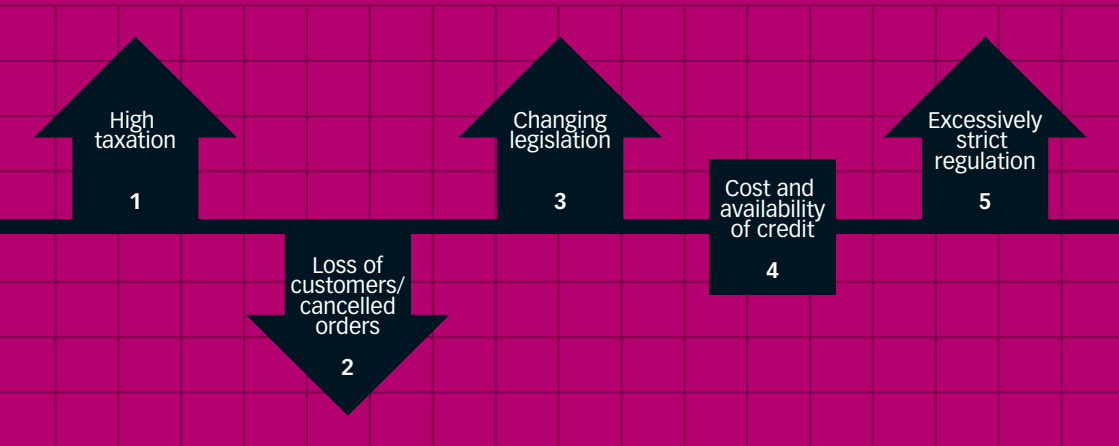


LLOYD'S RISK INDEX 2013

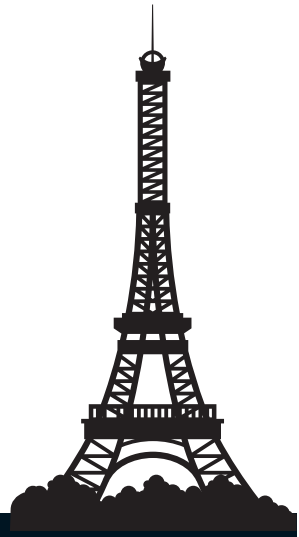
Key facts: Europe



As leaders in global business risk, Lloyd's has commissioned the biennial Lloyd's Risk Index to assess attitudes to risk among business leaders across the world.

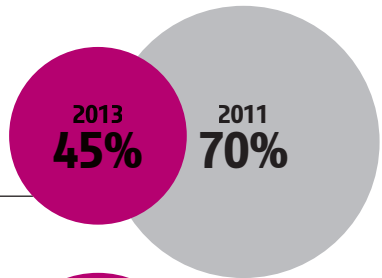
TOP FIVE BUSINESS RISKS FOR EUROPE

| | 2013 | RANK IN 2011 |
|---|------|--------------|
|  HIGH TAXATION | 1 | 6 |
|  LOSS OF CUSTOMERS/ CANCELLED ORDERS | 2 | 1 |
|  CHANGING LEGISLATION | 3 | 5 |
|  COST AND AVAILABILITY OF CREDIT | 4 | 4 |
|  EXCESSIVELY STRICT LEGISLATION | 5 | 9 |

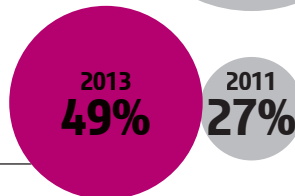


HOW PREPARED ARE YOU FOR RISKS TO YOUR BUSINESS?*

Better prepared to manage business risks compared to two years ago.



About the same level of preparedness compared to two years ago.



Not as well prepared compared to two years ago.



