PINNACLE INSURANCE PLC
Company Registration Number: 1007798

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2009

PINNACLE INSURANCE PLC

CONTENTS

PINNACLE INSURANCE PLC

Directors:	N J Atkinson, B.Sc. (Hons) M.Sc. F.I.A. G Binet (Chairman) BNP Paribas Assurance Cardif Assurance Risques Divers Cardif Assurance Vie J Castagno A.C.I.I. B A Carte TD. F.C.I.B. F.C.T. * A J Golding B.Sc. (Hons) F.C.A. P E Glen B.Sc. A.C.A. R J Mee F.C.I.B.S. * I R C Shackell BA (Hons) F.C.A. A D Swain B.Ed Cert.Ed * Independent Non-Executive Directors
Secretary:	M J Lorimer LL.B (Hons) Solicitor
Registered Office:	Pinnacle House A1 Barnet Way Borehamwood Hertfordshire WD6 2XX
Head of Actuarial Function:	S K Grout B.Sc. F.I.A.
Auditor:	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Principal Bankers:	The Royal Bank of Scotland Corporate Banking Office P.O Box 450 4th Floor, 5-10 Great Tower St London EC3P 3HX Bank of Scotland Chief Office 38 Threadneedle Street London EC2P 2EH Barclays Bank plc 54 Lombard Street London EC3P 3AH

PINNACLE INSURANCE PLC

DIRECTORS' REPORT

The Directors submit this report and financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITY

Formed in 1971, Pinnacle Insurance plc, the Company, has established itself as a specialist provider of financial services products. Trading under the style of Cardif Pinnacle, the Company continues to be one of the leading providers of creditor, warranty and income replacement cover.

The Company is a subsidiary of BNP Paribas Assurance, a worldwide provider of insurance and savings products, with a Standard and Poor's credit rating of AA-. The Company is part of the global banking group BNP Paribas, a European leader in banking and financial services, with a Standard and Poor's long term rating of AA. The Group has one of the largest international banking networks, a presence in over 80 countries and over 200,000 employees.

RESULTS AND DIVIDEND

The results of the Company for the year are set out on pages 13, 14 and 15. The retained profit after taxation for the year was £4,845,000 (2008: £24,250,000 loss). The Directors do not recommend the payment of a dividend (2008: £nil).

SHARE CAPITAL

There have been no changes to the share capital during 2009. On 18 December 2008 the Share Capital of the Company was increased by £32,700,000 through the issue of 23,525,000 Ordinary shares of £1 each, at a premium of £0.39 per share.

PINNACLE INSURANCE PLC

DIRECTORS' REPORT (Continued)

REVIEW OF BUSINESS

The Company has been impacted by a combination of the severe economic downturn in the UK and Ireland and the volatility witnessed in the worldwide credit markets. Given these events, however, the Company is pleased to announce a post tax profit of £4.8m for 2009 (2008: loss of £24.3m). As a result, the equity shareholders' funds of the Company has increased to £177.3m at 31 December 2009 (31 December 2008: £172.5m).

The economic downturn in the UK has resulted in increased claims and reserve strengthening in particular in relation to unemployment cover exposure. In line with 2009 agreed industry practice, the Company has a process of repricing its protection business as appropriate during times of changing claims experience.

Based on latest market information, the Company has also been able to release £10.8m (2008: charge of £25.3m) in relation to its exposure to the UK regulated subsidiary, Kaupthing Singer & Friedlander, of the Icelandic banking Group Kaupthing, which entered into administration in 2008.

Protection business

The performance of the Company has been affected by the lower volumes of consumer lending, particularly in banking where lower lending levels contributed to a decline in the General Insurance business account Gross Written Premium of 13% to £94.6m (2008: £108.6m).

Earned premiums, net of reinsurance, within the General Insurance business account were £153.1m (2008: £220.1m) a year on year reduction of 30%. This decease largely reflects the market shift away from single premium business to monthly or annually renewable contracts.

Claims incurred net of reinsurance within the General Insurance business account increased by 42% to £70.7m (2008: £49.9m). This is in particular a direct result of the significant increase in unemployment rates experienced both in the UK and Ireland during the period.

The Irish economy, in particular, has suffered the severest recession of any advanced economy and, despite taking appropriate measures to manage our portfolio during the economic downturn, this continues to be reflected in the very high loss ratios and the rapid and ongoing deterioration of the Company's claims experience. This is unsustainable and following a strategic review of the Company's Irish operation, which also considered the medium term prospects of the Irish economy, the Company has taken the necessary decision to no longer underwrite any new Creditor business in Ireland on key schemes for the foreseeable future.

In October 2009 the FSA published Consultation Paper (CP) 09/23 in relation to the assessment and redress of PPI complaints, a further Consultation Paper 10/06 on the same issue was published in March 2010. Discussions between the industry and FSA are ongoing and as such the Company does not know the outcome of the consultation. The Company does not at this stage consider the outcome will give rise to a material obligation on the part of the Company as the CP predominantly relates to the distribution of PPI products which the Company does not undertake in significant volumes. A £0.5m provision has, however, been made in relation to related expenses.

PINNACLE INSURANCE PLC

DIRECTORS' REPORT (Continued)

REVIEW OF BUSINESS (Continued)

Investment business

The Investment business has experienced a significant year on year reduction in Gross Written Premiums compared to 2008 to £48.9m (2008: £847.2m). Credit quality available within the market to back the Investment business, coupled with low interest rates, has made it impossible to offer competitive bond rates.

