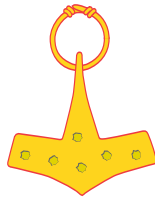


INVIK & CO. AB



YEAR-END REPORT 2006

Financial performance for the fourth quarter of 2006:

- Total revenues amounted to SEK 578.2 million (383.4), corresponding to an increase of 51%.
- Operating income amounted to SEK 163.8 million (75.6), corresponding to a rise of 117%.
- Profit after tax amounted to SEK 107.5 million (58.3), corresponding to an increase of 84%.

Financial performance for the full year 2006:

- Total revenues amounted to SEK 1,907.0 million (1,393.0), corresponding to an increase of 37%.
- Operating income amounted to SEK 386.5 million (217.5), corresponding to a rise of 78%.
- Profit after tax amounted to SEK 284.8 million (156.1), corresponding to an increase of 82%. Profit after tax, including discontinued operations, amounted to SEK 359.2 million (183.0), an increase of 96%.
- Earnings per share amounted to SEK 10.78 (5.91). Earnings per share after dilution totaled SEK 9.28 (5.38). Earnings per share, including discontinued operations, amounted to SEK 13.61 (6.93), and to SEK 11.66 (6.28) after dilution.
- Modern Insurances Non-Life's operating income increased by 74% compared with 2005. A solid technical result was reported for the year, with a combined ratio of 89.6% (91.3%).
- Modern Insurances Life continued its sales success, with the sales value for unit-linked insurance products totaling SEK 6.3 billion for the year, an increase of 73% compared with 2005.
- Embedded value for unit-linked insurance operations amounted to SEK 529.2 million, an increase of SEK 227.6 million compared with year-end 2005.
- Combined fund assets under management of Invik Funds exceeded SEK 15.1 billion at the end of the period, corresponding to an increase of 86% compared with year-end 2005.

Dividend:

- The Board of Directors proposes that the Annual General Meeting approve an ordinary cash dividend of SEK 2.30 (2.00) per share as well as an additional dividend of SEK 1.70 per share, corresponding to a total cash dividend of SEK 4.00 (2.00) per share.

CONDENSED CONSOLIDATED INCOME STATEMENT (SEK MILLION)	1 Jan.- 31 Dec. 2006	1 Jan.- 31 Dec. 2005	1 Oct.- 31 Dec. 2006	1 Oct.- 31 Dec. 2005
Total revenues	1 907.0	1 393.0	578.2	383.4
Total expenses	-1 520.5	-1 175.5	-414.4	-307.7
Operating income	386.5	217.5	163.8	75.6
Profit before income tax	382.8	211.9	164.1	73.6
Income tax expenses	-98.0	-55.8	-56.6	-15.4
Profit for the period	284.8	156.1	107.5	58.3
Profit for the period including discontinued operations	359.2	183.0	108.6	64.9
Earnings per share (SEK)*	10.78	5.91	4.07	2.21
Earnings per share after dilution (SEK)*	9.28	5.38	3.47	1.93

* Based on earnings during the period excluding discontinued operations.

INVIK

Invik & Co. AB is the Parent Company of a financial group consisting of five business areas: Modern Insurances Non-Life, Modern Insurances Life, Assuransinvest, Banque Invik and Invik Funds. Due to the divestment of Fischer Partners on July 4, 2006, this business area's earnings are reported under discontinued operations. Financial information referred to in this report excludes discontinued operations if not otherwise stated.

CONSOLIDATED EARNINGS FOR THE FULL YEAR, 2006

Total revenues during the year rose 37% and amounted to SEK 1,907.0 million (1,393.0).

The increase in revenues is attributable primarily to higher investment income from financial investments in Modern Insurances Non-Life, improved interest income in Banque Invik and higher commission income in Invik Funds.

Operating income increased by 78% and amounted to SEK 386.5 million (217.5).

All business areas reported higher operating income during the year. The technical result both at Modern Insurances Non-Life and Life improved, parallel with a high return on capital. Invik Funds reported a 97% increase in operating income, generated primarily by commission income attributable to the successful management of the Aktie-Ansvar funds. Of the net profit from financial investments within the insurance operations in 2006, SEK 35 million represents an adjustment upwards in the return attributable to previous periods.

