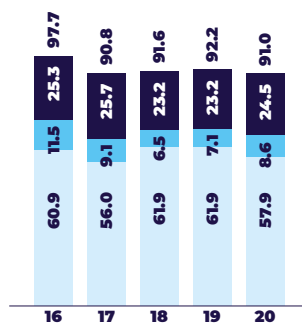


Our key performance indicators

Combined operating ratio¹ (%)



Definition

A measure of financial year underwriting profitability. A COR of less than 100% indicates profitable underwriting. The COR is the sum of claims, expense and commission ratios and compares the cost of doing business against net earned premium generated.

■ Expense ratio
■ Commission ratio
■ Loss ratio

Aim

We aim to make an underwriting profit. The target in the medium term is a COR in the range of 93% to 95% normalised for weather.

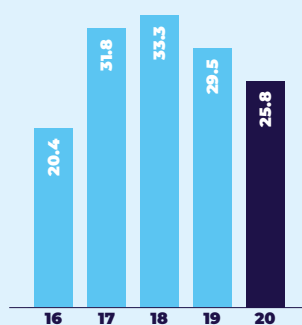
For additional performance information see page 24

Remuneration

We base part of the Annual Incentive Plan ("AIP") awards on profit before tax. The COR is closely linked to this.

For additional information see pages 117 and 123

Basic earnings per share¹ (pence)



This is calculated by dividing the earnings attributable to shareholders less coupon payments in respect of Tier 1 notes by the weighted average number of Ordinary Shares in issue.

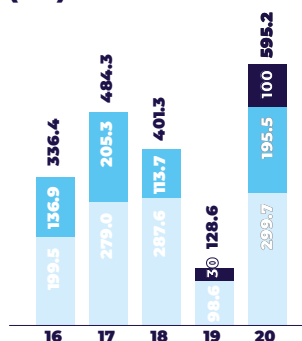
We have not set a target. However, growing earnings per share is considered an indicator of a healthy business.

For additional performance information see page 27

This is a broad measure of earnings and reflects the results of the Group after tax less Tier 1 coupon payments. We base part of the AIP awards on profit before tax.

For additional information see page 117 and 123

Capital returns² (£m)



The amount of cash paid in dividends to shareholders and amount of share buybacks funded from the Group's retained profits. (See page 192 for dividend breakdown).

■ Buybacks
■ Special
■ Ordinary

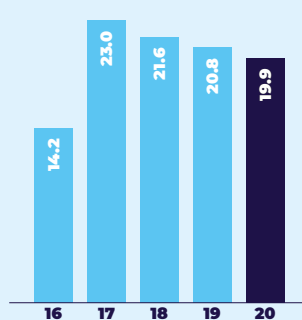
We aim to grow the regular dividend in line with business growth. Additionally, we look to return any capital to shareholders which is expected to be surplus to our requirements for a prolonged period.

For additional performance information see page 28

We base Long-Term Incentive Plan ("LTIP") awards partly on relative total shareholder return performance, which includes dividends. Directors also receive dividends on their beneficial shareholdings and accrue these on unvested LTIP awards.

For additional information see pages 117 and 127

Return on tangible equity¹ (%)



The return generated on the capital that shareholders have in the business. This is calculated by dividing adjusted earnings by average tangible equity.

We aim to achieve at least a 15% RoTE per annum over the long term.

For additional performance information see page 27

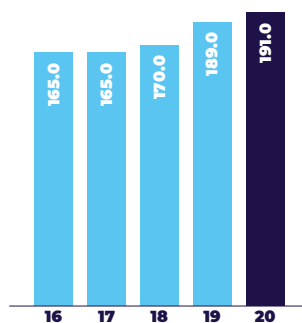
We base the LTIP awards partly on adjusted RoTE over a three-year performance period.

For additional information see page 117 and 127

Notes:

- See glossary on pages 224 to 226 and Appendix A – Alternative performance measures on pages 227 to 230 for reconciliation to financial statement line items.
- The 2019 dividends and capital returns have been adjusted to remove the cancelled 14.4p final dividend and £120 million of the share buyback as announced in March/April 2020. (The reported number were dividends and capital returns of £447.0 million).
- The 2019 solvency capital ratio has been adjusted to remove the cancelled 14.4p final dividend and £120 million of the share buyback as announced in March/April 2020. (The reported number was a solvency capital ratio of 165%).

Solvency capital ratio^{3,4} (%)



Definition

A risk-based measure expressing the level of capital resources held as a percentage of the level of capital that is required under Solvency II.

Aim

Under normal circumstances, the Group aims to maintain a solvency capital ratio around the middle of the risk appetite range of 140% to 180%.

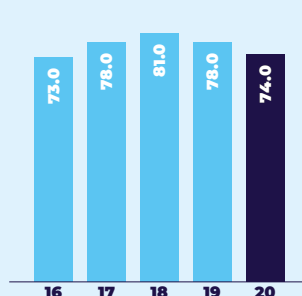
Remuneration

Solvency capital ratio within our risk appetite is an indicator of capital strength, which is one of the gateways for the AIP awards and an underpin for LTIP awards.

For additional performance information see page 28

For additional information see page 117

Employee engagement (%)



Engagement is about being proud to work for the Group and helping us to succeed. It means that employees are not just happy or satisfied, but doing something to help us achieve our Company goals.

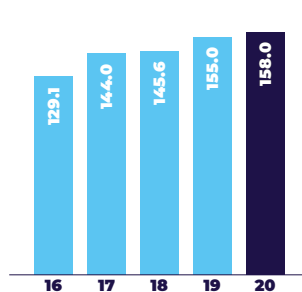
To make the Group best for employees and best for our customers. We gauge employee engagement through our employee opinion survey and we aim for high employee engagement scores each year.

The AIP awards include a weighting to a balance of employee metrics, including engagement.

For additional People information see page 50

For additional information see page 117 and 125

Net promoter score^{5,6} (points)



Net promoter score ("NPS") is an index that measures the willingness of customers to recommend products or services to others. It is used to gauge customers' overall experience with a product or service, and customers' loyalty to a brand.

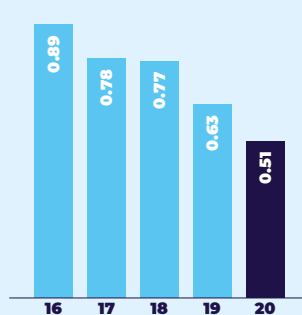
We aim to increase our net promoter score over time.

The AIP awards include a weighting to a balance of customer metrics, including NPS.

For additional performance information see page 48

For additional information see page 117 and 124

Customer complaints^{6,7} (%)



The number of complaints we received during the year as a proportion of the average number of in-force policies.

This measure indicates where our customer service has not met expectations to the extent that the customer has initiated a complaint. We aim to improve this over time.

The AIP awards include a weighting to a balance of customer metrics, including complaints.

For additional information see page 117 and 124

4. Estimates based on the Group's Solvency II partial internal model.
 5. On an aggregated 12-month rolling basis, with 2013 rebased to 100.
 6. For the Group's principal underwriter, U K Insurance Limited.
 7. FCA complaints reporting requirements have changed for periods after 29 June 2016. Before 29 June 2016, only complaints resolved after two business days were classed as FCA reportable. From July 2016 all complaints resolved are classed as FCA reportable.