The Company has, therefore, decided to focus on core UK creditor and warranty businesses and to withdraw from the investment product market for the time being.

The Company's Investment business is reflected in the long term business profit and loss account.

2010 outlook

The UK Creditor insurance market continues to undergo a period of unprecedented change as a result of the evolving regulatory landscape and also the Competition Commission's investigation into the payment protection insurance market. This is against the background of the global credit crunch and the subsequent events witnessed in the wider economic environment which resulted in the UK and Ireland being in recession for the majority of 2009 and experiencing significant levels of rising unemployment.

Whilst recognising these changes pose key challenges for the Creditor Insurance industry, they also create opportunities. The Cardif Pinnacle UK sub-group, which includes the Company, has been executing a strategy over the last 18 months that supports and embraces the increased and ongoing regulatory focus in the market and the 'new world' post implementation of the Competition Commission PPI remedies.

As such, the UK sub-group has developed and invested in a multi-channel distribution and administration solution which consists of a customer led sales platform, a flexible and needs based lifestyle protection offering that can be tailored to customers' individual needs. The UK sub-group has also invested in its telemarketing business to enable it to provide specialist telephony services to its business to business clients as well as providing sales direct to the consumer for the Company.

The Company has received considerable feedback on this strategic shift from its corporate clients and is encouraged by the support received from these clients. The Company achieved early success by acquiring underwriting income from a number of building societies; this will lead to increased volumes towards the end of 2010 and throughout 2011. It expects increasing support from its business customers throughout 2010.

Although the wider economic environment within the UK is likely to remain difficult throughout 2010 a combination of the focused Company strategy, the financial strength of the Company and its parent Group and the ongoing removal of PPI market uncertainty following the Competition Commission report, means that overall the Company is positive about its positioning within its principal markets over the longer term.

The Company also remains focussed upon continually developing and embedding the Treating Customers Fairly (TCF) principles across the business ensuring TCF is at the heart of its operations.

PINNACLE INSURANCE PLC

DIRECTORS' REPORT (Continued)

DIRECTORS

The Directors who held office during the year were :

G Binet (Chairman) *	
Cardif-Assurance Risques Divers	
Cardif Assurance Vie	
BNP Paribas Assurance	
J Castagno	
P E Glen	
A J Golding	
R J Mee *	
A D Swain	
I R C Shackell	
B A Carte *	appointed 12 March 2009
G B Raingold *	resigned 25 March 2009

* Non-Executive Directors

PAYMENT OF SUPPLIERS

The Company's policy on the payment of creditors is to abide by the settlement terms agreed with its suppliers.

The Company has no external suppliers to pay as all services are provided by Cardif Pinnacle Insurance Management Services Plc, a fellow subsidiary of Cardif Pinnacle Insurance Holdings Plc.

ACTUARIAL VALUATION

An actuarial valuation was carried out as at 31 December 2009 in respect of the long-term fund and a report has been prepared by the Head of Actuarial Function advising the board on this valuation.

CORPORATE GOVERNANCE

The Board

The Directors are responsible to shareholders for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board meets regularly to determine the Company's strategic direction, to review the Company's operating and financial performance and to oversee that the Company is adequately resourced and effectively controlled.

Board committees

The Board has established the following committees to oversee and debate important issues of policy and oversight outside the main Board meetings.

- Audit Committee (Chairman: R J Mee);
- Investment Committee (Chairman: A J Golding);
- Remuneration Committee (Chairman: R J Mee);
- Risk Based Capital Committee (Chairman: A J Golding).

During the year the Chairman of each committee provided the Board with a summary of the key issues considered at the meetings of the Committees.

PINNACLE INSURANCE PLC

DIRECTORS' REPORT (Continued)

CORPORATE GOVERNANCE (Continued)

Directors' attendance

The Company requires Directors to attend all meetings of the Board and the committees on which they serve and to devote sufficient time to the Company in order to perform their duties. The attendance of the Directors at the Board and committee meetings held in 2009 was as follows:

	Board	**Audit Committee**	**Investment Committee**	**Remuneration Committee**	**Risk Based Capital Committee**
Number of meetings held	**7**	**4**	**12**	**2**	**6**
G Binet	7	-	-	-	-
BNP Paribas Assurance	7	4	7	2	3
Cardif Assurance Vie	3	-	-	-	-
Cardif-Assurances Risques Divers	7	-	-	-	-
B A Carte (appointed 12 March 2009)	6/6	3/3	-	-	-
J Castagno	7	-	9	-	6
P E Glen	7	-	9	-	5
A J Golding	7	-	12	-	6
R J Mee	6	4	-	1	-
I R C Shackell	7	-	11	-	6
A D Swain	6	-	4	-	1
Former Directors					
G B Raingold (resigned 25 March 2009)	1/2	2/2	-	-	-

\- indicates not a member of that committee

PINNACLE INSURANCE PLC

DIRECTORS' REPORT (Continued)

CORPORATE GOVERNANCE (Continued)

Internal controls

The Board has the overall responsibility for maintaining the systems of internal control of the Company and for monitoring their effectiveness, while the implementation of internal control systems is the responsibility of management. The Company's systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material financial misstatement or loss.

The systems are designed to:

- Safeguard assets;
- Maintain proper accounting records;
- Provide reliable financial information;
- Identify and manage business risks;
- Maintain compliance with appropriate legislation and regulation; and
- Identify and adopt best practice.