CONSOLIDATED EARNINGS FOR THE FOURTH QUARTER OF 2006

Total revenues for the fourth quarter rose 51% and amounted to SEK 578.2 million (383.4).

The rise in revenue is attributable mainly to higher commission income for Invik Funds, an improved investment income in Modern Insurances Non-Life and Assuransinvest, as well as increased interest income for Banque Invik.

Operating income for the fourth quarter rose 117% to SEK 163.8 million (75.6).

The increase in operating income during the fourth quarter resulted from the improved technical result in insurance operations and increased commission income at Modern Insurances Life as well as improved net result from investment income in insurance operations. During the quarter, the return in Aktie-Ansvar's funds was favorable, which meant that commission income rose compared with the same period in 2005. SEK 17

million of investment income within the insurance operations during the fourth quarter represents an adjustment upwards for returns attributable to previous periods.

EARNINGS PER SHARE

Earnings per share were SEK 10.78 (5.91). Earnings after dilution for the convertible debentures that could be converted to 4,519,230 interim shares – plus outstanding warrants under the options program, which on full subscription provide rights to 752,500 shares – totaled SEK 9.28 (5.38). Earnings per share, including discontinued operations, totaled SEK 13.61 (6.93). During the fourth quarter, 9,970 Invik Class A shares were converted to Class B shares and 30,000 warrants were converted to Class B shares. The total number of shares outstanding at December 31, 2006 was 26,465,693, of which 4,841,833 were Class A and 21,623,860 Class B shares.

After the end of the reporting period, convertible debentures were converted to a total of 4,519,230 interim shares. Refer also to "Events after the end of the reporting period."

FINANCIAL POSITION

During December, the Swedish Financial Supervisory Authority concluded that Invik was a financial conglomerate. As a financial conglomerate, Invik will annually report the capital coverage for the entire group to the Swedish Financial Supervisory Authority, which will be presented in the interim report for the first quarter of 2007.

At the end of the period, the Invik Group's convertible debentures, with a nominal of SEK 235 million, were issued to Investment AB Kinnevik, which on full conversion provide entitlement to 4,519,230 shares in Invik & Co. AB. In January 2007, all convertible debentures were converted to shares. Refer also to "Events after the end of the reporting period."

In addition, the Invik Group has short term interest-bearing receivables due from Kinnevik in the amount of SEK 100 million.

CASH FLOW

Most of Invik's assets consist of financial investments, lending and liquid funds (cash and cash equivalents). As a result, Invik's working capital fluctuates considerably at any time given. During the year, the change in working capital was SEK -943.3 million (78.5). Cash flow from operations before changes in working capital totaled SEK 422.6 million (243.4).

MODERN INSURANCES NON-LIFE

KEY RATIOS, SEK MILLION	Jan. 1-Dec. 31		Okt 1-Dec. 31	
	2006	2005	2006	2005
Premium revenue, gross	1 088.6	948.7	251.0	241.2
Operating income	266.9	153.8	98.5	51.2
Total yield,%	11.3%	8.6%	4.5%	-1.3%
Consolidation ratio	100.2%	87.7%	–	–
Direct insurance business ¹⁾				
Technical result	99.5	86.5	1.8	29.1
Combined ratio, gross	89.6%	91.3%	99.5% ²⁾	86.9%
Claims ratio, gross	72.9%	74.7%	77.6%	68.5%
Expense ratio, gross	16.7%	16.6%	21.9%	18.4%

¹⁾ The ratios does not include the business area's internal reinsurance business, that is, Modern Re and neither do they include consolidated amortization of intangible fixed assets of SEK 13.4 million annually.

²⁾ Including strengthening of reserves in the affinity insurance business by SEK 22 million.

Modern Insurances Non-Life reported robust earnings for the fourth quarter. The upturn on the stock market had a positive impact on investment income during the quarter. Premium revenue in insurance operations rose during the year by 15% compared with 2005. Volume growth was limited during the fourth quarter, since the company had set higher profitability requirements for the brokered product insurance business. The lower rate of new policy signings for brokered product insurance business is being gradually replaced by volume growth in direct product insurance policies, as well as by new product areas to be launched in 2007. In the product insurance area, sales in both the Nordic region and Central Europe remained positive.

