EUROPEAN PAYMENT INDEX 2009

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CONTENT

Intrum Justitia, Europe's leading provider of Credit Management Services carries out a written survey in 25 European countries on an annual basis involving several thousand companies. The results of the survey are published in the present European Payment Index Report and the country reports, which are drafted in the respective national language.

This yearly interval is intended to capture and compare international trends and provide companies with a reliable basis for decision making and effective benchmarks.

The results in this report are based on a survey which was carried out during January – February – March 2009. All time-based comparisons relate to the survey results that have been obtained in 2006, 2007 and 2008.

Intrum Justitia would be happy to help if you require any further support or information.

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FOREWORD: GLOBAL FINANCIAL CRISIS UNDERLINES NEED FOR BETTER CREDIT MANAGEMENT AND RISK SURVEILLANCE

As much of the industrialised world is battered by the worst economic storm since the Great Depression, sustaining and protecting cash flow is absolutely vital for businesses, large and small alike. The International Monetary Fund has warned losses caused by the credit crisis and lax lending by banks could hit US$4 trillion, which will damage the financial system for years ahead.

Banks in Europe and elsewhere remain reluctant to provide credit or working capital financing, which obliges companies to rely on their own cash flow position. The result is that many SME's are now fighting for their survival in marketplaces marked by slackening consumer demand and investment-hesitant business conditions.

The immediate future offers little hope of any let-up in the financial pressure. So the future of companies, and that of their shareholders, employees and local communities, depends on their ability to keep a firm grip on costs by efficiently managing their financial processes. The IMF has underlined the wisdom of this approach. It has warned of a long and severe slump - and predicts that when recovery eventually comes it is likely to be only falteringly.

The message from the 2009 EPI risk survey is that companies and public organisations must adapt and change to meet the challenges spurred by recession and any resulting surge in defaults on contracts and loans. Firms must be better prepared and more able to handle the threats of doing business in any market, whether it's one in turmoil or booming.

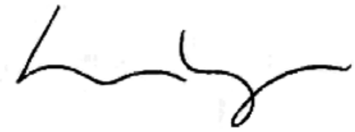
To meet today's emerging challenges, firm's must make their internal financial management operations work more efficiently than ever before, and not just in the accounts departments. Good money management is very much about creating an integrated process whereby sales and marketing are fully integrated with a company's credit department to help avoid bad payment risks before they can negatively impact cash flow.

If everyone paid on time, it would give an enormous boost to local, national and regional economies. Not only would 270 billion Euro (*) per annum in written-off receivables be saved, but Europe's firms could also save at least 25 billion Euro by not having to chase slow payers. Chasing debtors consumes time and money. Apart from breaking a contract, bad debt also helps to drive up the price of goods and services. Research shows that if companies did not have to allocate costs to get paid or have to write off sums of money, they could lower prices, increase investment and improve margins.

This year we asked company CFO's what invoice they would pay first, second, third and so on if money was tight. We learnt that in most countries, money owed to public authorities (for tax etc) ranked top of the payment list. Sadly, that approach is not reciprocated by the public authorities themselves who are generally the worst late payers.

There is a saying that out of bad comes good, and our hope is that we can all learn from the immediate past about the importance of applying sound credit management principles that reduce risk of late or deferred payment. For sure, our aim at Intrum Justitia is to help our clients achieve just that goal.

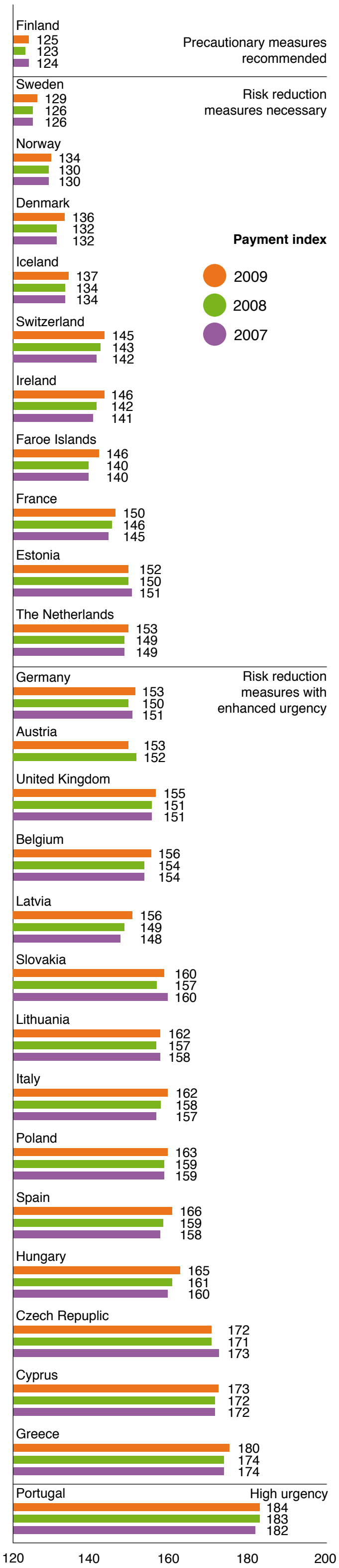
Stockholm in May 2009



Lars Wollung, President & CEO Intrum Justitia Group

* *2,4% of GDP EU27*

IN BRIEF



Intrum Justitia, Europe's leading provider of Credit Management Services, annually surveys thousands of companies in 25 European countries on a variety of payment risk issues. The information gathered is used to better understand national and Pan-European payment risk relating to consumers and businesses alike.

Summary of the results for 2009

The 2009 Intrum Justitia payments risk survey reveals that the chance of getting paid on time by consumers, businesses and public authorities has worsened in recent months. And according to the majority of respondents, the situation is expected to worsen still more.

As the world struggles to cope with the worst economic downturn in many decades, the sobering conclusion is that it is getting even harder to get paid on time.

The EPI survey shows that in 2009 the delay in getting payment beyond the agreed term has stretched on average to 19 days compared to 17 days in 2008. And each payment day lost costs money. In response, many companies are trying to reduce the length of credit offered, especially for consumers.

The latest EPI Payment Risk Survey was implemented between January to March 2009, which means the effects of the financial crisis are visible, especially in the increasing written-off percentages.

The average written-off percentage increased from 1.9% in 2007 to 2% in 2008 to 2.4% in 2009. This may not seem huge at first glance, but as the graph below illustrates it demonstrates how much extra effort must be put into sales to counter-act the money written-off by firms due to either bad debt or chasing what is owed.

Payment loss effect

Margin →	2 %	3 %	4 %	5 %	6 %	7 %
Written off amount in €	Extra sales needed ↓	Extra sales needed ↓	Extra sales needed ↓	Extra sales needed ↓	Extra sales needed ↓	Extra sales needed ↓
€ 500	25,000	16,667	12,500	10,000	8,333	7,143
€ 10,000	500,000	333,333	250,000	200,000	166.667	142,857

Worryingly, over 70% of the respondents across Europe feel that payment risks will further increase the coming 12 months, compared to just 30% of those who took part in the 2008 survey.

Pan European level	Payment duration in days		
	2007	2008	2009
Consumers	42.0	40.0	41.0
Business	58.6	55.5	57.0
Public Sector	68.9	65.3	67.0

More indicators

In this years survey, companies were asked in what order invoices will be paid when liquidity is low. Most countries followed the same pattern:

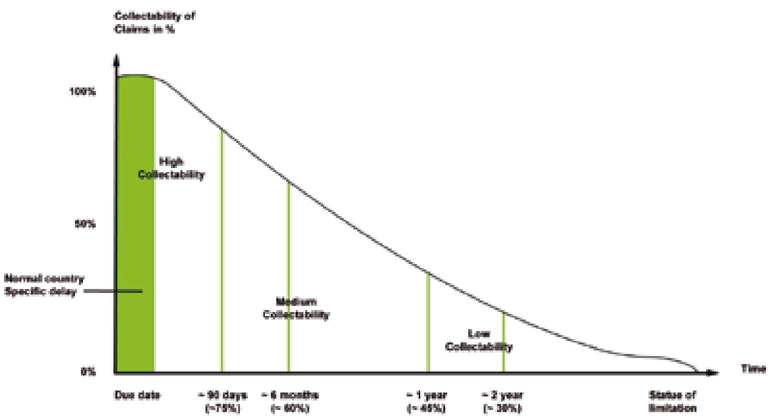
1. Public authority (taxes, charges, dues)
2. Payments to the bank, financial
3. Payments to employees social securities (pension, insurance)

Whereas companies recognise the need to pay taxes and other public authority claims first, public authorities themselves generally remain the slowest payers across Europe with an average delay of 37 days on an average 30 day contract term. This is an average as it varies strongly country per country.

Trend in payment risks

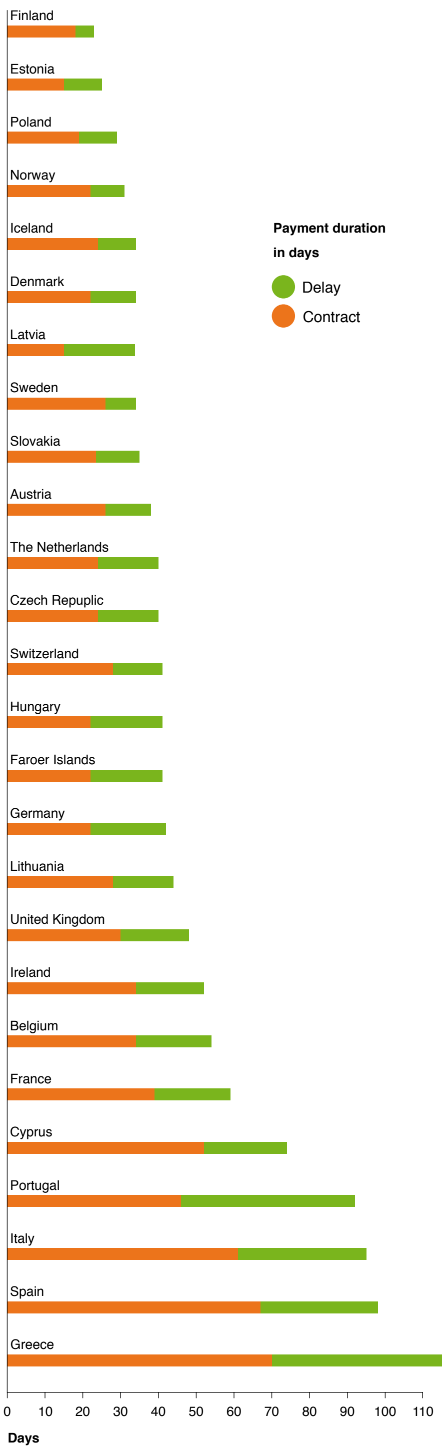
The pan-European average for the time it takes to receive payment increased from 55.5 days in 2008 to 57 days in 2009, again with strong variations in countries.

The survey also underscores that 65% of companies across Europe wait almost 85 days on average to seek professional help to get paid. It is clear from the graphic below that the chance of getting paid in full after 85 days is decreasing rapidly, especially now in times of financial turmoil, when companies go bankrupt without real warning.



Against the above background, companies are strongly advised in 2009 to quickly integrate the often-disparate functions of sales, marketing, billing and payment processes to ensure they do not operate at cross-purposes. The focus should be on identifying and targeting those customers that will bring profit from day one.

Ensuring the marketing and sales people have a profit-driven database to work from helps their focus move to also getting paid, rather than just selling. Even risky customers can be accepted and help generate profit, albeit with different payment or other conditions.



The ultimate aim of an efficient credit management service (CMS) is much more than just ensuring the efficient handling of customer credit lines or limits to deliver profit. It also embraces building customer loyalty and helping to identify and speed successful penetration into new markets. CMS is also about not wasting time and money on efforts to sell to customers who should not be on the prospect list from the start.

