



Decide with Confidence

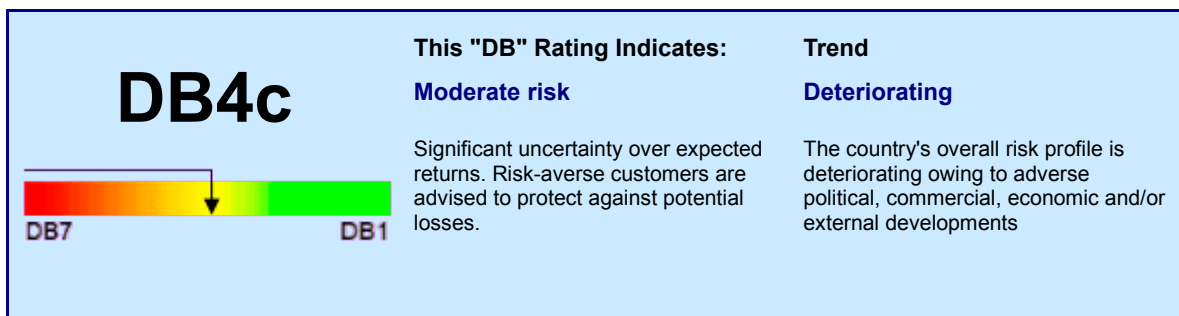
D&B Country RiskLine Report

GREECE

Region : Western Europe

Edition : February 2011

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

| | |
|------------------------------------|---------------------------------|
| Population: | 11.2m |
| Surface area (sq km): | 131,957 |
| Capital: | Athens |
| Timezone: | GMT +02:00 |
| Official language: | Greek |
| Head of government: | Prime Minister George PAPANDEOU |
| GDP (USD): | 313.5bn |
| GDP per capita (USD): | 28,036 |
| Life expectancy (years): | 80 |
| Literacy (% of adult pop.): | 96.0 |

Country Overview:

Greece is a Mediterranean country between Europe, Asia and Africa. The country has land borders with Albania, Bulgaria, Macedonia and Turkey. It joined the EU in 1981, and is working to improve relations with Turkey, with which it has had a troubled relationship in the past. Since the restoration of democracy in 1974, politics has been dominated by a socialist and a centre-right party. The parties are controlled by several family dynasties, which has tended to encourage patronage and cronyism. The trade union movement, which has Socialist Party ties, and the Greek Orthodox Church are also highly influential.

Tourism and shipping are among the most important sectors of the economy. Structural reforms, the introduction of the euro, and the organisation of the Olympic Games in Athens in 2004 contributed to buoyant economic growth until 2008, which helped to close the income gap with Western European countries. However, economic activity has weakened considerably in the wake of the global financial crisis and the global economic slowdown, while the sovereign debt crisis in the country has prompted the urgent need to adopt strict fiscal austerity measures.

Trade & Commercial Environment

Trade Terms

| | |
|-----------------------|----|
| Minimum Terms: | SD |
|-----------------------|----|

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

| | |
|---------------------------|----|
| Recommended Terms: | LC |
|---------------------------|----|

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

| | |
|---------------------|-------------|
| Usual Terms: | 30-120 days |
|---------------------|-------------|

Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

| | |
|----------------------|------------|
| Local Delays: | 1-2 months |
|----------------------|------------|

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays:

0-2 months

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

In light of rising payment and liquidity risks, D&B recommends the use of LC terms when trading with counterparties in Greece. The country's commercial environment remains relatively uncompetitive in regional terms. The operating environment is marred by endemic corruption (extending to all areas of public and private commercial dealings) and by a large public sector weighed down by widespread public administration inefficiencies. The risks of doing business in the country are underscored by time-consuming and costly business regulations, difficult contract enforcement due to slow judicial proceedings, as well as frequent and lengthy labour strikes. Meanwhile, financial sector risk has increased in light of banks' exposure to Greek government debt.

Export Credit Agencies

| | |
|------------------------|-------------------------|
| | |
| US Eximbank | Full cover available |
| Atradius | Full cover available |
| ECGD | Full cover available |
| Euler Hermes UK | Full ST cover available |

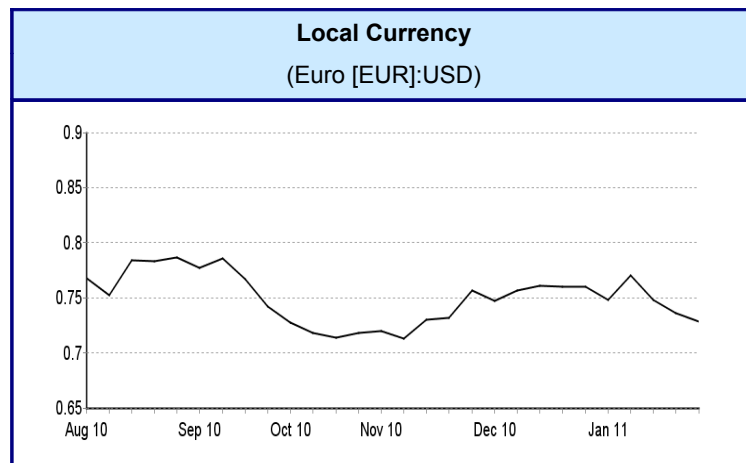
Economic Indicators

| | 2008 | 2009 | 2010e | 2011f | 2012f |
|---------------------------------|-------|-------|-------|-------|-------|
| Real GDP growth, % | 1.3 | -2.3 | -3.8 | -2.6 | 0.2 |
| Inflation, annual ave, % | 4.2 | 1.3 | 4.7 | 2.8 | 1.3 |
| Govt balance, % GDP | -9.4 | -15.4 | -10.0 | -7.8 | -6.9 |
| Unemployment, % | 7.7 | 9.5 | 12.5 | 14.3 | 14.7 |
| C/A balance, % GDP | -14.8 | -11.1 | -10.5 | -8.7 | -7.9 |

The "Long-Term Interest Rate" chart tracks ten-year government bond yields. Inflation and unemployment are based on EU-harmonised data.

