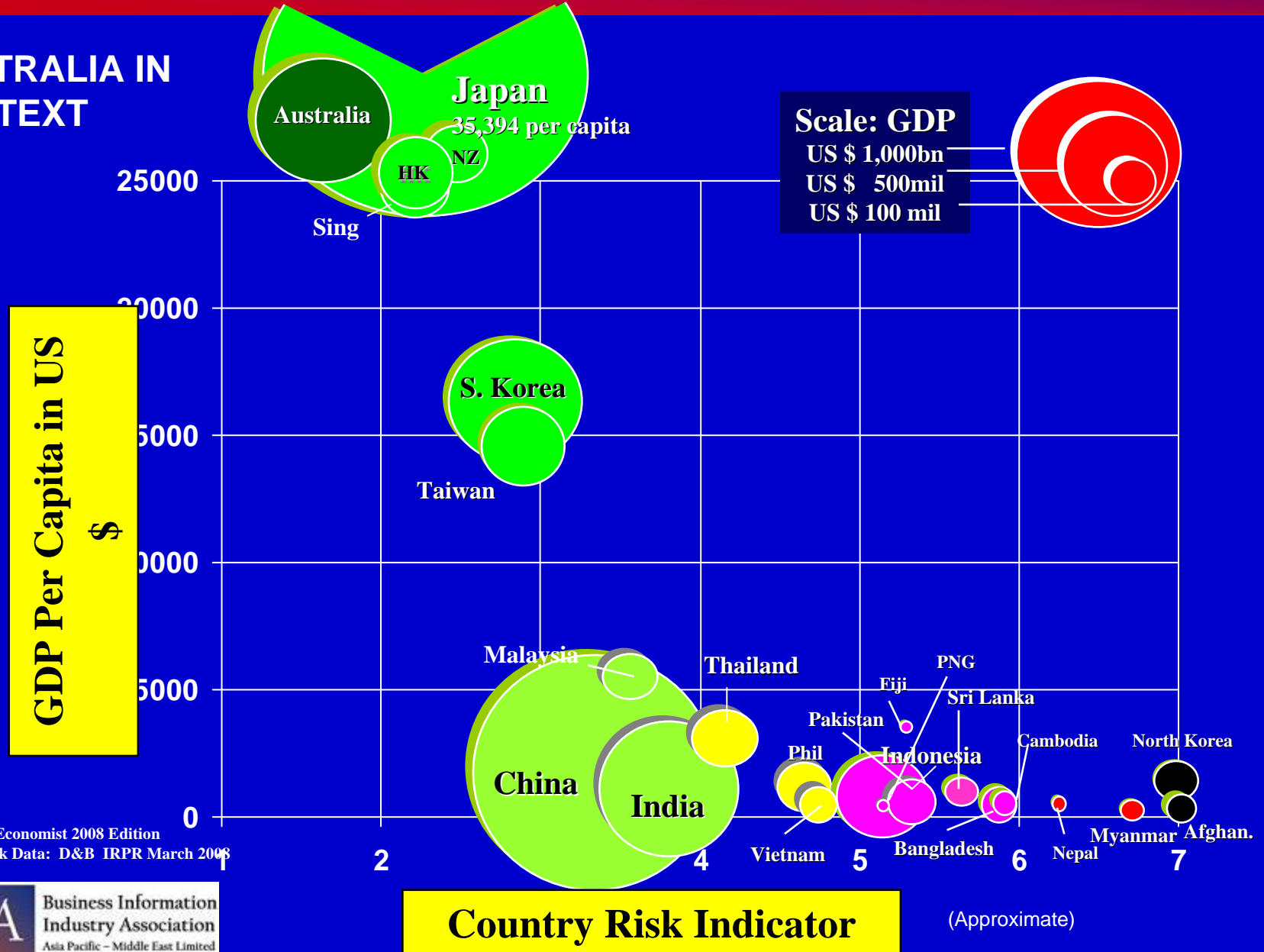


COUNTRY RISK PROFILE

AUSTRALIA IN CONTEXT



COUNTRY RISK PROFILE

D&B Country Risk Indicator Meaning:

D&B's Country Risk Indicator provides a comparative, cross border assessment of the risk in doing business in a country. Essentially, the indicator seeks to encapsulate the risk that a country-wide factors pose to the predictability of export payments and investment returns over a time horizon of two years. The D&B risk indicator comprises a composite index of four over-arching country risk categories:

Political Risk – Commercial Risk – Macroeconomic Risk – External Risk

The D&B risk indicator is divided into seven bands, ranging from **DB1 to DB7**. Each band is subdivided into quartiles (a – d), with an a designating slightly less risk than a (b) designation and so on. Only the DB7 indicator is not divided into quartiles.

DB1	Lowest Risk	Lowest degree of uncertainty associated with expected returns, such as export payments, and foreign debt and equity servicing
DB2	Low Risk	Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of returns at a future date
DB3	Slight Risk	Enough uncertainty over expected returns to warrant close monitoring of country risk. Customers should actively manage their risk exposures
DB4	Moderate Risk	Significant uncertainty over expected returns. Risk-averse customers are advised to protect against potential losses
DB5	High Risk	Considerable uncertainty associated with expected returns. Businesses are advised to limit their exposure and/or select high-return transactions only
DB6	Very High Risk	Expected returns subject to large degree of volatility. A very high expected return is required to compensate for the additional risk or the cost of hedging such risk
DB7	Highest Risk	Returns almost impossible to predict with any accuracy. Business infrastructure has, in effect, broken down

Courtesy of D&B International Country & Payment Review: E-mail: countryrisk@dnb.com
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