In an ideal commercial world, the credit management role should start even before the sales function launches its sales pitch to a potential customer. The earlier CMS becomes a front-end, customer-facing function the better.

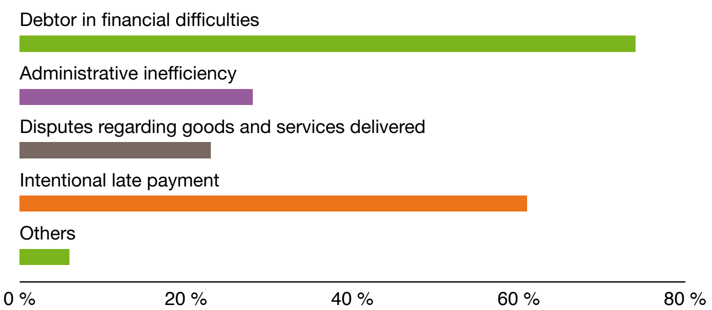
A sound review of a potential customer, whether individual consumer or an enterprise, helps develop a sound business model perspective that results in not launching sales to a customer who has a high probability of ending up seriously delinquent or in default. By identifying creditworthy business opportunities, the CMS process promotes successful business from the start, helps maximise the accuracy of a credit management decision and improves working capital efficiency.

The business world is not going to come to a cataclysmic end because of the current financial crisis. In fact, research shows there is still a lot of money to be both made and saved across a company's financial supply chain if greater efficiency and integration between various departments is created.

It is advisable to:
O Analyse risk portfolios more often
O Monitor customers creditworthiness continuously, low <-> high
O Have verbal or direct contact before the payment date and discuss delivery, the invoice and payment
O Follow up directly after the due date
O Send claims to a professional intermediary - do not wait 85 days
O Target the right customers

Thousands of managers responding to Intrum Justitia's annual European payment survey remain strongly concerned about the consequences of late payment:
• Uncertain and late payments make company managers seriously hesitant to pursue cross-border business;
• Delayed invoice payments place their companies in a critical credit squeeze, which may endanger their survival;
• Long payment periods strain cash flow and fuel uncertainty. As a result, they impede the development, competitiveness and profitability of SME's;
• Late payment forces companies to spend an excessive amount of time and money chasing debtors, preventing them – and especially SME's - from spending adequate and timely investment in research and development, technology and their labour force.

Reasons for late payments according to respondents



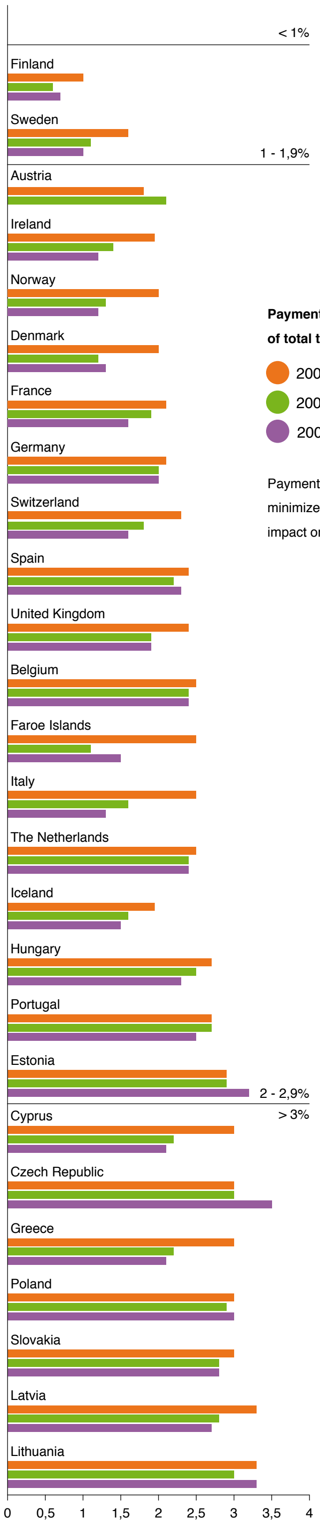
The threat of such a trend was noted as long ago as 1997, when the European Commission pointed out that “late payments represent an increasingly serious obstacle for the success of the single market”.

It is not just the success of the Single Market that is at stake as the size of the problem threatens to become an overwhelming force:

- Around one billion invoices default each year in Europe and turn into debt collection cases;
- European business and official bodies lose an estimated minimum 25 billion euro every year because they have to follow up on late payers.

Money frozen in late payments cannot be leveraged to fuel economic growth. It is only by encouraging faster and more secure payment that outstanding receivables can be directed towards new investments and business development. Late paying customers threaten the liquidity of their supplier and perhaps even put them at risk of bankruptcy. Furthermore, late and uncertain payment is very clearly a major impediment to cross-border trade, something that is core to the development and future prosperity of the new Europe.

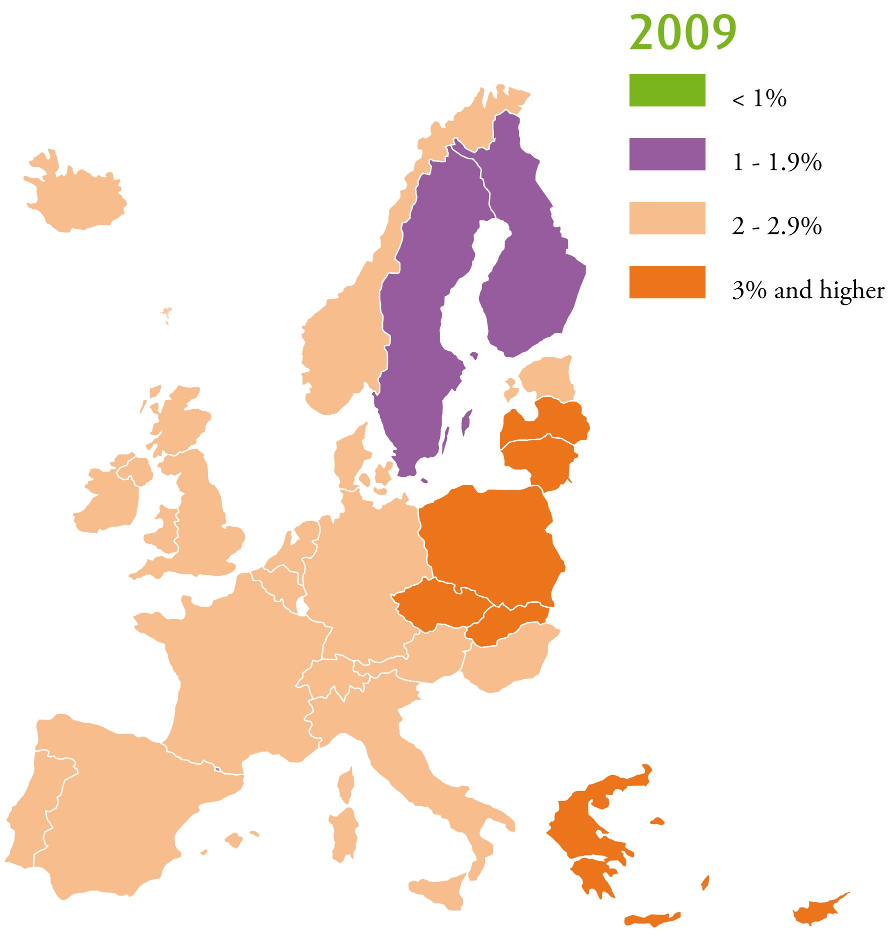
Payment loss

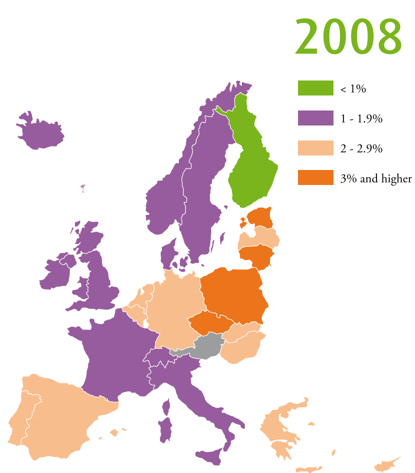


Payment loss in %
of total turnover

2009
2008
2007

Payment loss should be minimized as it has a high impact on the business.





EUROPEAN PAYMENT INDEX

Risk Index	Explanation of the Risk Index values
100	No payment risk, cash payments, payment at delivery or pre-payment, no credit
101-129	Stay alert to keep present situation
130-149	Intervention necessary
150-169	Intervention inevitable, take measures to lower the risk profile
170-200	Intervention emergency, take measures to lower risk profile
> 200	Case of emergency, take measures to lower risk profile

Legend

120 - 129

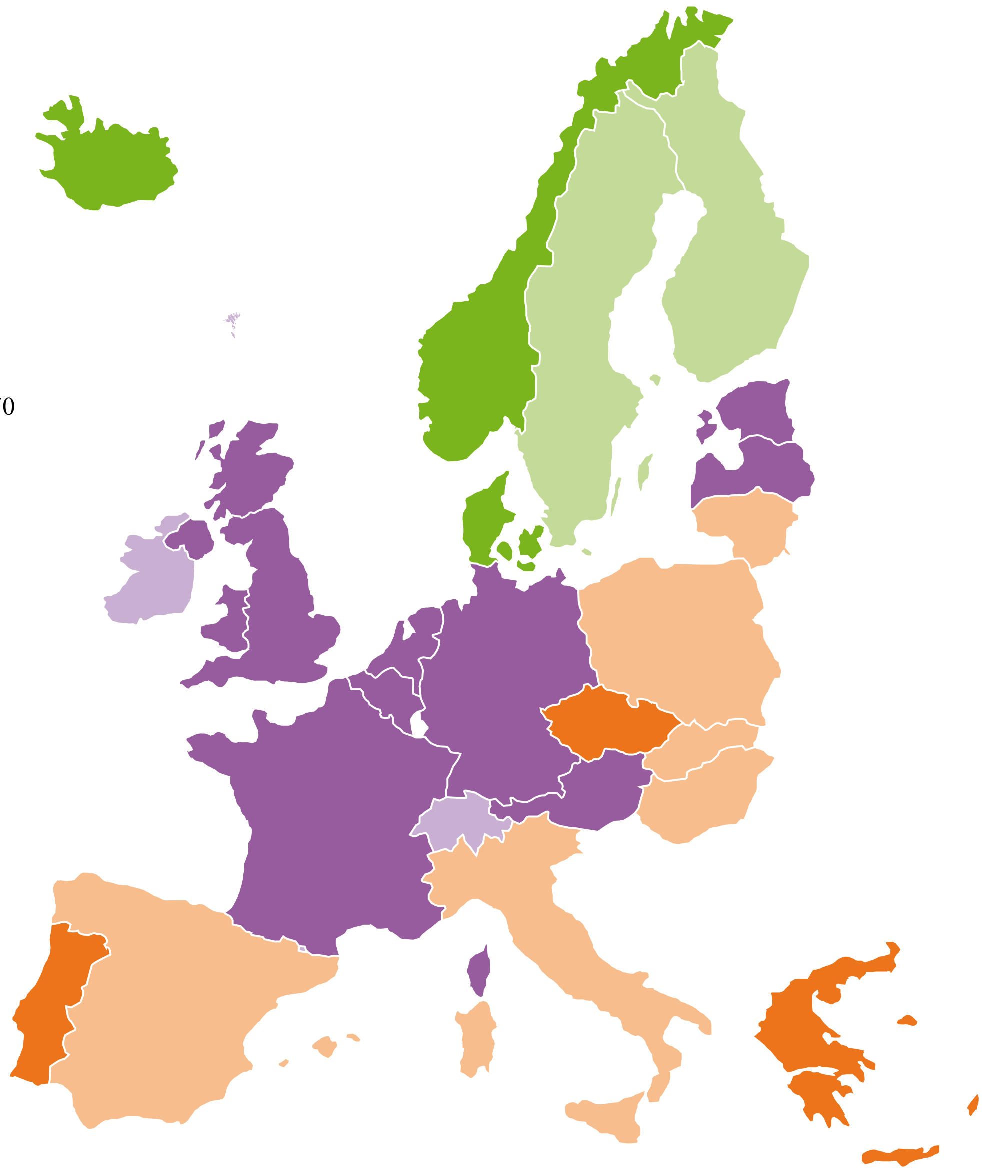
130 - 139

140 - 149

150 - 159

160 - 169

More than 170



COUNTRY REPORTS

Risk profile

Each country surveyed has been given , you will find an individual risk profile. In an easy to read way, the profile shows the basic criteria for the overall assessment of payment risks (Payment Index). For each country, you will find an individual risk profile.