The principal features of the control framework and the methods by which the Board satisfies itself that it is operating effectively are detailed below.

Control environment

The Group has an established governance framework, the key features of which include:

- A Corporate Governance manual including matters reserved for the Board and Terms of Reference for each of the Board's committees;
- A clear organisational structure, with documented delegation of authority from the Board to executive management;
- A policy framework, which sets out risk management and control standards for the Company's operations; and
- Defined procedures for the approval of major transactions and capital allocation.

There is in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Company which has operated throughout 2009 and up to the date of signing this report. The Company's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of its business objectives. The Company has a set of formal policies which govern the management and control of both financial and non-financial risks.

The Board has conducted a review of the effectiveness of the Group's systems of internal control. Where weaknesses were identified as part of the control review, mitigating actions have been taken or plans put in place. These are monitored by the appropriate committee on behalf of the Board.

CORPORATE GOVERNANCE (Continued)

Audit Committee

The Audit Committee is chaired by Mr R J Mee who is an independent Non-Executive Director. The other members of the Committee are Mr B A Carte, independent Non-Executive Director, and the Global Head of Compliance and Control, BNP Paribas Assurance. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and the Head of Internal Audit and other representatives from the Company's parent company internal audit and control functions are regular attendees. The Chairman and other members of executive management are also invited to attend from time to time. The outcomes of meetings are reported to the Board.

The Committee's principal duties are as follows:

- To coordinate and have oversight of the Company's financial reporting process;
- To monitor compliance;
- To have oversight of internal and external audit functions;
- To have oversight of the systems of internal controls;
- To review matters relating to the legal risk; and
- To provide assurance on the effectiveness of the Company's risk management.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditors.

The Committee meets periodically with internal and external auditors without management present. The partner of the Company's external auditors, who is responsible for the external audit, attends meetings regularly. Each year, the Committee considers the performance of the external auditors.

RISK MANAGEMENT

The Company's activities expose the business to a number of key risks which have the potential to affect the Company's ability to achieve its business objectives. The Board is responsible for ensuring that an appropriate structure for managing these risks is maintained. The key risks and risk mitigation framework are highlighted below:

Insurance risk

The Company's business is to accept insurance risk which is appropriate to enable the Company to meet its objectives. Within a Board approved underwriting policy and a delegated authority framework, the Company seeks to balance this insurance risk with reward. Particular attention is paid to actual and forecast loss ratios.

Credit risk

The Company's exposure to credit risk arises from its direct insurance trading activities, reinsurances and those of its investment activities. The Company, through the Board and the Investment Committee, seeks to limit exposure to credit risk as far as is practical, and has established guidelines, procedures and monitoring requirements to manage credit risk. Particular attention has been paid to the quality of investment counterparties.

PINNACLE INSURANCE PLC

DIRECTORS' REPORT (Continued)

RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that sufficient financial resources are not available in cash to enable the Company to meet obligations as they fall due. The Company, through the Board and the Investment Committee, seeks to limit exposure to liquidity risk by ensuring liquidity is optimally managed and that all known cash flows can be met out of readily available sources of funding. The Company maintains a strong liquidity position by holding its assets predominantly in investment grade fixed income securities, and call accounts, the proceeds of much of which are readily realisable.

Market risk

Market risk is the risk arising from fluctuations in the values of, or income from assets, interest rates or exchange rates. The Company has a low risk appetite for this type of risk, investing predominantly in short-term bonds or cash to match the short-tail nature of claims. This risk is managed through the Board and the Investment Committee.

Operational risk

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, or from external events. The Company seeks to mitigate this risk exposure through continual enhancement of the systems and controls, and ensuring appropriately experienced personnel are in place throughout the organisation. Incident reporting and investigation procedures are well established.

INTERNAL AUDIT FUNCTION

An independent internal audit function provides assurance to the Audit Committee as to the effectiveness of internal systems and controls, making reports and monitoring progress in relation to recommendations as appropriate.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of Mazars LLP as auditor to the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

Company Secretary
M J Lorimer
Date: 26 MARCH 2010.

PINNACLE INSURANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgements and estimates that are reasonable and prudent;

(iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

Under the Companies Act 2006 section 499, we confirm that:

(a) so far as we are aware, there is no relevant audit information of which the Company's auditor is unaware, and;

(b) we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

PINNACLE INSURANCE PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINNACLE INSURANCE PLC

We have audited the financial statements of Pinnacle Insurance Plc for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Article 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PINNACLE INSURANCE PLC

INDEPENDENT AUDITORS' REPORT (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)
Andrew Heffron (Senior statutory auditor)
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Date: March 26, 2010

PINNACLE INSURANCE PLC

PROFIT AND LOSS ACCOUNT TECHNICAL ACCOUNT – GENERAL BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Earned premiums, net of reinsurance			
Gross premiums written	4(a)	94,611	108,645
Outward reinsurance premiums		(4,128)	(5,989)
		90,483	102,656
Change in the gross provision for unearned premiums	19(a)	64,160	122,744
Change in the provision for unearned premiums, reinsurers' share	19(a)	(1,571)	(5,290)
		62,589	117,454
Earned premiums, net of reinsurance		**153,072**	**220,110**
Allocated investment return transferred from the non-technical account		**2,503**	**2,690**
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(60,070)	(46,856)
Reinsurers' share		5,280	6,030
		(54,790)	(40,826)
Change in the provision for claims			
Gross amount	19(a)	(14,683)	(5,755)
Reinsurers' share	19(a)	(1,189)	(3,339)
		(15,872)	(9,094)
Claims incurred, net of reinsurance		**(70,662)**	**(49,920)**
Net operating expenses	7	**(102,246)**	**(191,811)**
Balance on the technical account-general business		**(17,333)**	**(18,931)**