The launch of a motor vehicle damage product by the motorcycle segment together with the three market-leading motorcycle dealers resulted in considerable growth (14%) in annual premium volume and an increase of market share in Sweden to 35%.

The launch of brand insurance for leisure boats in Sweden proved successful and cooperation has now been broadened to include the Norwegian market in 2007. At the end of the year, product

and distribution cooperation was established with Sjöassistans, part of the Viamare Group. As of 2007, Sjöassistans will market a branded boat insurance product in its customer segment, thereby further consolidating Modern Insurances' distribution strength.

During the quarter, Modern Insurances' venture in motor insurance for existing home and homeowners' insurance customers gathered momentum. Also, year-end marked the launch of www.modernabil.se, which is a platform for the company's internet-based offensive in the motor insurance area. Also in this case, Modern Insurances has gained a niche in a customer base with a low risk profile and used cars, which are now subsidizing insurance companies', offers to new car buyers.

A weak technical result was reported for the fourth quarter due to an unfavorable claims trend. The quarter was negatively impacted by a number of fire losses as well as a negative claims outcome for parts of the product insurance portfolio distributed via agents during the years 2003 to mid-2005. During the fourth quarter, the reserves attributable to the historic product insurance business were strengthened upwards by a total of SEK 22 million, which had a considerably negative impact on the trend in the combined ratio during the quarter.

Claims costs in other product areas remained very low. The combined ratio for Swedish direct insurance operations consequently totaled 99.5% during the fourth quarter. For 2006 as a whole, the combined ratio was 89.6%, which is considerably lower than during 2005. Excluding the upward adjustments of reserves attributable to historical operations in product operations, Modern Insurances Non-Life reported a combined ratio of 90.3% for the fourth quarter of 2006.

Total revenues for Modern Insurances Non-Life were SEK 1,088.6 million (948.7) in 2006. Modern Insurances Non-Life reported an operating income of SEK 266.9 million (153.8) for full-year 2006.

MODERN INSURANCES LIFE

KEY RATIOS, SEK MILLION	Jan. 1-Dec. 31		Okt 1-Dec. 31	
	2006	2005	2006	2005
<i>Unit-linked insurance</i>				
Sales value	6 321.2	3 643.4	3 231.5	1 303.3
Operating income	-18.0	-20.5	3.2	-2.6
Assets under management	4 327.9	2 324.8	-	-
Percentage change in value of assets under management	13.7%	18.0%	8.7%	5.5%
Embedded Value (EEV), SEK million	529.2	301.6	-	-
Value New Business (VNB), SEK million	131.6	75.4	-	-
<i>Group Life</i>				
Premium revenue, gross	120.9	102.0	24.5	27.0
Operating income	10.9	8.2	3.7	4.3

Sales of unit-linked products progressed very positively during the fourth quarter. During 2006, Modern Insurances established itself as one of the market's major suppliers of recurring unit-linked insurance agreements primarily in occupational pensions. The sale of recurring unit-linked insurance agreements during the fourth quarter totaled SEK 281.6 million, an increase of 317% compared with the corresponding period in 2005. Sales of single-premium policies, such as endowment pensions, showed a slightly weaker trend than for the same period in 2005, when demand for this type of product was larger.

The considerable sales increase in current occupational pensions during the fourth quarter resulted in a considerable rise in the sales value, which totaled SEK 3.2 billion, an increase of 148% compared with the corresponding period in 2005. On an annual basis, the sales value was SEK 6.3 billion, an increase of 73.5% compared with 2005. Managed funds continued to rise and totaled SEK 4.3 billion, up 86% from year-end 2005.

The company had continuing success in the occupational pension area during the fourth quarter and was selected as the supplier in a number of procurement programs conducted by leading brokers in the life and the pension areas. During the period through the fourth quarter, the venture in the occupational pension market entailed a gradually higher market share, which during a

twelve-month period from the year-end 2005 to the year-end of 2006 totaled 6.6% compared with 3.9% for the corresponding period previous year. During the fourth quarter of 2006, the increase has resulted in a market share now amounting to 12.1%, compared with 3.9% for the fourth quarter of 2005.