Explanation of risk indicators:

Duration	Calculation of the effective payment duration in days.
Delay	Calculation of the absolute duration of delay in days as well as in relation to the agreed payment term.
DSO	Calculation of the individual age groups in relation to the total value of the outstanding receivables. The different lengths of the contractually agreed payment terms are taken into consideration when assessing the age structure.
Loss	Calculation of the declared payment losses.
Forecast	Calculation of the forecast, prepared by the companies questioned, on how the payment risks are anticipated to develop.
Consequences	Calculation of the consequences stated by the companies of the payment risks for their company.

Please note the explanation below for a better understanding of the Payment Index.

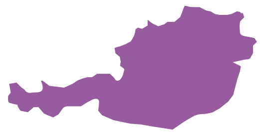
Payment Index

The payment index is used to compare different economies, regions or sectors. Alongside technical financial figures, the index is based on assessments from the companies surveyed. The data forming the basis of the index is generated yearly using a standardised written panel survey. List of basic data elements: Contractual payment term (in days); Effective payment duration (in days); Age structure of receivables (DSO); Payment loss (in %); Estimate of risk trends; Characteristics of the consequences of late payment; Causes of late payment. The Payment Index is calculated from eight differently weighted sub-indices, which are based on a total of 21 individual values.

Payment Index - Implications for Credit Policy

100	no payment risks, i.e. payments are made in cash, on time (or in advance) and without any credit
101 - 129	preventive actions - measures to secure the current situation are recommended
130 - 149	need to take action
150 - 169	take measures to lower the risk profile
170 - 200	major need to take action
over 200	organise to immediate lower the risk profile

AUSTRIA



Economic Development (%)

		Average EU27
GDP per capita in euro	31,300	
GDP growth	0.6	0.2
Unemployment rate	4.0	7.6
Inflation	0.6	1.2

(all 2009 estimates)

As a small country of over 8.2 million citizens and heavily dependent on exports, Austria has not been able to elude the global economic downturn. Austria's economy is predicted to shrink 0.5 percent during 2009 in sharp contrast to the good growth enjoyed by the nation in recent years, according to the Austrian Institute of Economic Research (WIFO). With business order books plummeting and slowing consumption, a key priority for the coalition government is to help consumers and businesses weather the financial storm. Austrian banks have outstanding loans equivalent to about 70% of GDP, which has led to government efforts to shore up the sector that in turn is expected to result in a substantial budget deficit rise. The government has said it intends to continue to develop a high-tech, knowledge-based economy with companies excelling in highly specialised, niche markets by encouraging research and development.

Payment: Behaviour and Risks

Austria is one of several European countries at the time of the survey that was not showing many clear signs of being impacted by the global financial crisis. Nonetheless, the average payment term granted to consumers has been lowered from an average 24 days to 19 days. This is a trend seen across many countries – consumers are being given fewer days to settle their bills.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	19.0	27.0	29.0
Average payment duration in days	35.0	35.0	40.0
Average delay in days 2009	16.0	8.0	11.0
Average delay in days 2008 16.0			

Austrian businesses reported relatively good payment stability and the public sector actually paid slightly faster. Fast payment was also noted when it comes to the share of receivables. Austrian business were rather pessimistic about the coming 12 months: 47% expected the risk of late customer payment to remain the same, while 52% expected a rise in late payments. Some 82% of the respondents said the reason for late payment was due to their debtors facing financial difficulties.

Payment Index

2004	153
2005	151
2006	
2007	
2008	152
2009	**153**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	51.4	29.9	18.7
2005	53.1	28.3	18.6
2006	54.9	32.5	12.6
2007			
2008	65.0	21.0	14.0
2009	**64.0**	**34.0**	**2.0**

Payment loss (%)

total turnover	
2004	1.9
2005	1.7
2006	1.8
2007	
2008	2.1
2009	**2.0**

Main export

Risk Index	
Italy	162
Germany	153
Switzerland	145

BELGIUM

Payment Index

2004	162
2005	155
2006	161
2007	154
2008	154
2009	**156**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004			
2005			
2006	47.2	33.5	19.3
2007	50.6	37.2	12.2
2008	55.0	34.0	11.0
2009	**55.0**	**33.0**	**12.0**

Payment loss (%)

total turnover	
2004	2.8
2005	2.4
2006	2.5
2007	2.4
2008	2.4
2009	**2.5**

Main export

Risk Index	
UK	155
Germany	153
Netherlands	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	29,300	
GDP growth	0.1	0.2
Unemployment rate	7.5	7.6
Inflation	1.4	1.2

(all 2009 estimates)

Due to the protracted global financial crisis and recession in partner countries, Belgium's modern, private enterprise economy is expected to contract sharply in 2009. According to an International Monetary Fund (IMF) report in March 2009, Belgium's 10.4 million citizens will see their country's economy shrink by 2.5% during the year and recover only sluggishly in 2010 with 'significant downside risks'. By the first quarter of 2009, around Euros 20 billion had been spent by Belgium on bailing out its financial services sector. The IMF said Belgium could boost growth, employment and its competitive position by liberalising product and service markets and reviewing the price-setting mechanism in energy supply and distribution.
The IMF urged the government to press ahead with labour market reforms and revise its system of wage indexation. Major economic recovery initiatives are being implemented, including efforts to achieve wage moderation and stimulate the economy through moderate measures such as boosting purchasing power, supporting public investment and providing export credit support.

Payment: Behaviour and Risks

Belgian respondents were generally gloomy about the current situation expecting high risks of late payment based on such facts as the delay in consumer payments doubling from an average 6 days to 12 days. Delays in business and public authority payments also increased strongly compared to the previous year. Businesses in Belgium are trying to shorten the payment term by reducing the number of days for payment of an invoice, but this does not appear to have helped as yet as seen from the increased delays.
The share of receivables slightly changed towards later payments. The written-off

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	23.0	35.0	45.0
Average payment duration in days	35.0	52.0	76.0
Average delay in days 2009	12.0	17.0	31.0
Average delay in days 2008	15.0		

percentage also increased somewhat to 2.5%. Some 72% of respondents expressed fear that the risks of late payments will further increase, which is far more pessimistic than in 2008 when only 31% thought the risk of late payment would increase. 87.5% of the respondents believe they are being paid later because their debtors have financial difficulties, while 66% say debtors are paying intentionally late. 63% of the respondents say that the financial crisis is causing increased payment delays from customers and 56% report suffering decreased sales because of the crisis.

CYPRUS

Economic Development (%)

		Average EU27
GDP per capita in euro	23,200	
GDP growth	2.9	0.2
Unemployment rate	4.8	7.6
Inflation	1.8	1.2

(all 2009 estimates)

Cyprus has an open services-dominated economy heavily dependent on tourism. After a decade of erratic growth that has been marked by the headache of political instability, the government remains adamant that 2% GDP economic growth will be reached in 2009, though the European Commission forecasts growth at only 1.1%. Either way, the Cypriot economy is expected to cool significantly from 2008's estimated GDP growth of 3.8%. Over the past 20 years, the economy has shifted from agriculture to light manufacturing and services with the services sector, including tourism, contributing 77.6% to the GDP and employing 72.1% of the labour force. The government has increased spending on development projects to keep the economy ticking over to avoid job losses during the current global financial instability.

Payment: Behaviour and Risks

According to the latest EPI survey, all sectors paid slightly faster than the previous year and there was an improvement in the share of receivables balance. One worrying sign was an increase in the written-off percentage from 2.2% to 3%. Despite the improvements, it still takes considerable time getting paid in Cyprus.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	38.0	63.0	55.0
Average payment duration in days	63.0	90.0	70.0
Average delay in days 2009	25.0	27.0	15.0
Average delay in days 2008	25.0		

Payment Index

2004	
2005	167
2006	
2007	172
2008	172
2009	**173**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	24.4	41.4	34.2
2005	26.7	42.6	30.7
2006			
2007	20.7	42.6	36.7
2008	25.3	38.2	36.5
2009	**30.0**	**37.0**	**33.0**

Payment loss (%)

total turnover

2004	1.5
2005	2.1
2006	
2007	2.1
2008	2.2
2009	**3.0**

Main export

Risk Index

Spain	166
UK	155
Germany	153
France	150

CZECH REPUBLIC

Payment Index

2004	176
2005	174
2006	
2007	173
2008	171
2009	**172**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	52.3	30.1	17.6
2005	51.4	35.1	13.5
2006			
2007	47.3	31.8	20.9
2008	60.0	24.0	16.0
2009	**60.0**	**30.0**	**10.0**

Payment loss (%)

total turnover

2004	3.4
2005	3.3
2006	
2007	3.5
2008	3.0
2009	**3.0**

Main export

Risk Index

Poland	163
Italy	162
Slovakia	160
Austria	153
UK	155
Germany	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	21,400	
GDP growth	-1.4	0.2
Unemployment rate	6.1	7.6
Inflation	2.5	1.2

(all 2009 estimates)

After a good three year run of strong growth touching up to 6% annually, the 10.2 million citizens of the Czech Republic witnessed the economy sinking into recession in 2009 as the global financial meltdown made its impact felt. In response to a crash in house sales, plummeting industrial output and nose-diving consumer confidence, the government in March launched a plan to alleviate the impact of the global economic downturn. The key goals are to curb unemployment growth and retain stability of the public finances. The plan included incentives for companies to send employees on training courses instead of laying them off and measures such as social insurance discounts, faster write-downs for companies, lower corporate income tax, guarantees for loans, investment in transport infrastructure, research and development, and support to farmers. On the upside, Czech banks appear to be in a relatively healthy position, in part thanks to their prudence in giving mortgages to domestic enterprises.

Payment: Behaviour and Risks

Compared with last year, consumers are taking longer to pay while there has been no change in the payment habits of businesses and public authorities. The share of receivables slightly improved with fewer old outstanding invoices. The written-off percentage also remained unchanged, but at the high level of 3%. The majority of the respondents say they expect the risks to remain steady at this level.

		Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days		18.0	30.0	25.0
Average payment duration in days		36.0	49.0	35.0
Average delay in days 2009		18.0	19.0	10.0
Average delay in days 2008	15.0			

Some 94% of respondents believe that because their debtors are in financial difficulties they get paid later, while 61% think it is intentional. 45% say they are suffering reduced liquidity due to the financial crisis sparking ever later payments.

DENMARK

Economic Development (%)

		Average EU27
GDP per capita in euro	29,800	
GDP growth	0.1	0.2
Unemployment rate	4.3	7.6
Inflation	0.9	1.2

(all 2009 estimates)

The tough global economic headwinds have hit Denmark's once booming export-driven economy hard depressing property markets and pushing corporate bankruptcies higher. The hard-pressed Danish economy is in recession and prospects for business and consumers appear bleak. The Danish national statistics office reported Denmark's gross domestic product (GDP) fell 3.9 percent year-on-year in the fourth quarter of 2008, twice as much as analysts had expected and the worst fall in yearly GDP in more than five decades. According to Statistics Denmark and Realkreditraadet, a Danish mortgage association, the number of property transactions have plunged almost 35% to their lowest level in a decade while Danish bankruptcies close to doubled in the quarter versus a year ago. The Danish government has set its mind on accelerating planned public investment to boost growth, as well as deliver improvements to public services. However, the consensus is that the kingdom's 5.5 million citizens will see their economy enter a sharp downturn in 2009 that may well run into 2010, as private consumption, investment and exports all contract.

