COUNTRY INSIGHT REPORTS

Comprehensive country intelligence for evaluating global risks and opportunities
Table of Contents

Introduction................................................................................................................... 4
Country Intelligence..................................................................................................... 5
Portfolio View .............................................................................................................. 6
Dun & Bradstreet’s Country Risk Rating................................................................. 7
Country Insight Headlines....................................................................................... 9
In-Depth Analysis....................................................................................................11
Introduction

In an uncertain global landscape, it’s becoming ever more important for you, as a business professional, to understand and track country risk, and use this knowledge to mitigate risks in areas and regions you are trading in.

Our reports provide detailed analysis and unique data to easily identify trends at-a-glance, while presenting forward-looking statements and focused narrative around the implications and recommended call to actions within each of our 14 key dimensions, which include FX Risk, Market Potential, Business Continuity, Business Regulatory Environment and Political/Insecurity Risk. This enables you to:

- Identify risks and opportunities associated with conducting cross-border business in the countries and regions in which you operate.

- View and compare your country risk exposure levels ‘at-a-glance’ through our proprietary data.

- Assess business continuity and supply chain vulnerability, mitigate disruption and identify emerging opportunities.
Country Intelligence

Country Intelligence information can be found within any company preview page in D&B Credit & D&B Finance Analytics or within a company’s full report, as well as in our portfolio view. The summary pane allows a quick view into the country’s risk category and the option to download the Country Insight Snapshot (CIS) or the Country Insight Report (CIR).

High Level Overview

1. Dashboard view of high-level risk, based on the assessment of a country’s political, commercial, economic, and sovereign risk

2. The headline highlights the key development in that region

Further Information

3. The Country Insight Snapshot: High level view of a single country’s cross border risk exposure, with particular focus on the current political, commercial, and macroeconomic environments

4. The Country Insight Report: In-depth analysis of the current risks and opportunities within a single country and its regional and global context
Portfolio View

The Country Insight portfolio view (available across our D&B Credit & D&B Finance Analytics product suites) is the most comprehensive way to assess country insight; allowing you to easily group and monitor the countries where you have business operations. You can access the portfolio view in the ‘Country/Region Insight’ section within the Portfolio Dashboard of your D&B Credit solution.
Dun & Bradstreet’s Country Risk Rating

Inside the report, the overall Country Risk Rating is available at the top of the page. Dun & Bradstreet’s Country Risk Indicator provides a comparative, cross-border assessment of the risk of doing business in a country, a quick view into the country’s risk category and the option to download the Country Insight Snapshot (CIS) or the Country Insight Report (CIR).

**Definition of Risk**

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB1</td>
<td>Lowest Risk</td>
</tr>
<tr>
<td>DB2</td>
<td>Moderate Risk</td>
</tr>
<tr>
<td>DB3</td>
<td>Slight Risk</td>
</tr>
<tr>
<td>DB4</td>
<td>Very High Risk</td>
</tr>
<tr>
<td>DB5</td>
<td>High Risk</td>
</tr>
<tr>
<td>DB6</td>
<td>Very High Risk</td>
</tr>
<tr>
<td>DB7</td>
<td>Highest Risk</td>
</tr>
</tbody>
</table>
Traffic Light System

The traffic light system used in this report gives you a speedy way of assessing the balance of risks and opportunities in a given country or category of analysis for that country. Three traffic lights are used:

- **Green**: indicates that positive factors/influences dominate.
- **Amber**: indicates that there is a balanced mixture of negative/positive factors/influences.
- **Red**: indicates that negative factors/influences dominate.
Country Insight Headlines

There are four main categories used to create the Country Risk Rating Score:

These headline categories combine the analysis from a number of detailed categories in order to provide focused analysis of business-critical issues.

Credit Environment

This category assesses the factors that affect the country’s credit environment and helps cross-border traders and investors understand the level of risk related to non-payment or delayed payment.

Supply Environment

This category covers the factors that could disrupt supply chains associated with the country, thus allowing cross-border traders and investors to assess risks in this area.

Market Environment

This category provides an assessment of the factors affecting the market environment over the short-to long-term; this assessment will help businesses involved in cross-border trade and/or investment to make informed decisions about increasing, maintaining or decreasing business links in a country.

Political Environment

This category helps cross-border traders and investors to understand the risks associated with expropriation/nationalisation, and also takes account of intentional human actions that could affect the quality of the business environment.
The Country Insight reports provide an extra layer of data and analysis on each of the four categories.

Credit Environment

Score: DB3b
Last change: March 2022 (DB3a → DB3b)
Rating Outlook: Deteriorating

Risks and Opportunities

- We have downgraded the credit environment score by one quartile, and have downgraded the outlook to 'deteriorating' on the back of worsening short-term economic and business continuity outlooks.
- According to the Dun & Bradstreet database, there are more than 3,000 British exporters and importers exposed to Russia and more than 2,400 (600) British exporters (importers) exposed to Ukraine.
- Dun & Bradstreet data show that the average payment delay in the UK is already slightly above the European average of 13.6 days; and the current crisis could lead to an increase in payment delays in 2022.
- The number of company liquidations increased by 45.3% y/y in Q3 2021 and by 50.1% in Q4, but the comparison base is distorted because of the Covid lockdowns in 2020.
- The company liquidation rate (per 1,000 companies) in England and Wales stood at 3.9 in Q4 2021, compared with 4.9 in Q3 2021 (before the pandemic).