Embedded Value (EEV) for unit-linked insurance operations totaled SEK 529.2 million, which was an increase of SEK 227.6 million compared with EEV at year-end 2005. The value of unit-linked products signed and paid in 2006 (VNB) totaled SEK 131.6 million. Refer to Appendix 1 of this interim report for the complete Embedded Value-report.

For 2006, risk operations in unit-linked insurance business reported a positive operating income of SEK 4.0 million (0.6), which is included in the operating loss of SEK 18.0 million (loss:20.5) in the unit-linked insurance business.

Group life operations continued to expand both in Norway and Sweden and reported an increase in premium volumes and low claims costs during the period. At year-end 2006 Modern Insurances Life was selected as the supplier in a number of procurements of group life products and integrated personnel insurance in Norway. Higher premium volume will be expected in 2007. Cooperation with the Swedish academic trade unions in the Saco federation was strengthened during the fourth quarter when the Union of Swedish Engineers selected Modern Insurances as the insurer for the members' group life insurance policies. During the year, operating income for group life operations rose to SEK 10.9 million (8.2).

Total premium revenue by Modern Insurances Life during the year totaled SEK 148.5 million (118.6).

Combined, operations in Modern Insurances Life reported an operating loss of SEK 7.0 million (loss: 12.3) in 2006.

ASSURANSINVEST

The business area consists of the subsidiary Försäkringsaktiebolaget Assuransinvest MF. Operations primarily encompass remaining commitments in accepted reinsurance and divested sections of the direct insurance business. The run-off of outstanding claims progressed as planned and operations reported a positive technical

result. The strong trend on the stock market during the fourth quarter had a positive impact on the return on capital and contributed to robust income during the quarter.

Assuransinvest reported operating income of SEK 23.0 million (5.3).

BANQUE INVIK

KEY RATIOS, SEK MILLION	Jan. 1-Dec. 31		Okt 1-Dec. 31	
	2006	2005	2006	2005
Net commission	188.2	159.9	49.8	50.1
Net interest after credit losses	23.0	17.5	6.4	4.6
Operating income	72.2	63.8	21.0	15.5
C/I ratio	0.66	0.64	0.63	0.72

Total revenues for Banque Invik rose 47% during the year. In 2006, interest income rose by 89% as a result of increased lending activity and higher interest rates in markets in which Banque Invik is active. During the same period, net commission rose 18%, largely attributable to increased activity in card operations and in Banque Invik Asset Management's operations. Card operations accounted for more than 49% of operating income during the year. Private banking operations comprised 28% of operating income and corporate banking operations accounted for the remainder.

During the fourth quarter, a cooperation agreement was signed with the international bank Barclays Bank Plc., whose private banking customers at Barclays Wealth are offered credit cards from Banque Invik.

The capital coverage ratio fell from 15% at the beginning of the year to 14% at year-end and the liquidity ratio declined from 66.4% at the beginning of the year to 43% at year-end. The reduced capital coverage ratio is primarily the result of higher managed volumes in Private Banking and higher lending in credit card operations.

Total revenues for Banque Invik amounted during the year to SEK 407.9 million (278.3). Banque Invik reported operating income of 72.2 million (63.8) during the year.

INVIK FUNDS

KEY RATIOS, SEK MILLION	Jan. 1-Dec. 31		Okt 1-Dec. 31	
	2006	2005	2006	2005
Net commission	112,5	65,5	53,3	19,1
Operating income	71,8	36,5	36,4	13,7
Operating margin	43,3%	40,1%	46,0%	46,0%
C/I ratio	0,37	0,45	0,32	0,28
Combined fund assets *)	15 104	8 144	-	-

* Of which, fund assets in Graal Offensiv of SEK 974 million at year-end 2006 do not carry fees.

Invik Fund's combined fund assets at the end of December 2006 exceeded SEK 15.1 billion, which entailed an increase in combined fund assets of 85% since year-end 2005.