PINNACLE INSURANCE PLC

PROFIT AND LOSS ACCOUNT TECHNICAL ACCOUNT – LONG TERM BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Earned premiums, net of reinsurance			
Gross premiums written	4(b)	44,358	862,074
Outward reinsurance premiums		(3,354)	3,876
		41,004	**865,950**
Investment income	6	26,951	82,113
Realised gain / (loss) on investments	6	348	(164)
		27,299	**81,949**
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(1,014,089)	(1,228,296)
Reinsurers' share		1,845	1,795
		(1,012,244)	(1,226,501)
Change in the provision for claims			
Gross amount	19(b)	202	18
Reinsurers' share	19(b)	(65)	(166)
		137	(148)
Claims incurred, net of reinsurance		**(1,012,107)**	**(1,226,649)**
Change in other technical provisions, net of reinsurance			
Long term business provision, net of reinsurance			
Gross amount	19(b)	778,553	279,747
Reinsurers' share	19(b)	(872)	(2,014)
Technical provisions for linked liabilities	19(b)	182,565	57,982
		960,246	**335,715**
Net operating expenses	7	**(15,674)**	**(48,180)**
Unrealised gain / (loss) on investments	6	**10,534**	**(24,178)**
Balance on the technical account-long term business		**11,302**	**(15,393)**

PINNACLE INSURANCE PLC

PROFIT AND LOSS ACCOUNT NON TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009	2008
		£000	£000
Balance on the technical account-general business		(17,333)	(18,931)
Balance on the technical account-long term business		11,302	(15,393)
		(6,031)	(34,324)
Investment income	6	3,145	12,273
Unrealised gain / (loss) on investments	6	3,693	(7,876)
Realised gain on investments	6	836	21
Foreign exchange (loss) / gain		(1,499)	265
		6,175	4,683
Allocated investment return transferred to the general business account		(2,503)	(2,690)
		3,672	1,993
Operating loss from continuing activities and loss on ordinary activities before tax		**(2,359)**	**(32,331)**
Taxation on ordinary activities	11	**7,204**	**8,081**
Profit / (loss) for the financial year		**4,845**	**(24,250)**

The Company has no recognised gains or losses other than the gain for the year.

PINNACLE INSURANCE PLC

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £000	2008 £000
Proceeds from share issue	17	-	32,700
Profit / (loss) for the financial year	18(a)	4,845	(24,250)
Net addition to shareholders' funds		4,845	8,450
Opening shareholders' funds		172,469	164,019
Closing shareholders' funds		**177,314**	**172,469**

PINNACLE INSURANCE PLC
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BALANCE SHEET - ASSETS
AT 31 DECEMBER 2009

	Note	2009 £000	2008 £000
ASSETS			
Investments			
Investments in group undertakings	12(a)	14,000	14,000
Other financial investments	12(b)	379,964	1,066,328
		393,964	**1,080,328**
Assets held to cover linked liabilities	13	**32,739**	**215,304**
Reinsurers' share of technical provisions			
Provision for unearned premiums	19(a)	818	2,389
Long term business provision	19(b)	22,493	23,365
Claims outstanding	19(c)	6,445	7,699
		29,756	**33,453**
Debtors			
Debtors arising out of direct insurance operations	14	10,133	16,991
Debtors arising out of reinsurance operations	15	2,430	4,246
Amounts owed by group undertakings		5,065	14,217
Other debtors	16	7,846	8,646
		25,474	**44,100**
Other assets			
Cash at bank and in hand		**94,141**	**159,092**
Prepayments and accrued income			
Accrued interest		7,441	34,483
Deferred acquisition costs	19(d)	109,909	177,878
Other prepayments and accrued income		76	14,854
		117,426	**227,215**
Total assets		**693,500**	**1,759,492**

PINNACLE INSURANCE PLC
Company Registration Number - 1007798

BALANCE SHEET - LIABILITIES
AT 31 DECEMBER 2009

	Note	2009 £000	2008 £000
LIABILITIES			
Capital and reserves			
Called up share capital	17	97,721	97,721
Share Premium	17	16,979	16,979
Profit and loss account	18(a)	62,614	57,769
Equity shareholders' funds		**177,314**	**172,469**
Technical provisions			
Provision for unearned premiums	19(a)	110,523	174,683
Long term business provision	19(b)	231,646	1,010,199
Claims outstanding	19(c)	70,402	55,921
		412,571	**1,240,803**
Technical provisions for linked liabilities	19(b)	**32,739**	**215,304**
Creditors			
Creditors arising out of direct insurance operations	20	59,023	86,877
Creditors arising out of reinsurance operations	21	1,575	2,679
Amounts owed to credit institutions	22	2,474	24,344
Other creditors including taxation and social security	23	5,308	13,054
Amounts due to Group undertakings		2,496	3,962
		70,876	**130,916**
Total liabilities		**693,500**	**1,759,492**

These financial statements were approved by the board of Directors on 26 March 2010.