Trade Terms

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Terms</td>
<td>OA</td>
</tr>
<tr>
<td>Recommended Terms</td>
<td>OA</td>
</tr>
<tr>
<td>Usual Terms</td>
<td>30-60 days</td>
</tr>
</tbody>
</table>

Source: Dun & Bradstreet

Note: OA: Open Account; SD: Sight Draft (Documentary Collection); LC: Letter of Credit; CLC: Confirmed Letter of Credit; CA: Cash in Advance.

Export Credit Cover

<table>
<thead>
<tr>
<th>Agency</th>
<th>Cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Eximbank</td>
<td>Full cover available</td>
</tr>
<tr>
<td>Exporter Credit</td>
<td>Full cover available, conditions apply</td>
</tr>
<tr>
<td>ECGD</td>
<td>Full cover available</td>
</tr>
<tr>
<td>Euler Hermes AG</td>
<td>Medium- or long-term cover available, limited short-term cover</td>
</tr>
</tbody>
</table>

Source: Export Credit Agencies

Call to Action

- Monitor payments performance closely; readings, although on an improving trend since early 2021, are still worse than in pre-pandemic times.
- In this light, assess counterparty risk adequately, especially as Q3 and Q4 data already show an increase in the number of business failures.

Supply Environment

Score: DB3a
Last change: March 2022 (DB2d → DB3a)
Rating Outlook: Deteriorating

Market Environment

Score: DB2c
Last change: March 2022 (DB2a → DB2c)
Rating Outlook: Deteriorating

Political Environment

Score: DB2b
Last change: October 2021 (DB2a → DB2b)
Rating Outlook: Stable
In-Depth Analysis

These analytical categories provide our most detailed, in-depth coverage of the core components of risks and opportunities associated with a given country. Together, they embody our broadest, deepest assessment of a country’s risk and opportunity environment.

- Short-term Economic Outlook
  Analyses the economy/business cycle over the next 2-8 quarters, identifying recession, recovery, growth or stagnation. Helps businesses anticipate the impact of short-term developments in the sphere of aggregate supply and demand.

- Long-term Economic Potential
  Assesses long-term economic prospects over the next 5-15 years on the basis of trends in the physical environment, natural and human capital, and demographics and labour supply. Helps businesses foresee the long-term impacts on market potential of factors such as ageing, resource depletion and innovation.

- Market Potential
  Covers the ability of foreign providers of goods and services to access a target country’s markets. This helps businesses understand the practical and regulatory barriers, as well as incentives and opportunities.

- FX Risk
  Looks at the risk of lack of FX, significant devaluation or depreciation, or any instability of the exchange rate over the next 90-180 days. This helps businesses anticipate the pressures facing customers billed in foreign currency, or the risks if their receivables are in local currency.

- Transfer Risk
  Covers the risk of existing or new regulations, requirements or other government actions preventing, delaying or burdening cross-border transactions. This helps businesses to anticipate risks related to cross-border payments arising from the regulatory environment.

- Business Regulatory Environment
  Assesses the risks and opportunities in the business environment associated with regulations, institutions and business culture. This helps businesses assess how intangible aspects of the business environment can facilitate business operations or otherwise.
Business Continuity

This category looks at factors that could affect the physical supply chain due to the effects of natural phenomena or other unintended consequences. This helps businesses anticipate the likely/current impacts of extreme weather, seismic activity and inadequate/improved infrastructure.

Political / Insecurity Risk

This covers the risk of disruption of business operations and the services of a functioning economy due to the negative effects of intentional human action on civil peace and internal/cross-border security. This helps businesses to understand the context and risk spectrum for threats arising from social and political disturbances.

Expropriation / Nationalisation Risk

This category assesses the risk of forcible/compulsory, full/partial loss of control or ownership of assets at the hands of a sovereign government, and whether or not there is compensation or judicial redress. This helps businesses understand the country’s track record in this respect and highlights the risks posed by acts of expropriation/nationalisation.
About Us

Dun & Bradstreet’s Country Insight Group (CIG) solutions deliver country and region-specific insight, and data-driven analysis helping businesses in various industries and sectors globally minimise current risks. Our solutions allow you to identify emerging challenges and explore opportunities for market expansion and longer-term investment. CIG’s analysis covers economies accounting for 99% of global GDP.

Our 14 unique, multi-dimensional risk scores are used by risk professionals such as chief officers in finance, credit, analytics, procurement, operations and marketing for key business activities and functions; including credit management for local and cross-border transactions, supply chain management, and compliance.

Our analysis is compiled by a global team of country intelligence specialists, economists and data scientists, using proprietary aggregated micro-level data both from our extensive global network and our Data Cloud of over 455 million organisations.

Dun & Bradstreet’s Country Insight Reports are available on our D&B Credit & D&B Finance Analytics solutions. To learn more about how to complete your picture of risk visit D&B Country Insight Group Solutions
ABOUT DUN & BRADSTREET®

Dun & Bradstreet, a leading global provider of business decisioning data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet’s Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. Twitter: @DunBradstreet

© Dun & Bradstreet, Inc. 2022 All rights reserved.