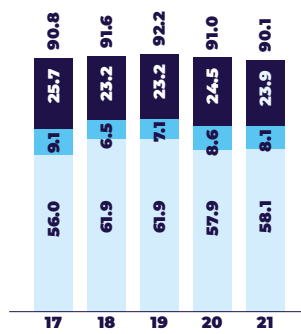


Our key performance indicators

Combined operating ratio¹ ("COR") (%)



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.

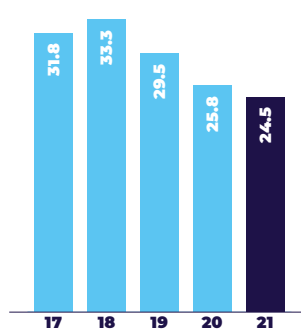
> For additional performance information see page 35

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 135 and 141

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.

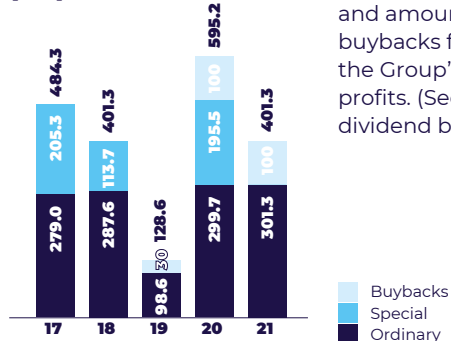
We have not set a target. However, growing earnings per share is considered an indicator of a healthy business.

> For additional performance information see page 38

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 pages 135 and 141

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 213 for dividend breakdown).

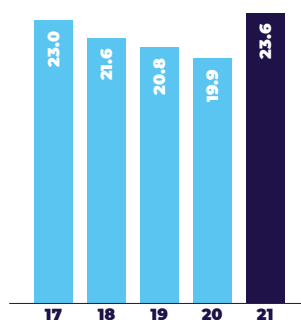
We aim to grow the regular dividend in line with business growth. Additionally, we look to return any capital to shareholders which is expected to be surplus to our requirements for a prolonged period.

> For additional performance information see page 38

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 135 and 145

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 38

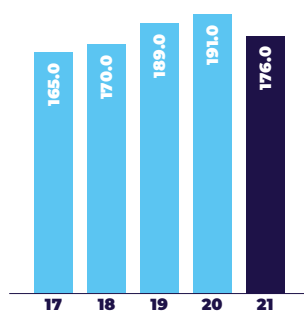
We base the LTIP awards partly on adjusted RoTE over a three-year performance period.

> For additional information see pages 135 and 145

Notes:

- See glossary on pages 248 to 250 and Appendix A – Alternative performance measures on pages 251 to 255 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 represented 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%.

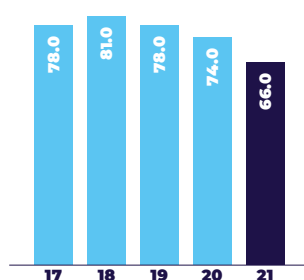
> For additional performance information see page 39

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 information see page 135

Colleague engagement (%)



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

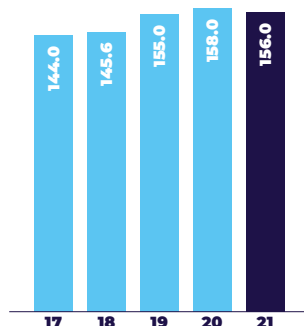
To make the Group best for our customers and best for our colleagues. We gauge employee engagement through our colleague opinion surveys and we aim for high colleague engagement scores each year.

> For additional performance information see page 61

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

> For additional information see pages 135 and 143

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.

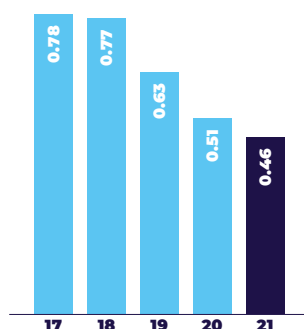
We aim to increase our NPS over time.

> For additional performance information see page 58

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

> For additional information see pages 135 and 142

Customer complaints⁶ (%)



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 135 and 142

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.