Payment: Behaviour and Risks

Denmark is experiencing a sharp rise in payment risks. The latest survey reveals delayed payment increasing across all segments, from an average 7 days to 11. The delay in the business-to-business segment doubled from an average 6 days to 12 days. The written-off percentage increased from a low 1.2% to 2% - the highest percentage ever measured in Denmark.

		Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days		16.0	25.0	25.0
Average payment duration in days		26.0	37.0	38.0
Average delay in days 2009		10.0	12.0	13.0
Average delay in days 2008	7.0			

Some 68% of respondents expect an additional growth in payment risks over the coming 12 months. 69% say that late payment occurs because their debtors have financial difficulties, while 54% believe late payment by debtors is intentional. Since the financial crisis hit Denmark, a fall in sales has been seen by most respondents - 59% saying they have experienced a decline. And 39% report a growing number of customers are delaying payments.

Payment Index

2004	126
2005	130
2006	131
2007	132
2008	132
2009	**136**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	68.3	25.3	6.4
2005	67.3	24.7	8.0
2006	69.3	24.0	6.7
2007	69.8	25.2	5.0
2008	68.6	24.9	6.5
2009	**63.0**	**27.0**	**10.0**

Payment loss (%)

total turnover	
2004	0.8
2005	1.0
2006	1.2
2007	1.3
2008	1.2
2009	**2.0**

Main export

Risk Index	
UK	155
Germany	153
Netherlands	153
France	150
Norway	134
Sweden	129

ESTONIA

Payment Index

2004	157
2005	152
2006	153
2007	151
2008	150
2009	**152**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	59.8	33.9	6.3
2005	66.2	29.7	4.1
2006	67.2	28.3	4.5
2007	61.3	32.9	5.8
2008	68.5	20.7	10.8
2009	**66.0**	**25.0**	**9.0**

Payment loss (%)

total turnover

2004	3.8
2005	3.5
2006	3.6
2007	3.2
2008	2.9
2009	**2.9**

Main export

Risk Index

Lithuania	162
Germany	153
Latvia	156
Sweden	129
Finland	125

Economic Development (%)

		Average EU27
GDP per capita in euro	16,400	
GDP growth	-1.2	0.2
Unemployment rate	8.6	7.6
Inflation	3.3	1.2

(all 2009 estimates)

Not so long ago, Estonia's economy was growing at a breakneck speed following a radical reform of its economy after the collapse of the Soviet Union. Those heady days seem long past as the Baltic state saw its economy contract 9.4% in the fourth quarter of 2008 from the same period a year earlier, due to a sharp fall in manufacturing output and domestic demand. Early estimates for 2009 indicate Estonia's economy may decline as much as 4% while unemployment will rise. As the result of sharply declining revenues, Estonia's fiscal deficit could exceed 3% of GDP in 2009. Nonetheless, analysts believe the economy should recover in 2010 as domestic demand stabilises and exports grow more strongly. Estonia's economy benefits from its location at the crossroads of East and West. Estonia's modern transportation and communication links provide a reliable bridge for trade with former Soviet Union and Nordic countries, creating a potential role for Estonia as a future link in the supply chain from the Far East into the EU.

Payment: Behaviour and Risks

Payment behaviour worsened slightly compared to last year's positive results. Responses to the latest EPI survey showed payments are being delayed by a couple of days, although the written-off percentage remains stable at a rather high level of 2.9%. The share of receivables shifted towards more and longer outstanding claims.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	10.0	20.0	15.0
Average payment duration in days	18.0	36.0	21.0
Average delay in days 2009	8.0	16.0	6.0
Average delay in days 2008	9.0		

61% of respondents fear bad payment risks will further increase over the coming 12 months. 92% believe that later payments are due to their debtors having financial difficulties, while 84% say they are being paid later because of intentional late payment. The Estonian respondents say reduced sales, reduced liquidity and increased payment delays from customers are the main consequences of the financial crisis.

FAROE ISLANDS

Economic Development (%)

		Average EU27
GDP per capita in euro	30,260	
GDP growth	-4.0	0.2
Unemployment rate	2.3	7.6
Inflation	1.9	1.2

(all 2009 estimates)

The economy of the Faroe Islands - a self-governing country of 49,000 people within the Kingdom of Denmark - is overwhelmingly dependent upon fisheries. Fishing, fish farming and fish processing account for a quarter of the gross factor income. The remaining industries are, like the public sector, highly dependent on proceeds derived from the fishing industry. The Faroe Islands have achieved strong financial results since 1995 in spite of the challenges of managing an economy dependent on fishing, which resulted in the country being assigned an Aa2 rating by Moody's in March 2008.

Payment: Behaviour and Risks

Compared to last year, late payment risks have increased substantially with greater delays and strong growth in the written-off percentage. Also, the share of receivables has seen less favourable change. One must not forget that the Faroe Islands depend upon a fishing-based economy.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	18.0	22.0	25.0
Average payment duration in days	37.0	43.0	42.0
Average delay in days 2009	19.0	21.0	17.0
Average delay in days 2008 15.0			

52% of the respondents fear that payment risks will further increase. 74% say that they get paid late because their debtors are in financial difficulties. The most obvious impacts of the financial crisis are reduced sales and growing late payments.

Payment Index

2004	
2005	
2006	
2007	140
2008	140
2009	**146**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004			
2005			
2006			
2007			
2008	48.3	36.5	15.2
2009	**33.0**	**50.0**	**17.0**

Payment loss (%)

total turnover

2004	
2005	
2006	
2007	1.5
2008	1.1
2009	**2.5**

Main export

Risk Index

UK	155
Netherlands	153
Denmark	136
Norway	134

FINLAND

Payment Index

2004	124
2005	125
2006	126
2007	124
2008	123
2009	**125**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	68.1	28.4	3.5
2005	69.6	27.9	2.5
2006	68.7	28.3	3.0
2007	70.8	25.6	3.6
2008	74.0	22.0	4.0
2009	**74.0**	**22.0**	**4.0**

Payment loss (%)

total turnover	
2004	0.9
2005	1.0
2006	0.9
2007	0.7
2008	0.6
2009	**1.0**

Main export

Risk Index	
UK	155
Germany	153
Netherlands	153
Sweden	129

Economic Development (%)

		Average EU27
GDP per capita in euro	28,900	
GDP growth	1.3	0.2
Unemployment rate	6.6	7.6
Inflation	1.2	1.2

(all 2009 estimates)

Early in 2009 Finland joined the ranks of recession-hit countries with Statistics Finland, the national statistics office, reporting the Nordic nation had officially slipped into recession as private consumption and investments declined. Its traditionally robust, export-driven economy is struggling to cope with dramatic drops in demand from abroad and sagging domestic consumer confidence and industrial production. Exports, which account for a third of Finland's economy, contracted by over 14 percent in the last quarter of 2008 from 12 months back - and its main European markets - Sweden, Germany and the U.K. are already in recession. With unemployment at 7% and rising, the government has launched a string of recession-busting initiatives, including tax cuts aimed at stimulating the economy and boosting employment in the 2009 budget, financed by a large government surplus in recent years. But Finland is no stranger to fighting its way out of recession. During the severe recession of the early 1990s, the Finnish state made major investments in new technologies, which helped to pull the country out of the slump. This time around a similar strategy is being pursued with steps to encourage entrepreneurship, improving energy efficiency and maintaining Finland's lead in new technologies.

Payment: Behaviour and Risks

Although Finland remains the best country for getting paid on time, a crack in the system is visible. Increased payments delays can be seen in both the business and consumer segments and the written-off percentage has risen from 0.6% to 1.0%. The Finns are more pessimistic compared to last year.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	13.0	21.0	20.0
Average payment duration in days	18.0	28.0	24.0
Average delay in days 2009	5.0	7.0	4.0
Average delay in days 2008	5.0		

65% say that payment risks will increase, compared to last year's 66% who were certain that business would remain the same. 77% say that they are getting paid later because their debtors have financial difficulties. 50% say that their company's liquidity has been affected by the financial crisis, while 40% have experienced reduced sales and 35% seen later payments from their customers.

FRANCE

Economic Development (%)

		Average EU27
GDP per capita in euro	27,000	
GDP growth	0.0	0.2
Unemployment rate	8.3	7.6
Inflation	0.3	1.2

(all 2009 estimates)

Early in 2009 the French President Nicolas Sarkozy said France was facing an economic crisis of unprecedented scale. Amid fears France's economy may contract 1.5% this year, the government's short-term priority is to ease the impact of an economic slowdown through higher public investment, and support for corporate liquidity, employment and the incomes of unemployed and low-paid workers. France's Insee national statistics agency said gross domestic product grew by 0.7 percent in 2008, though the economy shrunk by 1.2 percent in the fourth quarter. Insee has predicted that France would follow the likes of Germany, the U.S. and Japan into recession in 2009 as rising unemployment and the fallout of the global financial crisis would overcome the euro zone's second largest economy as consumer spending stagnates, investment contracts and external demand weakens. The French government has said it will also provide state guarantees and capital injections for banks. Analysts predict gradual recovery should emerge from 2010, assuming stable financial market conditions, lower inflation and interest rates.

Payment: Behaviour and Risks

In France payment risks have increased yet again. Payment delays have shot up substantially, especially among consumers and public authorities. The written-off percentage increased from 1.9% to 2.1%. Of the businesses that responded,

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	24.0	45.0	48.0
Average payment duration in days	43.0	63.0	70.0
Average delay in days 2009	19.0	18.0	22.0
Average delay in days 2008	14.0		

65% fear that the risks will increase still more in the coming 12 months. 80% of the respondents say that financial difficulties among their debtors are the main reason for later payments. Because of the financial crisis, French businesses have seen reduced sales, reduced liquidity and an increase in late payments.

Payment Index

2004	146
2005	143
2006	147
2007	145
2008	146
2009	**150**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	30.7	53.7	15.6
2005	36.2	47.0	16.8
2006	33.8	47.4	18.8
2007	35.3	50.3	14.4
2008	39.0	45.0	16.0
2009	**42.0**	**36.0**	**22.0**

Payment loss (%)

total turnover	
2004	1.4
2005	1.5
2006	1.8
2007	1.6
2008	1.9
2009	**2.1**

Main export

Risk Index	
Spain	166
Italy	162
Belgium	156
UK	155
Germany	153
Netherlands	153

GERMANY

Payment Index

2004	156
2005	154
2006	155
2007	151
2008	150
2009	**153**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	57.4	29.0	13.6
2005	54.9	31.0	14.1
2006	54.6	29.5	15.9
2007	57.4	30.0	15.9
2008	60.0	29.0	11.0
2009	**60.0**	**24.0**	**16.0**

Payment loss (%)

total turnover

2004	2.1
2005	2.3
2006	2.0
2007	2.0
2008	2.0
2009	**2.1**

Main export

Risk Index

Italy	162
Belgium	156
Austria	153
UK	155
Netherlands	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	28,900	
GDP growth	0.0	0.2
Unemployment rate	7.3	7.6
Inflation	0.0	1.2

(all 2009 estimates)

At the end of 2008, Germany was enjoying its highest level of employment in decades and its first balanced national budget in years – today, in the words of Chancellor Angela Merkel, Germany is experiencing the worst economic crisis in 60 years. As the world's largest exporter, Germany's social market economy, the largest in Europe, is reeling as the global credit crunch tightens its stranglehold. According to the German Institute for World Economy, 2009 could be the worst year for German growth since the Great Depression. Figures released in March showed German industrial production in January fell by 7.5 percent while both German factory orders and export numbers also fell by substantial margins in the first month of 2009. German unemployment rose for the fourth straight month in February to 7.9 percent, according to the nation's labour office, which has revised up its 2009 forecast for the number of unemployed to between 3.6 and 3.7 million after averaging 3.2 million in 2008. In mid-October 2008 the government announced a massive €500bn financial market stabilisation package in an effort to stop the panic. The rescue package, which received broad political and public support, includes loan guarantees for up to € 400bn to increase liquidity and €80bn to acquire equity and high-risk assets in German banks.