Signed on behalf of the board by:

A J Golding

P E Glen

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Basis of preparation

The financial statements have been prepared in accordance with the provisions of Schedule 3 of SI 2008 No 410 The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers dated December 2006. The financial statements have also been prepared in accordance with applicable accounting standards on a going concern basis and under the historical cost accounting rules, modified to include the revaluation of investments.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

The Company has relied on the exemption given in Financial Reporting Standard 1 not to disclose a separate cash flow statement on the grounds that it is a wholly-owned subsidiary of a parent undertaking established under the law of an EC member state.

The ultimate parent undertaking publishes consolidated financial statements which include the financial statements of the Company, drawn up in accordance with the provisions of the EC Seventh Directive and which include a consolidated cash flow statement dealing with the cash flows of the Group.

Basis of accounting for general and long term insurance business

General business is accounted for on an annual basis.

The Company uses a modified statutory solvency basis for determining the long term business provision.

Premiums

In respect of general business and long term protection business, premium income included in the profit and loss account is shown gross of commissions paid to intermediaries and is exclusive of Insurance Premium Tax and duties levied on premiums.

Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet received or notified.

In respect of long term investment business, premiums are accounted for on a receivable basis excluding any taxes or duties levied on premiums. Outwards reinsurance premiums are accounted for on an accruals basis.

Unearned premiums – gross and reinsurance

The general business provision for gross and reinsured unearned premiums represents the proportion of premiums written in the year that relates to the risks of unexpired terms of policies in force at the balance sheet date. This is calculated on a time apportionment basis adjusted to reflect the Company's experience of the incidence of claims incurred over the term of those policies.

Acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred subject to recoverability and amortised over the period in which the related premiums are earned. The basis of amortisation reflects the experience of the underlying earned premiums.

Claims – gross and reinsurance

Claims incurred in respect of general business comprise claims and related expenses paid in the financial period and the movements in provision for outstanding claims and related expenses including provisions for claims incurred but not reported.

For long-term business, death claims and surrenders are accounted for when notified to the Company up to the balance sheet date. Maturities and annuities are recognised as they fall due for payment. Claims incurred in respect of long term business include movements in provision for accident and sickness outstanding claims including claims incurred but not reported.

Claims outstanding

Outstanding claims comprise provisions for the estimated cost of claims incurred but not settled at the balance sheet date whether reported or not, together with related expenses.

The Company's actuaries produce an estimate of reserves which are then assessed by management. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The ultimate liability arising from claims made under insurance contracts is a critical accounting estimate. As provisions for claims outstanding are based on information which is currently available, the eventual outcome may vary from the original assessment depending on the nature of information received or developments in future periods. Differences between the estimated cost and subsequent re-estimation or settlement of claims are reflected in the technical account in the year in which these claims are re-estimated or settled.

Unexpired risks provision

Provision has been made for any deficiencies arising when unearned premiums net of unexpensed reinsurance premiums, and net of associated acquisition costs are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the balance sheet date.

Long term business provision

The long term business provision comprises those provisions that have been computed by the Head of Actuarial Function, having due regard to the principles laid down in Council Directive 92/96/EEC adjusted for the related deferred acquisition costs. The provision for credit life business is based on an unearned premium reserve, having regard to the incidence of the risk over the term of the contract. The provision for guaranteed single premium bonds is based on a prospective valuation of the future benefits and expenses. The provision for linked contracts is based on the market value of the related assets.

Expenses

Underwriting acquisition costs, general overheads and other expenses are charged as incurred to the profit and loss technical account, net of the change in deferred acquisition costs. Investment expenses are charged to the profit and loss non-technical account.

Investments

All investments, including those classified as assets held to cover linked liabilities are stated at their current value.

Listed investments are stated at bid price on the balance sheet date, or on the last stock exchange trading day before the balance sheet date.

Investment income

Investment income is accounted for on a receivable basis, including, where appropriate, the imputed tax credit. Dividends are recognised when the investments to which they relate are declared “ex dividend”. Interest income is accrued up to the balance sheet date.

Realised gains or losses represent the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments

Unrealised gains and losses on investments represent the difference between the valuation of investments at the balance sheet date and their purchase price or, if they have been previously revalued, their valuation at the last balance sheet date plus the reversal of unrealised gains and losses recognised in earlier accounting years in respect of disposals in the current year. Unrealised gains and losses on investments which are attributed to the long-term fund or held to cover linked liabilities are included in the long term business technical account. Unrealised gains and losses on other investments are reported in the non-technical account.

Allocation of investment return

Investment income, realised and unrealised gains and losses, are reported in the non-technical account. Amounts relating to investments supporting general business technical provisions are allocated from the non-technical account to the technical account. Investment income, realised gains and losses, expenses and charges arising on long term business are included in the long term business technical account.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date. The gains or losses arising are included in the non-technical account. Income and expenditure expressed in foreign currencies are translated into sterling at the rate of exchange ruling on the date on which the transaction occurs.

Taxation

The element of the taxation charge that relates to long-term business is based on the result of the application of the rules for the taxation of life assurance companies to the items included in the long-term business technical account for the year. It also takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

The element of the taxation charge that relates to general business and to non-technical account items is based on the general business technical account profit for the year together with income and gains included in the non-technical account. It takes into account taxation deferred because of timing differences between certain items for taxation and accounting purposes.

Full provision is made for deferred tax in accordance with FRS 19 ‘Deferred Tax’.