The net inflow to Aktie-Ansvar's funds remained positive and totaled SEK 5.9 billion in 2006. The combined fund assets for Aktie-Ansvar's funds totaled SEK 14.1 billion, corresponding to an increase of 91% since year-end 2005. The three largest funds at the end of the period were Graal with SEK 7.9 billion, Aktie-Ansvar Avkastningsfond with SEK 3.2 billion and Aktie-Ansvar Sverige with 1.7 billion.

The Graal Offensiv hedge fund, which was launched at the beginning of the fourth quarter 2006, gained a considerable positive response and had almost SEK 1 billion in assets under management at year-end.

The return in Graal was 7.2% during the year, compared with the 2.2% return for the fund's benchmark, the OMRX T-bill.

The combined fund assets in Modern Funds increased to SEK 964 million.

Total revenues for Invik Funds amounted to 166.0 million (89.5) during the year. Invik Fund's operating income almost doubled in 2006, totaling SEK 71.8 million (36.5).

DISCONTINUED OPERATIONS

All operations reported as discontinued operations, meaning Fischer Partners Fondkommission AB, Aktievik AB and Invik Kapitalförvaltning Holding AB, reported a combined profit after tax of SEK 74.4 million (26.9) for the year, of which SEK 54 million is a capital gain from the sale of Fischer Partners. The discontinuation of remaining operations is expected to be completed in early 2007 with a neutral financial result for the Group.

PARENT COMPANY

The Parent Company's operating loss for 2006 was SEK 30.4 million (loss: 23.8). The Parent Company's loss before tax in 2006 amounted to SEK 8.0 million (15.3). The Parent Company's net investments in 2006 totaled SEK 38.3 million, of which investments in subsidiaries were SEK 38.2 million and investments in fixed assets totaled SEK 0.1 million (0.9).

Apart from the convertible debentures of SEK 235 million that Invik has issued to Kinnevik, Invik has no external loan liabilities. The Parent Company's net liabilities to subsidiaries totaled SEK 556 million, with cash and cash equivalents totaling SEK 18 million and bank deposits amounting to SEK 215 million at the end of the reporting period.

DIVIDEND

The Board proposes that the Annual General Meeting approve an ordinary cash dividend of SEK 2.30 (2.00) per share as well as an additional dividend of SEK 1.70 per share, motivated by the capital gain from the sale of Fischer Partners Fondkommission and the positive development of investment income during the year.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 16, 2007, a company in the Investment AB Kinnevik Group ("Kinnevik") requested conversion to shares of all convertible debentures that Kinnevik held in Invik. As a result of the conversion, Invik issued interim shares in the form of 2,148,710 new Class A and 2,370,520 Class B shares, respectively, to Kinnevik. These new shares do not give entitlement to any dividend for the 2006 fiscal year, but grant voting rights at Shareholders' Meetings. The shares are interim shares until they have been registered by the Swedish Companies Office following the 2007 Annual General Meeting. Following conversion, Kinnevik will hold 25.2% of the voting rights and 14.2% of the shares in Invik after full dilution.

In January 2007, the Swedish asset management operations conducted at the Stockholm branch under the name Banque Invik Kapitalförvaltning were transferred to Erik Penser Fondkommission AB. The sale resulted in a small capital gain but had otherwise no impact on earnings or the balance sheet.

ACCOUNTING PRINCIPLES

This year-end report was prepared in accordance with recommendation IAS 34 of the International Financial Reporting Standards. The interim report for the Parent Company was prepared in accordance with RR 31 and RR 32.

A summary of the Invik Group's accounting principles is presented in Invik's Annual Report 2005. The principles applied remain unchanged compared with the principles applied in the Annual Report for 2005, with the adjustments reported in previous interim reports during 2006.

The rounding off of figures may mean that certain totals do not tally when summed in the calculations and tables.

ANNUAL GENERAL MEETING, 2007

The Annual General Meeting of Invik in 2007 will be held in Stockholm on Thursday May 10, 2007 at the Skandia cinema, Drottninggatan 82, Stockholm. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals to agm@invik.se, or the Company Secretary, Invik & Co. AB, Box 2095, SE-103 13 Stockholm, Sweden, no later than seven weeks prior to the Annual General Meeting, to be guaranteed that their proposals can be included in the notice of the Annual General Meeting. Additional information on how and when registration will be held will be announced before the Annual General Meeting.