Payment: Behaviour and Risks

Compared to 2008, payment risks have increased when it comes to both consumer and business-to-business transactions. The share of receivables is less balanced with longer outstanding claims. In addition, the written-off percentage has increased from 2% to 2.1%. Some 59% of respondents believe the risks will increase still more during the coming 12 months compared to just 30% in 2008.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	15.0	27.0	25.0
Average payment duration in days	30.0	49.0	40.0
Average delay in days 2009	15.0	22.0	15.0
Average delay in days 2008	14.0		

Germany is also suffering from the cycle of ever later payments. 79% of respondents say that they get paid late because their debtors have run into financial difficulties. Businesses have been impacted by the financial crisis, with 63% experiencing less sales, 50% seeing reduced liquidity and 56% suffering increased delays in payments from customers.

GREECE

Economic Development (%)

		Average EU27
GDP per capita in euro	24,700	
GDP growth	2.5	0.2
Unemployment rate	8.4	7.6
Inflation	0.9	1.2

(all 2009 estimates)

Greece's economy after many years of uninterrupted growth is at a critical crossroad as it battles the global economic crisis with precarious finances. Greece is already running a current account deficit of about $53bn - or 15% of GDP. That is the highest in Europe and with a population of just 11 million people. The government is also struggling to tackle unemployment, with about 19% of youth's unemployed and overall joblessness at 7.2%. Earlier this year, Greece became the first western European economy to have its credit rating downgraded, highlighting fears over its huge public-sector debt. The credit rating agency Standard & Poor's said the ongoing financial crisis had exacerbated "an underlying loss of competitiveness" in the Greek economy. Further bad news came with a report from the European Commission forecasting a dramatic decline in 2009 in the country's exports. Rising debt-servicing costs, a sharp slowdown in credit growth, high inflation and falling business confidence will almost certainly result in a slowdown in domestic demand and possible more social unrest such as the riots in December 2008 sparked by unpopular reforms, unprecedented youth unemployment and disaffection over the economy.

Payment: Behaviour and Risks

Doing business with companies and public authorities in Greece is harder than ever when it comes to getting paid on time, according to the latest EPI survey. Compared to 2008, payment risks have increased when it comes to both business-to-business transactions and public authorities, while the share of receivables is even more out of balance with a growing number of longer outstanding claims. In addition, the written-off percentage has increased steeply from 2.2% to 3%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	30.0	85.0	95.0
Average payment duration in days	60.0	120.0	165.0
Average delay in days 2009	30.0	35.0	70.0
Average delay in days 2008 38.0			

Some 75% of respondents believe the risks will increase still more during the coming 12 months compared to 47% in 2008. 90% feel that it is a late payment vicious cycle: they get paid late because their debtors are having financial difficulties. Because of the financial crisis, Greek businesses are seeing reduced sales, reduced liquidity and increased late payments.

Payment Index

2004	152
2005	173
2006	
2007	174
2008	174
2009	**180**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	18.1	35.8	46.1
2005	18.5	34.0	47.5
2006			
2007	16.4	35.5	48.1
2008	20.0	39.0	41.0
2009	**15.0**	**20.0**	**65.0**

Payment loss (%)

total turnover

2004	2.0
2005	1.6
2006	
2007	2.1
2008	2.2
2009	**3.0**

Main export

Risk Index

Italy	162
UK	155
Germany	153
France	150

HUNGARY

Payment Index

2004	156
2005	155
2006	158
2007	160
2008	161
2009	**165**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	58.5	28.5	13.0
2005	60.1	29.2	10.7
2006	58.8	26.9	14.3
2007	53.4	29.6	17.0
2008	54.0	34.0	12.0
2009	**55.0**	**27.0**	**18.0**

Payment loss (%)

total turnover

2004	2.4
2005	2.4
2006	2.8
2007	2.3
2008	2.5
2009	**2.7**

Main export

Risk Index

Poland	163
Italy	162
Austria	153
UK	155
Germany	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	15,900	
GDP growth	0.7	0.2
Unemployment rate	8.6	7.6
Inflation	3.5	1.2

(all 2009 estimates)

Hungary entered 2009 with the outlook for its economy looking grim and predictions that its gross domestic product (GDP) could fall by as much as 5% in the first six months and stagnating growth for 2010. The Hungarian Central Statistics Office (KSH) said the country's GDP fell an unadjusted 2% in the fourth quarter year on year, while according to calendar year adjusted data, economic growth in the fourth quarter fell an annual 2.1 percent. With few means to boost demand, the government has responded with a policy of fiscal austerity and spending cuts. In February, an expert group of economists, academics and business leaders commissioned by the government, put forward a plan of radical spending cuts designed to help put the Hungarian economy back on a course of growth for its 10 million citizens. Known as the Reform Alliance, the group attributed Hungary's current economic ills to deteriorating competitiveness, the low level of employment, the narrow taxpayer base and the oversized and overspending state.

Payment: Behaviour and Risks

The new EPI survey in Hungary reveals increased payment delays from consumers and public authorities. In addition, the written-off percentage increased from an already high percentage of 2.5% to 2.7%. The balance of receivables changed towards longer outstanding claims.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	14.0	26.0	27.0
Average payment duration in days	24.0	45.0	55.0
Average delay in days 2009	10.0	19.0	28.0
Average delay in days 2008 17.0			

Some 97% of the businesses that responded to the survey believe the reason for later payments is that their debtors are facing financial difficulties. Reduced sales, reduced liquidity and an increase in late payments are immediate effects of the financial crisis on business activities.

ICELAND

Economic Development (%)

		Average EU27
GDP per capita in euro	25,600	
GDP growth	-8.3	0.2
Unemployment rate		7.6
Inflation		1.2

(all 2009 estimates)

Iceland's 305,000 citizens were one of the first casualties of the global financial crisis with the spectacular collapse of the country's formerly robust banking sector. Once ranked one of the world's richest countries, with growth averaging 4% a year, Iceland in late 2008 faced financial meltdown as its key lending institutions found themselves short of liquidity in the global economic downturn. The country, which was saved from the brink of disaster by a 1.6-billion-euro loan from the International Monetary Fund (IMF), can expect a 10-10.5% contraction in its economy this year, according to the IMF. The financial organisation believes that Iceland is on the road to recovery with an economic turnaround possible later this year, however.

Payment: Behaviour and Risks

The risk of late payment has increased, which should come as no surprise considering the state of the Icelandic economy. The share of receivables changed substantially with an increase in delayed payments, less payments within 30 days, despite Iceland traditionally short contractual payments terms. The written-off percentage increased from 1.6% to 2.6%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	20.0	25.0	26.0
Average payment duration in days	29.0	33.0	39.0
Average delay in days 2009	9.0	8.0	13.0
Average delay in days 2008	6.0		

Payment Index

2004	130
2005	
2006	136
2007	134
2008	134
2009	**137**

Shares of receivables (%)

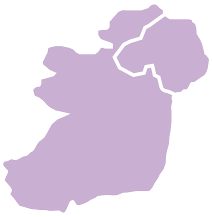
	Up to 30 days	31 to 90 days	Older than 90 days
2004	68.6	25.0	6.4
2005			
2006	71.3	20.6	8.1
2007	66.4	26.4	7.2
2008	61.7	26.9	11.4
2009	**59.0**	**24.0**	**17.0**

Payment loss (%)

total turnover	
2004	1.1
2005	
2006	1.6
2007	1.5
2008	1.6
2009	**2,6**

Main export

Risk Index	
Spain	166
UK	155
Germany	153
Netherlands	153



IRELAND

Payment Index

2004	143
2005	140
2006	
2007	141
2008	142
2009	**146**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	47.3	40.2	12.5
2005	52.3	41.5	6.2
2006			
2007	47.0	41.0	12.0
2008	45.3	42.7	12.0
2009	**36.0**	**44.0**	**20.0**

Payment loss (%)

total turnover

2004	1.1
2005	1.1
2006	
2007	1.2
2008	1.4
2009	**2.0**

Main export

Risk Index

Italy	162
Belgium	156
UK	155
Germany	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	35,300	
GDP growth	-0.9	0.2
Unemployment rate	8.8	7.6
Inflation	0.4	1.2

(all 2009 estimates)

Ireland's 4.1 million inhabitants have a five year austerity programme ahead of them as the government seeks to put right an economy seriously hit by the global credit crunch, a burst property bubble and collapsing tax revenues. The primary aim is to close a huge budget deficit, which this year is estimated to be some 10% of GDP, through spending cuts and tax increases worth €16 billion (equivalent to 8% of GDP). The Irish banking system is in a precarious state despite liability guarantees and public recapitalisation. The Irish economy will shrink by over 6% this year because of the collapse in the construction sector, depressed private consumption and weak export growth, according to Ireland's Central Bank. The unemployment rate is forecast to average over 11% for 2009.

Payment: Behaviour and Risks

Overall payment risks have increased. For consumers, the average payment term granted has been reduced, yet delayed payment remains the same. Businesses report increased delays in receiving payment. The share of receivables has changed to a less favourable situation, with later payments than before. The written-off percentage increased substantially from 1.4% to 2%, the highest percentage so far measured.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	27.0	40.0	36.0
Average payment duration in days	43.0	62.0	51.0
Average delay in days 2009	16.0	22.0	15.0
Average delay in days 2008	16.0		

57% of respondents fear that payment risks will further increase during the coming 12 months. 87% say that later payments are due to debtors in financial difficulties, 70% believe it is intentional. The financial crisis is impacting businesses in Ireland through reduced sales, lower liquidity and increased late payments.

ITALY

Economic Development (%)

		Average EU27
GDP per capita in euro	25,000	
GDP growth	-0.0	0.2
Unemployment rate	6.7	7.6
Inflation	0.4	1.2

(all 2009 estimates)

Italy is firmly in the grip of recession, business confidence is plummeting and unemployment is shooting upwards. Announcing a Euro 80 billion stimulus plan and a Euro 2 billion incentive plan designed to push up car and home appliance sales, the Italian government has forecast the economy will contract 2% during 2009, the second consecutive year of contraction. The Rome-based think-tank European Research Centre (CER) projects that Italy's gross domestic product will keep dropping until mid 2009 at the very least, 'amounting to the longest recession the country has ever suffered'. CER forecasts unemployment to reach 7.5% in 2009 from 2008's average 6.9%. The main challenge facing those governing Italy's 59.5 million citizens is to limit the impact of the global financial crisis in an economic environment marred by high taxation levels, a rising public debt/GDP ratio, high debt-servicing costs and political resistance to spending cuts.

Payment: Behaviour and Risks

Payment risks are still on the rise in Italy, with the majority being paid after 60 days. The written-off percentage increased dramatically from 1.6% to 2.5%, the highest percentage ever measured. In all segments, the delays increased, especially among consumers and public authorities.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	40.0	67.0	76.0
Average payment duration in days	70.0	88.0	128.0
Average delay in days 2009	30.0	21.0	52.0
Average delay in days 2008 26.0			

70% of the respondents see the risks increasing the coming 12 months. Some 93% of the Italian businesses say that late payment is due to debtors finding themselves in financial difficulties. 69% experienced increased later payments because of the effects of the financial crisis. Reduced sales and liquidity are also mentioned as substantial effects on ongoing business.