3. Segmental analysis by class of business

	2009 £000	2008 £000
Gross premiums written		
General business	94,611	108,645
Long term business	44,358	862,074
	138,969	970,719
(Loss) / profit before taxation:		
Non technical items have been allocated to general business		
General business	(13,661)	(16,938)
Long term business	11,302	(15,393)
	(2,359)	(32,331)
Segmental net assets		
General business (including shareholders' funds)	138,394	144,851
Long term business	38,920	27,618
	177,314	172,469

The business materially relates to one geographical market (United Kingdom) and therefore no geographical analysis is presented.

4. Segmental analysis

4(a) Analysis of general business

	2009 Gross Premiums Written £000	2009 Gross Premiums Earned £000	2009 Gross Claims Incurred £000	2009 Gross Operating Expenses £000	2009 Reinsurance Balance £000
Direct Insurance					
Creditor	77,209	123,063	(60,812)	(90,846)	(789)
Warranty	17,356	32,671	(11,053)	(15,329)	-
	94,565	155,734	(71,865)	(106,175)	(789)
Reinsurance	46	3,037	(2,888)	1,532	-
	94,611	158,771	(74,753)	(104,643)	(789)

	2008 Gross Premiums Written £000	2008 Gross Premiums Earned £000	2008 Gross Claims Incurred £000	2008 Gross Operating Expenses £000	2008 Reinsurance Balance £000
Direct Insurance					
Creditor	94,835	184,979	(41,315)	(160,805)	(5,758)
Warranty	12,521	45,391	(6,552)	(31,445)	(711)
	107,356	230,370	(47,867)	(192,250)	(6,469)
Reinsurance	1,289	1,019	(4,744)	(1,680)	-
	108,645	231,389	(52,611)	(193,930)	(6,469)

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

4(b) Analysis of long term business premiums

	2009 £000	2008 £000
Single Premiums	43,609	860,282
Periodic Premiums	749	1,792
	44,358	862,074

The linked business premiums for 2009 were £22,338,000 (2008: £247,717,000).

4(c) Reinsurance balance – long term business

	2009 £000	2008 £000
Reinsurance balance – long term business	81	1,559

5. Prior years' claims provisions for general business

The change in general business claims provisions from those at the beginning of the year, compared to payments and provisions at the end of the year in respect of prior years' claims were:

	2009 £000	2008 £000
Change before associated expenses	(4,053)	(716)
Unexpired risks	-	4,279
Less associated expenses	6,612	89
	2,559	3,652

6. Investment return	**Technical account long term business**		**Non-technical account**	
	2009 £000	**2008 £000**	**2009 £000**	**2008 £000**
Income from Group undertakings	-	-	519	965
Income from other financial investments	26,951	82,113	2,626	11,308
Investment Income	26,951	82,113	3,145	12,273
Unrealised gain / (loss) on investments	10,534	(24,178)	3,693	(7,876)
Realised gain / (loss) on investments	348	(164)	836	21
	37,833	57,771	7,674	4,418

Included within the unrealised gains on investments in the technical account and the non technical account are movements in provisions of £10,845,000 gain (2008: £25,300,000 loss) in relation to the Company's exposure to the UK regulated subsidiary, Kaupthing Singer & Friedlander, of the Icelandic banking group, Kaupthing.

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

7. Net operating expenses

	General business 2009 £000	General business 2008 £000	Long term business 2009 £000	Long term business 2008 £000
Acquisition costs	46,687	88,662	(3,201)	16,161
Change in gross deferred acquisition costs	48,782	95,507	19,187	27,786
Administrative expenses	9,174	9,761	2,215	2,301
Gross operating expenses	104,643	193,930	18,201	46,248
Reinsurance commissions and profit participation	(1,011)	(589)	(2,369)	3,360
Change in deferred reinsurance commission	(1,386)	(1,530)	(158)	(1,428)
	102,246	191,811	15,674	48,180

8. (Loss) / profit on ordinary activities before tax is stated after charging:

	2009 £000	2008 £000
Auditors' remuneration		
Audit fees	116	141
Non audit fees	33	5
	149	146

9. Remuneration of Directors

Directors' emoluments in respect of services to Pinnacle Insurance plc were as follows:

	2009 £000	2008 £000
Emoluments	978	744
Pension contributions to a defined contribution scheme	74	88
	1,052	832

	2009 £000	2008 £000
Emoluments of highest paid Director	281	203
Pension contributions of highest paid Director	20	19
	301	222

The number of Directors to whom retirement benefits are accruing under a defined contribution scheme are 5 (2008: 7).

10. Staff numbers and costs

Cardif Pinnacle Insurance Management Services plc provides a staff management service and recharges all staff costs to Pinnacle Insurance plc. Total staff numbers, remuneration and pension contributions are disclosed in the accounts of that Company.

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

11. Taxation on ordinary activities

Analysis of (credit) / charge in the year	2009 £'000	2008 £'000
UK Corporation Tax on (loss) / profits for the year	(4,229)	-
Adjustment in respect of prior years	(8,004)	564
Total current tax (credit) / charge	(12,233)	564
Deferred tax charge / (credit) for the year	5,029	(8,646)
Tax on loss on ordinary activities	(7,204)	(8,081)

Factors affecting tax (credit) / charge for the year	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(2,359)	(32,331)
Loss on ordinary activities multiplied by standard rate in the UK of 28% (2008: 28.5%)	(660)	(9,215)
Effects of:		
Taxation of long term business	777	(6,841)
Unrelieved losses carried forward	-	16,057
Dividend Income not taxable	-	(1)
Adjustment in respect of prior years	(8,004)	564
Relief of losses brought forward	(4,346)	-
Current tax (credit) / charge	(12,233)	564

Deferred taxation	2009 £'000	2008 £'000
Deferred tax asset at the beginning of the year	8,646	-
Deferred tax (charge) /credit for the year	(5,029)	8,646
Deferred tax asset at the end of year	3,617	8,646

The deferred tax asset arises from losses during the year and prior years. The deferred tax asset is included within Other debtors (note 16).