ANNUAL REPORT

Invik's audited 2006 Annual Report is expected to be published at the end of March and will be available to the public at the company's office and at the company's website www.invik.se.

THE NOMINATION COMMITTEE FOR THE 2007 AGM

A Nomination Committee of major shareholders in Invik has been convened in accordance with the resolution of the 2006 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Emesco AB and other shareholders, Magnus Bakke on behalf of Robur, Tomas Nicolin on behalf of Alecta and Wilhelm Klingspor on behalf of the Klingspor family. Together, the Nomination Committee represents more than 50% of the voting rights in Invik. The composition of the Nomination Committee may be changed to reflect

any changes in the shareholdings of the major shareholders during the nomination process. Information regarding the work of the Nomination Committee can be found on Invik's corporate website at www.invik.se. The Nomination Committee will submit a proposal for the composition of the Board of Directors, remuneration for the Board of Directors and the auditors and proposals regarding the Chairman of the Annual General Meeting in 2007, which will be presented to the 2007 Annual General Meeting for approval. Shareholders wishing to propose candidates to the Board of Directors of Invik should submit their proposals in writing to agm@invik.se or to the Company Secretary, Invik & Co. AB, Box 2095, SE-103 13 Stockholm, Sweden.

NEXT REPORTING DATE

The preliminary reporting date for the interim report for the first quarter of 2007 is April 25, 2007.

Stockholm, February 15, 2007

Board of Directors of Invik & Co. AB

AUDITOR'S REPORT

This year-end report was not examined by the Company's auditors.

FOR MORE INFORMATION, VISIT WWW.INVIK.SE OR CONTACT:

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Tel: +46 (0) 8 562 000 58

Consolidated Income Statement

SEK million	1 Jan.- 31 Dec. 2006	1 Jan.- 31 Dec. 2005	1 Oct.- 31 Dec. 2006	1 Oct.- 31 Dec. 2005
REVENUES				
Insurance premium revenue	1 234.1	1 066.7	281.1	272.7
Insurance premium ceded to reinsurers	-240.1	-205.8	-55.8	-42.4
Fee and commission income	436.3	299.7	154.0	85.1
Investment income	242.1	115.8	128.8	35.1
Interest income after loan loss provisions	229.1	115.7	68.1	32.0
Other operating income	5.5	0.9	2.0	0.9
Total revenues	1 907.0	1 393.0	578.2	383.4
EXPENSES				
Insurance benefits, claims and loss adjustment expenses	-846.9	-783.9	-203.3	-188.8
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	107.0	154.8	22.2	33.1
Fee and commission expenses	-114.6	-97.0	-37.6	-16.4
Interest expenses	-190.1	-86.4	-52.7	-25.0
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-55.9	-36.7	-17.1	-11.1
Other operating expenses	-420.0	-326.2	-125.9	-99.6
Total expenses	-1 520.5	-1 175.5	-414.4	-307.7
Operating income	386.5	217.5	163.8	75.6
Financial income and expenses	-3.7	-5.6	0.3	-2.0
Profit before income tax	382.8	211.9	164.1	73.6
Income tax expenses	-98.0	-55.8	-56.6	-15.4
Profit for the period	284.8	156.1	107.5	58.3
Profit for the period from discontinued operations (Note 1)	74.4	26.9	1.1	6.7
Profit for the period including discontinued operations	359.2	183.0	108.6	64.9
Earnings per share before dilution (SEK)*	10.78	5.91	4.07	2.21
Earnings per share after dilution (SEK)*	9.28	5.38	3.47	1.93
Number of shares outstanding before dilution	26 465 693	26 398 193	26 465 693	26 398 193
Number of shares outstanding after dilution	31 372 900	30 917 423	31 388 367	30 917 423
Average number of shares outstanding before dilution	26 409 885	26 398 193	26 442 541	26 398 193
Average number of shares outstanding after dilution	31 317 091	29 827 855	31 432 715	30 917 423

* Based on earnings during the period excluding discontinued operations.