Payment Index

2004	152
2005	158
2006	153
2007	157
2008	158
2009	**162**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	17.7	59.1	23.2
2005	15.2	58.7	26.1
2006	14.6	54.1	31.3
2007	17.2	49.6	33.2
2008	25.0	40.0	35.0
2009	**25.0**	**40.0**	**35.0**

Payment loss (%)

total turnover

2004	0.8
2005	1.0
2006	1.2
2007	1.3
2008	1.6
2009	**2.5**

Main export

Risk Index

Spain	166
UK	155
Germany	153
France	150

LATVIA

Payment Index

2004	157
2005	153
2006	155
2007	148
2008	149
2009	**156**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	60.1	30.2	9.7
2005	64.9	27.3	7.9
2006	64.3	27.6	8.1
2007	66.2	24.4	9.4
2008	60.8	29.6	9.6
2009	**48.0**	**34.0**	**18.0**

Payment loss (%)

total turnover

2004	2.9
2005	2.8
2006	3.0
2007	2.7
2008	2.8
2009	**3.3**

Main export

Risk Index

Poland	163
Lithuania	162
Germany	153
Estonia	152
Sweden	129
Finland	125

Economic Development (%)

		Average EU27
GDP per capita in euro	14,000	
GDP growth	-2.7	0.2
Unemployment rate	12.3	7.6
Inflation	4.5	1.2

(all 2009 estimates)

After several years of boom driven by consumer demand, Latvia's economy is in freefall contracting 10.5% in the last quarter of 2008 and gross domestic product is forecast to continue falling at double-digit rates well into 2009. Amid the global financial crisis, Latvia's consumer demand has collapsed and manufacturing output is spiralling downwards. In comparison with a year ago, the retail trade sector fell 15.6% and hotel and restaurant businesses plunged 24.8%. Latvia's labour agency reported a jump in unemployment among the country's near 2.3 million citizens to 8.3% in January from 7% in December 2008. The International Monetary Fund in December 2008 approved a Euro 1.68 billion rescue loan for Latvia in return for strict spending cuts by the government.

Payment: Behaviour and Risks

The latest EPI survey showed no positive changes in Latvia. In fact, payment delays increased in all segments, especially on the consumer side from 14 to 20 days delay. The share of receivables changed to a far less favourable balance, instead of 60% now only 48% is paid within 30 days. The percentage for claims older then 90 days doubled from 9% to 18%, increasing the risks. The written-off percentage also shows a sharp increase from 2.8% to 3.3%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	10.0	19.0	16.0
Average payment duration in days	30.0	42.0	30.0
Average delay in days 2009	20.0	23.0	14.0
Average delay in days 2008	14.0		

Some 72% of Latvian businesses expect risks to increase further. 86% say that their debtors are having financial difficulties, so they themselves cannot pay on time. In general, this is a difficult time for businesses in Latvia. Strong focus on credit management development is eminent.

LITHUANIA

Economic Development (%)

		Average EU27
GDP per capita in euro	15,100	
GDP growth	0.0	0.2
Unemployment rate	9.8	7.6
Inflation	4.3	1.2

(all 2009 estimates)

Battered by the global financial crisis, Lithuania's 3.4 million inhabitants will see their nation's economy tested by a deep recession in 2009 as it confronts a sharp slowdown and higher borrowing costs. The latest bleak predictions are that Lithuania, once dubbed a fast-growth Baltic Tiger, will see its economy shrink by 6% during 2009 forcing the country even deeper into recession. Real gross domestic product (GDP) growth is widely expected to turn negative in 2009 with slumping domestic demand and a substantial slowdown in Lithuania's export markets.

Payment: Behaviour and Risks

A positive trend towards improved payment behaviour has failed to gather momentum this year with payment duration increasing across all segments, especially with the public authorities. The share of receivables is down with a shift towards longer outstanding claims. The written-off percentage increased to an all time high of 3.3%. 75% of the respondents fear higher payment risks during the coming 12 months.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	21.0	30.0	31.0
Average payment duration in days	36.0	47.0	46.0
Average delay in days 2009	15.0	17.0	15.0
Average delay in days 2008	12.0		

Some 94% also say that their debtors are having financial difficulties, thereby stressing the payment cycle further. Lithuanian businesses as a whole report reduced sales and liquidity as well as an increase in later payments.

Payment Index

2004	167
2005	163
2006	159
2007	158
2008	157
2009	**162**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	54.8	34.2	11.0
2005	55.7	31.7	12.6
2006	54.8	32.6	12.6
2007	57.5	32.8	9.7
2008	59.3	29.7	11.0
2009	**51.0**	**33.0**	**16.0**

Payment loss (%)

total turnover

2004	3.4
2005	3.5
2006	3.2
2007	3.3
2008	3.0
2009	**3.3**

Main export

Risk Index

Poland	163
UK	155
Germany	153
Estonia	152
Latvia	156
Netherlands	153
France	150
Denmark	136
Sweden	129

THE NETHERLANDS

Payment Index

2004	153
2005	152
2006	154
2007	149
2008	149
2009	**153**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	51.5	39.8	8.7
2005	56.0	34.2	9.7
2006	54.2	35.4	10.4
2007	57.8	32.9	9.3
2008	60.6	30.2	9.2
2009	**57.0**	**30.0**	**13.0**

Payment loss (%)

total turnover

2004	2.6
2005	2.5
2006	2.8
2007	2.4
2008	2.4
2009	**2.5**

Main export

Risk Index

Italy	162
Belgium	156
UK	155
Germany	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	33,500	
GDP growth	0.4	0.2
Unemployment rate	2.8	7.6
Inflation	0.4	1.2

(all 2009 estimates)

The slowdown in the Dutch economy sparked by the global downturn and recession is hitting the country harder than was expected. Forecasts from the government's economic policy bureau CPB say the Dutch economy is expected to shrink by 3.5 percent this year, a substantial increase on the 0.75% contraction predicted last December. The CPB also painfully forecasts that the unemployment rate will rise to 5.5 percent during 2009 and will increase even more dramatically to about 9% of the working population by 2010. Last year the Dutch government approved a Euro 20 billion stimulus package as well as investing billions to support troubled banking and other companies in the financial services sector. The CPB says under current plans, the government would run a budget deficit of more than 3 percent in 2009 and more than 5 percent in 2010.

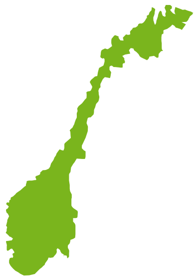
Payment: Behaviour and Risks

Payment loss has increased from an already high level to 2.5%. The balance of receivables changed unfavourably, with outstanding receivables increasing to 60 days and more. Consumers, businesses and public authorities, are all taking longer to pay.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	20.0	26.0	27.0
Average payment duration in days	31.0	42.0	49.0
Average delay in days 2009	11.0	16.0	22.0
Average delay in days 2008	13.0		

60% of the respondents see a further increase in payment risks compared to 22% last year. The majority of the respondents feel that the financial crisis has hit them in terms of reduced liquidity and sales, and an increase of late payments, due to the fact that their debtors are having financial difficulties.

NORWAY



Economic Development (%)

		Average EU27
GDP per capita in euro	43,700	
GDP growth	1.3	0.2
Unemployment rate	3.0	7.6
Inflation	1.7	1.2

(all 2009 estimates)

The Norwegian economy is doing better than many of its neighbours yet the country is not immune to the global financial slowdown and is also suffering falling production, demand and employment. Data from Statistics Norway revealed non-oil (excluding Norway's huge offshore oil and gas industry and ocean-going shipping) gross domestic product grew 2.4 percent throughout 2008, slowing from a 36-year high of 6.1 percent growth in 2007. Statistics Norway also slashed its 2009 non-oil GDP forecast to a decline of 1.7 percent from a forecast of negative 0.4 percent given in December, saying 'extensive fiscal policy and monetary policy measures are unlikely to prevent the GDP for mainland Norway from falling in 2009.'

Payment: Behaviour and Risks

The traditional faster payments in the Nordic countries are showing signs of deteriorating. With the mounting payment delay, the written-off percentage has increased substantially from 1.3% to 2%. For several years, the Scandinavian countries were showcase examples of fast payment and boasted the lowest written-off percentages in Europe, but now the balance in the share of receivables has also changed towards longer outstanding claims.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	14.0	22.0	26.0
Average payment duration in days	23.0	33.0	34.0
Average delay in days 2009	9.0	11.0	8.0
Average delay in days 2008	6.0		

62% of the respondents feel that payment risks will further increase over the coming 12 months. 64% say that late payments are the result of their debtors not getting paid on time.

Payment Index

2004	137
2005	130
2006	131
2007	130
2008	130
2009	**134**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	70.1	25.3	4.6
2005	72.0	23.0	5.0
2006	73.2	23.1	3.7
2007	69.0	24.3	6.7
2008	69.4	21.7	8.9
2009	**63.0**	**25.0**	**12.0**

Payment loss (%)

total turnover	
2004	1.7
2005	1.4
2006	1.5
2007	1.2
2008	1.3
2009	**2.0**

Main export

Risk Index	
UK	155
Germany	153
Netherlands	153
France	150
Sweden	129

POLAND

Payment Index

2004	161
2005	158
2006	162
2007	159
2008	159
2009	**163**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	56.2	33.8	10.0
2005	53.8	32.0	14.2
2006	58.5	30.7	10.8
2007	59.3	29.0	11.7
2008	60.6	28.1	11.3
2009	**53.0**	**30.0**	**17.0**

Payment loss (%)

total turnover

2004	3.0
2005	2.8
2006	2.9
2007	3.0
2008	2.9
2009	**3.0**

Main export

Risk Index

Czech Rep.	172
Italy	162
UK	155
Germany	153
France	150

Economic Development (%)

		Average EU27
GDP per capita in euro	14,500	
GDP growth	3.8	0.2
Unemployment rate	6.7	7.6
Inflation	3.0	1.2

(all 2009 estimates)

Poland entered 2009 not as badly affected by the world's economic crisis as many of its other European neighbours thanks in part to not being exposed to a highly leveraged financial system. The Polish economy is the sixth largest in Europe and 21st largest in the world. However it is not immune to events in the global marketplace and the country of 38 million people is facing a downturn in growth in 2009, according to government forecasts. The government has launched a stimulus programme aimed at keeping fiscal policy tight enough to provide the Central Bank leeway to cut interest rates as and when required. Unless the economy falls into outright recession, Poland is widely expected to meet the Maastricht budget criteria with 2011 set as the target date for Poland to meet the conditions for entry into the euro zone.

Payment: Behaviour and Risks

Contractual payment terms for all sectors are down and businesses and consumers are paying off their invoices slightly faster. The written-off percentage has risen to its previous level of 3%. In addition, the share of receivables has changed unfavourably with fewer invoices being paid within 30 days. 52% of the respondents see payment risks increasing during the coming 12 months, compared to just 21% last year.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	15.0	21.0	20.0
Average payment duration in days	33.0	39.0	44.0
Average delay in days 2009	18.0	18.0	24.0
Average delay in days 2008	17.0		

Some 97% of respondents feel that they are getting paid late because of the financial difficulties being suffered by customers.

PORTUGAL

Economic Development (%)

		Average EU27
GDP per capita in euro	18,900	
GDP growth	0.1	0.2
Unemployment rate	8.1	7.6
Inflation	-0.3	1.2

(all 2009 estimates)

Portugal fell into recession in 2008 with its gross domestic product (GDP) contracting by two percent in the final quarter of 2008. And although the country is not suffering from a real-estate crisis and its financial services sector is faring better than in many other European countries, the government was obliged in December to introduce a Euro 2 billion stimulus package designed to target employment, investment and aid to struggling businesses. The country is expected to suffer from the recession across the Euro zone with domestic consumer and business confidence shrinking. Servicing high household debt will also serve to dampen growth. In January, Standard & Poor's downgraded Portugal's long-term credit ratings to A+ from AA- on the grounds that the government's structural reforms are insufficient for the country to remain rated AA-, a move the Portuguese finance ministry said stemmed 'from the unprecedented global crisis that we are living through'.