Investments

12(a) Investments in Group undertakings

The Company holds mortgages over properties held by a fellow subsidiary undertaking. As at 31 December 2009 the amounts invested were £14,000,000 (2008: £14,000,000).

12(b) Other financial investments

	Market Value		Cost	
	2009 £000	2008 £000	2009 £000	2008 £000
Listed shares	32	1,193	129	1,659
Debt securities and other fixed income securities	73,182	63,636	71,129	65,191
Deposits with credit institutions	306,750	1,001,499	306,750	1,001,499
	379,964	1,066,328	378,008	1,068,349

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

13. Assets held to cover linked liabilities

The total market value of assets held to cover linked liabilities was £32,739,000 (2008: £215,304,000) and includes £63,000 (2008: £1,121,000) relating to fixed interest securities held to back an equity based product linked to the FTSE, S&P, Dow Jones and Nikkei.

The purchase price of investments included under assets held to cover linked liabilities was £32,800,000 (2008: £215,318,000).

14. Debtors arising out of direct insurance operations	**2009 £000**	**2008 £000**
Amounts owed by policyholders	10,133	16,991

15. Debtors arising out of reinsurance operations	**2009 £000**	**2008 £000**
Amounts due from reinsurers	2,430	4,246

16. Other debtors	**2009 £000**	**2008 £000**
Corporation tax	4,229	-
Deferred tax	3,617	8,646
	7,846	8,646

17. Share capital	**2009 £000**	**2008 £000**
Authorised		
100 million ordinary shares of £1 each	100,000	100,000

	2009 £000	**2008 £000**
Allotted, called up and fully paid		
Ordinary shares of £1 each	97,721	97,721
Share Premium	16,979	16,979
	114,700	114,700

There were no shares issued during the year (2008: £32,700,000).

18(a) Shareholders' fund movements

	Share Capital £000	Share Premium £000	Profit & Loss £000	Total £000
At 1 January 2008	**74,196**	**7,804**	**82,019**	**164,019**
Ordinary share issue	23,525	9,175	-	32,700
Loss for the financial year	-	-	(24,250)	(24,250)
At 31 December 2008	**97,721**	**16,979**	**57,769**	**172,469**
Profit for the financial year	-	-	4,845	4,845
At 31 December 2009	**97,721**	**16,979**	**62,614**	**177,314**

Non-distributable reserves in respect of the surplus on the long term business that must be maintained by the Company as at 31 December 2009 were £38,920,000 (2008: £27,618,000).

18(b) Capital statement

	2009 £000	2008 £000
Shareholders' funds held outside the fund	138,394	144,851
Shareholders' funds held in the fund	38,920	27,618
Total shareholders' funds	177,314	172,469
Other adjustments	(4,113)	(12,682)
Total available capital resources	173,201	159,787

No restrictions exist on the movement of capital between funds other than the normal requirement that the actuary must approve the release of capital out of the life fund.

The technical reserves for the guaranteed income and growth bonds are sensitive to the valuation interest rate assumption which varies as market yields change. However, as asset and liabilities are closely matched (the difference in discounted mean term (DMT) is less than 3 months), the impact on surplus capital is not material, as evidenced by a resilience capital requirement of £150,000 (2008: £760,000) on £151,938,000 (2008: £909,173,000) of liabilities.

The technical reserve for the Flexible Asset Bond unit linked product is calculated as unit price x number of units. The regulatory Insurance Expense Risk Capital Component attributed to unit linked products does not have a material impact on the life fund.

Investment returns are guaranteed for income and growth bonds and unit linked products guarantee a minimum return. However, the assets purchased to back this business match any guarantee given. Therefore no stochastic modelling has been performed to assess the value of the guarantee. For guaranteed income and growth bonds, the guarantee will cause a loss to the Company if the underlying asset defaults. This has been allowed for in the valuation by a deduction to the valuation interest rate, which is dependent on the asset type and rating.

Risk Assurance Management business has premium rates guaranteed for 2 years. The last scheme ceased in January 2007. This business does not have a material impact on the life fund and so no stochastic modelling has been performed.

There are no options attached to the life products which could result in a financial loss to the Company.