*Global results for preparedness

TOP FIVE PRIORITY AND PREPAREDNESS SCORES

| | RISK | PRIORITY SCORE | PREPAREDNESS SCORE |
|---------------|--------------------------------------|----------------|--------------------|
| GLOBAL | 1 High taxation | 6.22 | 5.30 |
| | 2 Loss of customers/cancelled orders | 6.09 | 5.68 |
| | 3 Cyber risk | 5.70 | 5.85 |
| | 4 Price of material inputs | 5.64 | 5.80 |
| | 5 Excessively strict regulation | 5.62 | 5.42 |



| | | | |
|---------------------|--------------------------------------|------|------|
| ASIA-PACIFIC | 1 Price of material inputs | 6.60 | 6.13 |
| | 2 High taxation | 6.13 | 5.50 |
| | 3 Currency fluctuation | 6.05 | 5.70 |
| | 4 Inflation | 6.05 | 5.66 |
| | 5 Loss of customers/cancelled orders | 6.01 | 5.91 |



| | | | |
|----------------------|--------------------------------------|------|------|
| NORTH AMERICA | 1 High taxation | 5.56 | 5.16 |
| | 2 Cyber risk | 5.08 | 5.49 |
| | 3 Loss of customers/cancelled orders | 5.03 | 5.41 |
| | 4 Changing legislation | 4.90 | 5.23 |
| | 5 Inflation | 4.80 | 5.41 |



| | | | |
|---------------|--------------------------------------|------|------|
| EUROPE | 1 High taxation | 6.59 | 5.09 |
| | 2 Loss of customers/cancelled orders | 6.44 | 5.39 |
| | 3 Changing legislation | 5.94 | 5.09 |
| | 4 Cost and availability of credit | 5.86 | 5.48 |
| | 5 Excessively strict legislation | 5.80 | 5.00 |



| | | | |
|----------------------|--------------------------------------|------|------|
| LATIN AMERICA | 1 Loss of customers/cancelled orders | 7.67 | 6.29 |
| | 2 High taxation | 7.21 | 5.63 |
| | 3 Talent and skills shortage | 6.75 | 6.13 |
| | 4 Cyber risk | 6.71 | 5.83 |
| | 5 Fraud and corruption | 6.71 | 5.71 |



| | | | |
|---------------------|--------------------------------------|------|------|
| SOUTH AFRICA | 1 Loss of customers/cancelled orders | 6.92 | 5.92 |
| | 2 Fraud and corruption | 6.67 | 6.25 |
| | 3 Currency fluctuation | 6.50 | 6.25 |
| | 4 Strikes and industrial action | 6.50 | 6.00 |
| | 5 Inflation | 6.42 | 5.50 |

NUMBER AND GLOBAL DISTRIBUTION OF RESPONDENTS

The Lloyd's Risk Index 2013 is based on a global survey of 588 C-suite and board level executives conducted by Ipsos MORI for Lloyd's during April and May 2013. The survey asked respondents about their attitudes to 50 risks across five categories:

- **Business and strategic risk.**
- **Economic, regulatory and market risk.**
- **Political, crime and security risk.**
- **Environmental and health risk.**
- **Natural hazard risk.**

Respondents were asked to rate both the overall risk category and a number of specific risks within each of the overall categories for both their corporate risk priorities and for the degree of their business preparedness to manage those risks. A score was calculated for each, with zero being the lowest level of priority or preparedness and ten being the highest.

77% of respondents represented smaller businesses with an annual turnover of US\$499 million or less, and 23% were from larger companies with an annual turnover of US\$500 million or more. Survey respondents were distributed across Asia-Pacific (31%), Europe (28%), North America (26%), Latin America (10%) and South Africa (5%).

CONCLUSION – A GAME OF TWO HALVES

A clear divide is emerging in the evolution of risk management between smaller and larger companies, with further variation determined by whether they operate in an established (North America and Europe) or faster growing market.

Larger companies in faster growing markets are following the evolution of their peers in established markets, recognising the heightened priority of business risks and their relative lack of preparedness to deal with them. Larger companies in established markets are moving increasingly towards a 'more prepared than prioritised' position. They have recognised their vulnerability to risk, made it a greater priority and invested in more comprehensive risk transfer (insurance) and risk management (mitigation) measures.

See the full report and infographics at www.lloyds.com/riskindex
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Lloyd's One Lime Street London EC3M 7HA
Telephone +44 (0)20 7327 1000
www.lloyds.com



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