Payment: Behaviour and Risks

Good news and bad news in the latest EPI survey for Portugal, which has consistently rated at the higher end of the payment risk index. The good news is that the public authorities are paying their bills 8 days faster than last year, while the not so good is that both consumers and businesses are taking longer to settle their bills. The written-off percentage remains at the high level of 2.7%. The balance in the share of receivables also changed with more invoices being paid within 30 days. However, in one unfavourable development, a higher percentage of debts are remaining unpaid at 90 days.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	30.0	52.0	57.0
Average payment duration in days	60.0	87.0	129.0
Average delay in days 2009	30.0	35.0	72.0
Average delay in days 2008	40.0		

77% of respondents fear payment risks will further increase during the coming 12 months. Some 90% agree they are getting paid late because their debtors are struggling with financial difficulties. Because of the financial crisis, Portuguese businesses say they are seeing reduced sales, reduced liquidity, increased payment delays from customers and restricted credit terms from suppliers.

Payment Index

2004	191
2005	184
2006	183
2007	182
2008	183
2009	**184**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	18.8	49.4	31.8
2005	19.4	49.8	30.8
2006	19.5	49.9	30.6
2007	20.9	52.2	26.9
2008	25.1	50.3	24.6
2009	**32.0**	**39.0**	**29.0**

Payment loss (%)

total turnover	
2004	3.0
2005	2.9
2006	2.7
2007	2.5
2008	2.7
2009	**2.7**

Main export

Risk Index	
Spain	166
Italy	162
UK	155
Germany	153
Netherlands	153
France	150

SLOVAKIA

Payment Index

2004	
2005	
2006	
2007	160
2008	157
2009	**160**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004			
2005			
2006			
2007	50.7	31.9	17.4
2008	52.0	30.0	18.0
2009	**52.0**	**33.0**	**15.0**

Payment loss (%)

total turnover	
2004	
2005	
2006	
2007	2.8
2008	2.8
2009	**3.0**

Main export

Risk Index	
Czech Rep.	172
Italy	162
Poland	163
Germany	153

Economic Development (%)

		Average EU27
GDP per capita in euro	18,600	
GDP growth	4.9	0.2
Unemployment rate	9.8	7.6
Inflation	2.8	1.2

(all 2009 estimates)

There is little ground for optimism about the state of Slovakia's economy in 2009. Although Slovakian banks have largely escaped the financial turmoil elsewhere across Europe, the country's small and open economy is beginning to stumble as demand for its goods from cars to televisions slows in key export markets and consumer confidence among the country's 5.4 million citizens is decreasing as unemployment levels grow. Slovak gross domestic product growth contracted to 6.4 percent in 2008, from a record high 10.4 percent a year earlier, and a further slowdown is expected in 2009. Slovakia's industrial output fell by 27 percent year-on-year in January, compared with an 18 percent decline in December.

Payment: Behaviour and Risks

The latest figures show the risks of late payment are on the rise compared to 2008 payment across all sectors. The time it takes to receive payment in the public sector has actually doubled from 7 to 14 days. The credit terms offered to consumers and businesses has been lowered yet the time lag to receive payment has increased. On an upnote, the share of receivables balance is slightly better, with more invoices paid within 90 days. The written-off percentage increased from 2.8% to 3.0%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	17.0	26.0	25.0
Average payment duration in days	27.0	39.0	39.0
Average delay in days 2009	10.0	13.0	14.0
Average delay in days 2008	8.0		

Some 47% of the Slovakian businesses are pessimistic that payment risks will further increase compared to just 11% in 2008. 72% say that the later payments are due to their debtors having increased financial problems. Because of the financial crisis, businesses say they are seeing reduced sales and an increase in late payments from their customers.

SPAIN

Economic Development (%)

		Average EU27
GDP per capita in euro	25,700	
GDP growth	-0.2	0.2
Unemployment rate	14.8	7.6
Inflation	0.8	1.2

(all 2009 estimates)

After a 15-year credit-fuelled construction and consumer-spending boom, Spain is in grave economic crisis with consumer confidence shrinking as fast as the number of unemployed rockets skywards. The sharp reversal of economic growth saw unemployment in February shoot up to 3.48 million amid predictions that the jobless level could hit nearly 20% of the workforce, or 4.5 million. Suffering from the international financial crisis, lack of liquidity, and falling consumption, Spain is now also seeing banks closing the tap on loans as they too come under strain. Bad loans have reached 3.5% and are widely expected to surpass the 8% peak suffered in the early 1990s credit crisis. In a further blow, Standard & Poor's stripped Spain of its coveted AAA status citing the "structural weaknesses in the Spanish economy" and predicted a long recession that will raise public debt by 18pc of GDP.

Payment: Behaviour and Risks

The impact of the financial crisis on specific sectors in Spain is highly visible with later payments occurring across all market segments. The current credit crunch has seen delays in payment increase by 10 days on average. The share of receivables has also shifted badly out of balance, with only 19% now being paid within 30 days and a steep increase in the older than 90 days. The written-off percentage also increased from 2.2% to 2.4%. Pessimism is widespread with 82% of the respondents fearing that payment risks will further increase. In 2008 this figure was just 42%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	40.0	72.0	88.0
Average payment duration in days	57.0	98.0	139.0
Average delay in days 2009	17.0	26.0	51.0
Average delay in days 2008	20.0		

Some 90% of Spanish businesses acknowledge that they get paid late because their debtors are having financial difficulties. Reduced sales, reduced liquidity and later payments are the main impacts being suffered by Spanish businesses as a direct consequence of the financial crisis.

Payment Index

2004	166
2005	163
2006	161
2007	158
2008	159
2009	**166**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	26.7	49.7	23.6
2005	26.1	52.8	21.1
2006	23.9	56.1	20.0
2007	27.6	52.0	20.4
2008	29.0	47.0	24.0
2009	**19.0**	**48.0**	**33.0**

Payment loss (%)

total turnover

2004	3.0
2005	2.8
2006	2.4
2007	2.3
2008	2.2
2009	**2.4**

Main export

Risk Index

Italy	162
UK	155
Germany	153
France	150

SWEDEN

Payment Index

2004	127
2005	129
2006	129
2007	126
2008	126
2009	**129**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	67.4	24.1	8.5
2005	72.1	21.5	6.4
2006	73.2	20.3	6.5
2007	77.1	18.6	4.3
2008	75.0	19.0	6.0
2009	**67.0**	**24.0**	**9.0**

Payment loss (%)

total turnover

2004	0.7
2005	0.9
2006	1.1
2007	1.0
2008	1.1
2009	**1.6**

Main export

Risk Index

UK	155
Germany	153
Denmark	136
Norway	134
Finland	125

Economic Development (%)

		Average EU27
GDP per capita in euro	30,400	
GDP growth	-0.2	0.2
Unemployment rate	7.4	7.6
Inflation	0.3	1.2

(all 2009 estimates)

Sweden is no stranger to stopping a financial crisis. It rescued its banking system from housing and finance bubbles back in 1992 with a strategy geared around taking a stake in insolvent banks that it could sell off at a profit once markets rebounded. That experience has helped Sweden to handle the problems that the global financial crisis has caused the Swedish financial system, although the negative consequences for the Swedish economy will be considerable over the next two years as the government fights a very powerful slowdown. Sweden's industrial sector, which includes truck and car manufacturers such as Volvo and Saab, has been hard hit, resulting in the loss of thousands of jobs. As overseas demand dried up, Sweden's gross domestic product (GDP) shrank 4.9 percent in the final quarter of 2008 from a year earlier, according to the Swedish statistics office SCB. More gloomy news saw Sweden's industrial production in January fall a record 22.9 percent from a year earlier and order books contracted by almost a third, prompting Finance Minster Anders Borg to say he expected the economic crisis to continue during 2009 and 2010 with aftershocks during 2011 and 2012.

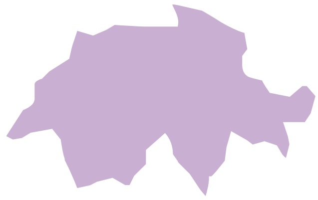
Payment: Behaviour and Risks

Sweden is suffering from the financial crisis just like its Nordic neighbours. And although payment delays generally remain at the same low level, the share of receivables has changed with fewer invoices being paid on time within 30 days. 39% of Swedish businesses say that they see an increase in late payments from their customers due to the financial crisis. A staggering 74% feel that the late payments they are experiencing are a threat to their survival.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	22.0	27.0	28.0
Average payment duration in days	28.0	35.0	35.0
Average delay in days 2009	6.0	8.0	7.0
Average delay in days 2008	7.0		

Some 76% say that the late payments are happening because their debtors are having financial difficulties. The written-off percentage increased from 1.1% to 1.6% - an all time high for Sweden.

SWITZERLAND



Economic Development (%)

		Average EU27
GDP per capita in euro	34,600	
GDP growth	1.2	0.2
Unemployment rate	3.3	7.6
Inflation	-0.2	1.2

(all 2009 estimates)

Switzerland was in good health when the global financial and economic crisis erupted, but the country's international dependence has made it vulnerable to events in the global marketplace. Despite its earlier strong growth, low unemployment and modest inflation, Switzerland has not been able to avoid the consequences of international financial turmoil, especially within areas key to its economy such as the financial sector and trade. The international Monetary Fund (IMF) has forecast a significant economic decline in the Swiss economy in 2009 with exports slumping, investment expenditures dropping and consumer spending contracting as unemployment rises. In a report in March, the IMF welcomed the measures taken by the Swiss National Bank in a difficult economic environment, noting that there are no discernible signs of a credit squeeze in Switzerland with mortgage market benefiting from low interest rates and stable property prices.

Payment: Behaviour and Risks

Once again Switzerland has seen a slight increase in the risk of late payments, especially within the consumer segment. The written-off percentage has increased from 1.8% to 2.3%, while there has also been a nominal change in the share of receivables. Nonetheless, Swiss businesses are somewhat optimistic and do not see the global financial crisis having much of a local impact, although 40% believe there will be an increase in later payments and 43% believe payment risks will rise.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	24.0	29.0	31.0
Average payment duration in days	35.0	42.0	47.0
Average delay in days 2009	11.0	13.0	16.0
Average delay in days 2008	11.0		

Some 75% believes that financial difficulties being suffered by their debtors is the reason for later payments.

Payment Index

2004	148
2005	149
2006	146
2007	142
2008	143
2009	**145**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	56.4	33.6	10.0
2005	59.1	30.7	10.2
2006	64.9	29.4	5.7
2007	64.2	30.3	5.5
2008	60.0	30.0	10.0
2009	**60.0**	**29.0**	**11.0**

Payment loss (%)

total turnover

2004	1.7
2005	2.0
2006	1.5
2007	1.6
2008	1.8
2009	**2.3**

Main export

Risk Index

Spain	166
Italy	162
UK	155
Germany	153
France	150

UNITED KINGDOM

Payment Index

2004	154
2005	148
2006	152
2007	151
2008	151
2009	**155**

Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	52.4	37.3	10.3
2005	50.8	38.0	11.2
2006	51.8	40.2	8.0
2007	49.6	43.7	6.7
2008	43.5	45.2	11.3
2009	**50.0**	**30.0**	**20.0**

Payment loss (%)

total turnover

2004	1.8
2005	1.7
2006	1.8
2007	1.9
2008	1.9
2009	**2.4**

Main export

Risk Index

France	150
Germany	153
Ireland	146
Netherlands	153

Economic Development (%)

		Average EU27
GDP per capita in euro	28,900	
GDP growth	-1.0	0.2
Unemployment rate	6.2	7.6
Inflation	-0.2	1.2

(all 2009 estimates)

The UK has been hit exceptionally hard by the global credit crunch with Briton's in debt due to the amount owed on mortgages, loans and credit cards to the tune of £1.46 trillion in March, more than the value of what the country produces in a year. Business confidence is plummeting with firms across the country reporting ongoing cost and investment reductions, while the International Monetary Fund in January warned the UK could plunge in 2009 into the deepest recession of any industrialised country. The IMF forecast predicts the worst performance since records began in 1948, putting Britain bottom in the league table of major industrialised countries.