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

19. Technical provisions

19(a) General business

	Provision for Unearned Premiums £000	Claims Outstanding £000	Total £000
Gross Amount			
At beginning of year	174,683	55,314	229,997
Movement in the provision	(64,160)	14,683	(49,477)
At end of year	110,523	69,997	180,520
Reinsurance amount			
At beginning of year	(2,389)	(7,624)	(10,013)
Movement in the provision	1,571	1,189	2,760
At end of year	(818)	(6,435)	(7,253)
Net technical provisions			
Opening balance	172,294	47,690	219,984
Movement in the provision	(62,589)	15,872	(46,717)
At end of year	109,705	63,562	173,267

19(b) Long term business

	Long Term Business Provision £000	Technical Provisions for Linked Liabilities £000	Claims Outstanding £000	Total £000
At beginning of year	1,010,199	215,304	607	1,226,110
Movement in the provision	(778,553)	(182,565)	(202)	(961,320)
At end of year	231,646	32,739	405	264,790
Reinsurance amount				
At beginning of year	(23,365)	-	(75)	(23,440)
Movement in the provision	872	-	65	937
At end of year	(22,493)	-	(10)	(22,503)
Net technical provisions				
Opening balance	986,834	215,304	532	1,202,670
Movement in the provision	(777,681)	(182,565)	(137)	(960,383)
At end of year	209,153	32,739	395	242,287

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

19(b) Long term business (continued)

The principal assumptions underlying the calculation of the long term business provision are:

	2009	2008
Rates of interest		
Assurance :		
Without profit	2.5%	4.0%
Guaranteed Growth Bonds		
Outstanding term less than 1 year	3.5%	4.8%
Outstanding term less than 2 years	3.0%	4.2%
Outstanding term less than 3 years	3.0%	4.3%
Outstanding term less than 4 years	2.4%	5.7%
Outstanding term less than 5 years	2.1%	3.9%
Guaranteed Income Bonds		
Outstanding term less than 1 year	3.0%	4.0%
Outstanding term less than 2 years	1.9%	4.3%
Outstanding term less than 3 years	2.1%	3.3%
Outstanding term less than 4 years	2.7%	4.4%
Outstanding term less than 5 years	2.1%	4.5%
Monthly Income Bonds		
Outstanding term less than 1 year	2.4%	4.3%
Outstanding term less than 2 years	2.5%	5.2%
Outstanding term less than 3 years	3.2%	3.0%
Outstanding term less than 4 years	3.7%	4.1%
Outstanding term less than 5 years	2.6%	2.5%
Annuities :		
Without profit - Life	2.5%	4.0%
Without profit - Pensions	2.5%	4.0%
Mortality tables		
Assurances	50% of A67/70 ultimate AM80 / AF80 ELT14	50% of A67/70 ultimate AM80 / AF80 ELT14
Annuities-general	a(90) less five years	a(90) less five years
Annuities-pension	PA(90) less five years	PA(90) less five years

19(c) Claims outstanding

	Gross Amount 2009 £000	Gross Amount 2008 £000	Reinsurance Amount 2009 £000	Reinsurance Amount 2008 £000
General business	69,997	55,314	(6,435)	(7,624)
Long term business	405	607	(10)	(75)
	70,402	55,921	(6,445)	(7,699)

Included within the general business claims outstanding balance is the unexpired risk provision of £12,699,000 (2008: £12,185,000).

PINNACLE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (Continued)

19(d) Deferred acquisition costs

	Gross Amount		Reinsurance Amount	
	2009	2008	2009	2008
	£000	£000	£000	£000
General business	69,670	118,452	258	1,644
Long term business	40,239	59,426	246	404
	109,909	177,878	504	2,048

The reinsured amount of £504,000 (2008: £2,048,000) is included within Note 21 below.

19(e) Long term fund

At 31 December 2009 the total amount of assets representing the long term fund as required to be shown by Schedule 3 of SI 2008 No 410 The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 was £312,490,000 (2008: £1,304,254,000).

20. Creditors arising out of direct insurance

	2009	2008
	£000	£000
Other creditors	59,023	86,877

21. Creditors arising out of reinsurance operations

	2009	2008
	£000	£000
Other creditors	1,575	2,679

22. Amounts owed to credit institutions

	2009	2008
	£000	£000
Payable in less than one year	2,474	24,344

23. Other creditors including taxation and social security

	2009	2008
	£000	£000
Corporation tax payable	-	4,069
Other taxes	4,322	7,136
Other creditor	986	1,849
	5,308	13,054

24. Commitments

There were no outstanding capital commitments at 31 December 2009 (2008: £nil).

25. Contingent liabilities

In October 2009 the FSA published Consultation Paper (CP) 09/23 in relation to the assessment and redress of PPI complaints, a further Consultation Paper 10/06 on the same issue was published in March 2010. Discussions between the industry and FSA are ongoing and as such the Company does not know the outcome of the consultation. The Company does not at this stage consider the outcome will give rise to a material obligation on the part of the Company as the CP predominantly relates to the distribution of PPI products which the Company does not undertake in significant volumes. A £0.5m provision has, however, been made in relation to related expenses.

26. Related party transactions

The Company has relied on the exemption given in Financial Reporting Standard 8 not to disclose transactions with entities that are part of the Group and qualify as related parties, on the grounds that its voting rights are more than 90% controlled within the Group and the parent undertaking publishes consolidated financial statements which include the financial statements of the Company.

27. Ultimate parent undertaking

The Directors regarded BNP Paribas SA (incorporated in France), as being the Company's ultimate parent undertaking and controlling party, and Cardif Pinnacle Insurance Holdings plc (incorporated in England) as being the immediate parent undertaking.

The parent Company of the largest Group to include the Company in its consolidated financial statements is BNP Paribas SA. Copies of these financial statements are available from 3 rue d'Antin, BP 141, 75078 Paris Cedex 02, France.

The parent Company of the smallest Group to include the Company in its consolidated financial statements is Cardif Pinnacle Insurance Holdings plc. Copies of these financial statements are available from Pinnacle House, A1 Barnet Way, Borehamwood, Hertfordshire, WD6 2XX.