Česká spořitelna unit is shielded by its huge deposit base, but some other local banks without strong deposit bases are going to look increasingly vulnerable if the interbank lending market doesn't loosen up soon. Low deposits and troubles to the East could be an explosive cocktail for some of them.

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