Currency Information

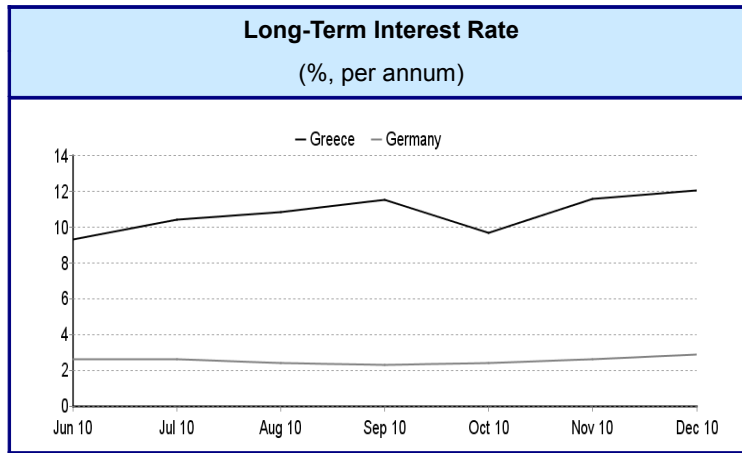
| Exchange Rates | |
|---------------------|--------|
| (London, 24 Jan 11) | |
| GBP | 1.1772 |
| JPY* | 0.8906 |
| USD | 0.7361 |
| *(x 100) | |



Local Currency
(Euro [EUR]:USD)

| | Aug 10 | Sep 10 | Oct 10 | Nov 10 | Dec 10 | Jan 11 |
|---------------|--------|--------|--------|--------|--------|--------|
| Week 1 | 0.768 | 0.778 | 0.728 | 0.720 | 0.747 | 0.748 |
| Week 2 | 0.752 | 0.786 | 0.718 | 0.713 | 0.756 | 0.770 |
| Week 3 | 0.784 | 0.766 | 0.714 | 0.730 | 0.760 | 0.748 |
| Week 4 | 0.783 | 0.742 | 0.718 | 0.732 | 0.760 | 0.736 |
| Week 5 | 0.786 | | | 0.757 | 0.760 | 0.728 |

Long-Term Interest Rate



| Data Table | | | | | | |
|------------|--------|--------|--------|--------|--------|--------|
| Jun 10 | Jul 10 | Aug 10 | Sep 10 | Oct 10 | Nov 10 | Dec 10 |
| 9.33 | 10.43 | 10.84 | 11.52 | 9.7 | 11.6 | 12.06 |
| 2.6 | 2.6 | 2.4 | 2.3 | 2.4 | 2.6 | 2.9 |

Risk Factor

D&B has downgraded Greece's country risk rating by one quartile from DB4b to DB4c in response to deteriorating economic and political conditions: austerity measures aimed at fiscal consolidation have plunged the country deeper into recession and further increased socio-political tensions. Prospects of an improvement in the country's risk profile in the short term are bleak and D&B has placed Greece on review for another risk indicator downgrade. Indeed, the 2011 budget incorporates a number of additional austerity measures (including further cuts in public sector benefits and tax hikes) aimed at fully offsetting the impact of the fiscal data upward revision by Eurostat in November 2010 and achieving the 7.4% of GDP deficit target originally set in the EUR110bn EU-IMF loan agreement. In addition, in line with the agreement, the government is set to unveil (by the end of March) specific fiscal and structural measures to save some EUR12bn in the 2012-14 period, as well as a complete, three-year fiscal adjustment plan. However, the additional deficit-reduction measures will further weaken the economic outlook, dampening recovery prospects, while the public revenue shortfall will make it difficult to bring the deficit below the target of 3.0% of GDP by 2014.

Worryingly, despite the progress on the fiscal adjustment front, the budget cuts have failed to ease investors' concerns over the country's ability to reduce its debt to sustainable levels (public debt will exceed 150% of GDP in 2011) and to return to economic growth during the second half of 2011; increased speculation over a possible debt restructuring has renewed debt market jitters, sending yields on Greek government bonds to a record high in early January. Meanwhile, Fitch rating agency cut Greece's sovereign rating to BB+ from BBB- with a negative outlook. Greek debt is now rated 'junk' by all three major sovereign rating agencies, which means that it will be increasingly difficult for the country to return to international markets during 2011 to cover maturing debt totaling EUR63.6bn, further increasing liquidity risks.

At the same time, with social unrest increasing and months-long strikes continuing to plague the beleaguered economy, the government faces the major challenge of pushing through structural reforms, such as the overhauling of debt-ridden public transport firms and the liberalisation of 'closed-shop' professions. Adding to public and political opposition, increasing dissent in the ranks of the ruling party continues to weaken the government's position. Against this backdrop, there is a high possibility that Prime Minister George Papandreou will call early elections before June in a bid to reshape his party. However, this would have a detrimental impact on the economy as, even if re-elected, the government would be considerably weakened.

Glossary & Definitions

DEFINITIONS

Minimum Terms:

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

F/X Bank Delays:

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

| | |
|-----|----------------------------|
| CiA | Cash in Advance |
| CLC | Confirmed Letter of Credit |
| CWP | Claims Waiting Period |
| FX | Foreign Exchange |
| LC | Letter of Credit |
| LT | Long term |
| MT | Medium term |
| OA | Open Account |
| SD | Sight Draft |
| ST | Short term |

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