Payment: Behaviour and Risks

The latest EPI survey reveals that all segments paid later than in 2008. The balance in the share of receivables shows a rise in the number of claims older than 90 days, which is not good news because the older the invoice, the more difficult it becomes to get paid. The written-off percentage increased rather steeply from 1.9% to 2.4%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	28.0	32.0	29.0
Average payment duration in days	48.0	52.0	49.0
Average delay in days 2009	20.0	20.0	20.0
Average delay in days 2008	18.0		

In 2008, only 4% of UK businesses thought that payment risks would further increase, today that number has risen to 29% although 66% of respondents believe it will now stabilize. Reduced sales, reduced liquidity and increased late payments from customers are symptomatic of the financial crisis being suffered by businesses in the UK.

RECOMMENDATIONS

Intrum Justitia recommends the following measures at all business levels (local, national and international):

Credit policy

The drawing up - and consistent implementation - of a clear credit policy, tailored to the individual risk orientation and financial strength of the company. The core of the credit policy should include: Requirements for delivery against invoice; solvency checks before decisions are made on whether deliveries can be made against invoice; payment targets; measures and consequences in the event of delayed payment (i.e. charging of interest on late payment, recovery costs, suspension of deliveries, working with a professional credit management company); credit limits; internal competence regulations.

Clients and all staff in contact with clients must be aware of the credit policy.

Credit limits

The development of the receivables of the individual regular customers has to be observed with the help of credit limits.

In practice, the provision of two limits of credit for each (key account) customer has proven to be particularly effective. The crossing of the lower limit serves as an early warning, i.e. gathering of additional information and taking of suitable measures, whereas the meeting of the upper limit will automatically lead to the discontinuation of delivery on account.

Address checks

Consistent checks on the billing address. Experience shows that preventing the use of invalid or out of date billing addresses is an important factor in optimising the credit management process. Addresses should be updated as an ongoing process and should be subject to routine checks.

Economic information

Consistent solvency checks before decisions on deliveries against invoice. If solvency is insufficient, deliveries should be made against an alternative form of payment.

Routine solvency checks on key clients

Experience shows that the majority of payment losses arise from deliveries to key clients. The insolvency of Key Accounts has particularly far reaching consequences. Repeated solvency checks, integrated consistently into operational procedures, are therefore an important element in the overall credit management process.

Flexible contractual payment terms

Offer flexible payment terms on the basis of the bonus-malus-principle. New customers are granted a shorter time period to settle than regular customers who pay by the agreed due date. At the same time, new customers are offered the benefit of a longer payment term to settle when they place repeat orders, provided that payment is made on or before the due date. On the other hand, regular customers can lose the privilege of a longer payment term should they fail to pay on time.

Swift reminders

Reminders should be issued rapidly and committedly. The most successful formula in practice, has been shown to be the so-called ‘2-2-2-Formula’:

- Issuance of the first reminder letter two weeks after due date at the latest
- Issuance of only two further reminder letters before taking legal measures or retaining Intrum Justitia for the collection of the debt.
- Reminder rhythm of two weeks between reminder letters.

Default interest and billing of operating costs

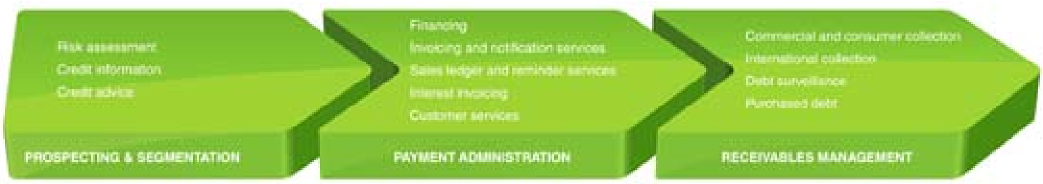
Bill late payers for default interest and the operating costs caused by the payment delay (operating costs for bank transactions, administration costs, cost of third parties, etc.).

Professional cooperation

Consistent cooperation with Intrum Justitia, integrated into the company’s customer management process, allows efficient credit management tailored for rapid receipt of payments.

Extending client structure

Reduced reliance on one or a few large clients.



EXPLANATION OF ECONOMIC INDICATORS USED IN THE REPORT

Gross domestic product (GDP)

Gross domestic product (GDP) is a measure for economic activity. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation.

GDP growth rate

All information given represents the real GDP growth rate (Growth rate of GDP volume - percentage change on previous year). The calculation of the annual growth rate of GDP volume allows comparisons of economic development both over time and between economies of different sizes, irrespective of changes in prices. Growth of GDP volume is calculated using data at previous year‘s prices.

Per capita GDP performance

All information given represents the GDP per capita in PPS (GDP per capita in Purchasing Power Standards [PPS] - EU27 = 100). The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union (EU27) average set to equal 100. If the index of a country is higher than 100, this country‘s level of GDP per head is higher than the EU average and vice versa. Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries.

Level of capacity utilization

All information given represents the current level of capacity utilization in the manufacturing industry.

Consumer confidence indicator

All information given represents the seasonally adjusted balance of the consumer confidence indicator. The calculation of the indicator is based on four questions:

A Financial situation over the next 12 months

B General economic situation over the next 12 months

C Unemployment expectations over the next 12 months (with inverted sign)

D Savings over the next 12 months

Unemployment rate

All information given represents the total unemployment rate (men and women). Unemployment rates represent unemployed persons as a percentage of the labour force. The labour force is the total number of people employed and unemployed. Unemployed persons comprise persons aged 15 to 74 who were:

A without work during the reference week

B currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week

C actively seeking work, i.e. had taken specific steps in the four weeks period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months.

General government debt

All information given represents the General government consolidated gross debt as a percentage of GDP. EU defi nition: the general government sector comprises the subsectors of central government, state government, local government and social security funds. GDP used as a denominator is the gross domestic product at current market prices. Debt is valued at nominal (face) value, and foreign currency debt is converted into national currency using year-end market exchange rates (though special rules apply to contracts). The national data for the general government sector is consolidated between the sub-sectors. Basic data is expressed in national currency, converted into euro using year-end exchange rates for the euro provided by the European Central Bank.

Inflation rate

All information given represents the annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). The inflation rate is the rate of increase of the average price level.

Source: EUROSTAT, Brussels

INFORMATION ON THE SURVEY

The survey was conducted simultaneously in 25 countries between January and March 2009. The survey was conducted in written form. The questionnaire was translated into the respective national languages. Dispatch and return of the questionnaires was carried out on a decentralised basis by the countries concerned, whereas the analysis was carried out centrally in accordance with pre-determined guidelines. All information has been verified and uncertainties were not included in the evaluation. Furthermore, all anonymously sent questionnaires were not taken into account for the evaluation. Companies in England, Wales, Scotland and Ireland were questioned by telephone by a specialised company (B2B International ltd. UK).

Structure of the sample according to

Company size	up to 19 employees	42%
	20 to 49 employees	25%
	50 to 249 employees	20%
	250 to 499 employees	7%
	500 to 2,499 employees	4%
	more than 2,500 employees	2%
Business sector	manufacturing	25%
	wholesale	15%
	retail	15%
	services	41%
	public administration	4%
Customer groups	consumers (B2C)	30%
(share of turnover: more than 50%)	corporates (B2B)	60%
	public authorities	10%

QUESTIONNAIRE 2009

1 What payment terms do you allow your customers, on average? (your Contractual Payment Terms)

Consumer	(B-2-C)	…… days
Corporate	(B-2-B)	…… days
Public Sector		…… days

2 What is the average time that your customers actually take to pay your invoices?

Consumer	(B-2-C)	…… days
Corporate	(B-2-B)	…… days
Public Sector		…… days

3 Approximately how are your debtors spread (by amount owed) over the following categories?

Age of claim	up to 30 days	…… %
	31 to 60 days	…… %
	61 to 90 days	…… %
	91 to 120 days	…… %
	121 to 180 days	…… %
	over 180 days	…… %

"total = 100%

4 If any, what was your bad debt loss in 2008 as % of total revenue?

…… %

5 How do you see risks from your company's debtors developing during the next 12 months?
O declining
O remaining stable
O increasing

6 On a scale of 0 to 5 (where 0 = no impact and 5 = high impact) how do you rate the consequences of late payments for your company with regard to?

Additional interest charges	.... (0 - 5)
Loss of income	.... (0 - 5)
Liquidity squeeze	.... (0 - 5)
Threat to survival	.... (0 - 5)
Risks to reputation	.... (0 - 5)

7 What are the main causes of late payment of your own customers?

Debtors in financial difficulties	O Yes O No
Disputes regarding goods and services delivered	O Yes O No
Administrative inefficiency of your customers	O Yes O No
Intentional late payment	O Yes O No

Other reason...(free answer)

8 Do you currently outsource your credit management activities?

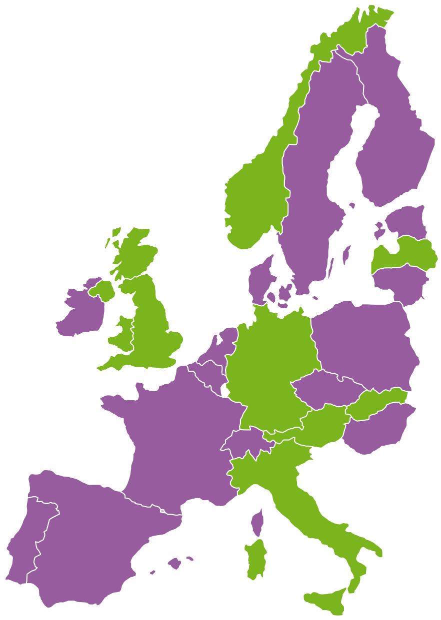
O Yes O No

ABOUT INTRUM JUSTITIA

Intrum Justitia is Europe's leading Credit Management Services (CMS) company. In each local market, Intrum Justitia offers efficient services and high quality in relations with both clients and debtors, thereby helping clients to improve their cash flow and long-term profitability.

Intrum Justitia's services cover the entire credit management chain, from credit information via invoicing, reminders and collection, to debt surveillance and recovery of written-off receivables. Intrum Justitia also offers sales ledger services, purchased debt services and a number of specialized services related to credit management.

The Group has more than 90,000 clients and around 3,300 employees in 24 markets. The head office is located in Stockholm, Sweden. The Intrum Justitia share has been listed on Stockholmsbörsen (Stockholm Exchange) since June 2002.



Top 5 position

Marketleader

Intrum Justitia values

We understand people

Behind every transaction, every company, every invoice, every debt and every ambition is a person. By understanding people, Intrum Justitia can contribute to profitable business relationships, unhindered trade and sound, long-term business practices for everyone involved.

We are committed to challenge

Intrum Justitia deals with situations that can impact the future of a business or an individual. Likewise, our work can influence the economy as a whole by contributing to fair trade and sound business practices.

We seek insights to feed ingenuity

By understanding people, being a market leader, and having the necessary expertise, Intrum Justitia is creating new solutions that benefit clients, their customers and other stakeholders. The key to this work is the use of the unique information, knowledge and experience the group has gained from various aspects of sales, credit and payment processes.

We make a difference

Many companies and individuals need help managing their finances. Intrum Justitia's role is to develop solutions that contribute to a sound, stable economy and ultimately benefit our clients and their customers alike. In our work, we show respect for individuals and businesses, which, for whatever reason, face payment difficulties. Negotiation, realistic solutions and settlements increase the chances of obtaining payment.

Better business for all

Legal Disclaimer

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Impressum

The report was produced by Madeleine Bosch, assisted by a group of experts. m.bosch@nl.intrum.com

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