Consolidated Balance Sheet

SEK million	31 Dec. 2006	31 Dec. 2005
ASSETS		
Tangible fixed assets	19.6	28.4
Intangible fixed assets	436.5	559.1
Deferred acquisition costs, unit-link	139.1	71.9
Investment in associates	15.9	10.6
Deferred income tax assets	50.3	49.6
Investment securities - fair value through profit and loss	2 245.7	1 576.1
Investment assets - unit-link	4 232.8	2 320.9
Derivative financial instruments	60.2	58.4
Loans and other interest-bearing receivables	3 473.3	2 184.5
Other assets	875.4	820.2
Trading securities	–	15.7
Cash and cash equivalents	2 528.7	4 218.2
Total assets of discontinued operations (Note 1)	411.1	406.4
Total Assets	14 488.6	12 319.9
EQUITY		
Share capital	132.3	132.0
Share premium reserve and other additions	1 058.6	1 053.8
Other reserves	2.9	19.8
Retained earnings	135.7	5.5
Profit of the year	359.2	183.0
Total Equity	1 688.8	1 394.1
PROVISIONS AND LIABILITITES		
Insurance contracts	2 030.7	1 761.2
Investment contracts - unit-link	4 327.9	2 324.8
Interest bearing loans and borrowings	232.1	305.1
Deposits from the public	4 754.9	5 283.8
Derivative financial instruments	71.8	50.5
Deferred income tax liabilities	210.4	127.7
Current income tax liabilities	32.3	36.6
Other liabilities	1 133.9	718.6
Total liabilities of discontinued operations (Note 1)	5.8	317.5
Total Provisions and Liabilitites	12 799.8	10 925.8
Total Equity, Provisions and Liabilities	14 488.6	12 319.9

Consolidated statement of changes in equity

SEK million	1 Jan.-31 Dec. 2006	1 Jan-31 Dec. 2005
Opening balance for the period	1 394.1	1 416.0
Translation differences	-16.8	19.2
Convertible debenture loan - equity portion	-	9.1
Option Incentive Program - premiums paid	-	4.0
Option Incentive Program - new share issuance	5.2	-
Deferred tax - convertible debenture	-	-2.2
Cash dividend	-52.8	-235.0
Profit for the period	284.8	156.1
Profit for the period from discontinued operations (Note 1)	74.4	26.9
Closing balance for the period	1 688.8	1 394.1

Consolidated condensed cash flow statement

SEK million	1 Jan.-31 Dec. 2006	1 Jan-31 Dec. 2005
Cash flow from operating activities before changes in working capital	422.6	243.4
Changes in working capital assets	-4 481.6	-3 855.9
Changes in working capital liabilities	3 538.3	4 636.4
Cash flow from operating activities	-520.7	1 023.9
Cash flow from investment activities	-123.2	-93.5
Cash flow from financing activities	-46.4	2.3
Cash flow from discontinued operations (Note 1)	-1 046.4	333.0
Cash flow for the period	-1 736.7	1 265.7
Cash and cash equivalents at beginning of the period	4 370.9	3 006.3
Translations differences in cash and cash equivalents	-105.5	98.9
Cash flow	-1 736.7	1 265.7
Cash and cash equivalents at end of the period	2 528.7	4 370.9

Consolidated Income Statement per quarter

SEK million	1 Oct.- 31 Dec. 2006	1 Jul.- 30 Sep. 2006	1 Apr.- 30 Jun. 2006	1 Jan.- 31 Mar. 2006	1 Oct.- 31 Dec. 2005
REVENUES					
Insurance premium revenue	281.1	380.4	318.1	254.5	272.7
Insurance premium ceded to reinsurers	-55.8	-65.6	-64.4	-54.3	-42.4
Fee and commission income	154.0	90.8	80.4	111.1	85.1
Investment income	128.8	51.9	-8.5	69.9	35.1
Interest income after loan loss provisions	68.1	60.4	50.8	49.8	32.0
Other operating income	2.0	0.7	1.1	1.7	0.9
Total revenues	578.2	518.6	377.5	432.6	383.4
EXPENSES					
Insurance benefits, claims and loss adjustment expenses	-203.3	-258.1	-202.7	-182.8	-188.8
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	22.2	18.6	26.7	39.5	33.1
Fee and commission expenses	-37.6	-26.9	-11.8	-38.3	-16.4
Interest expenses	-52.7	-54.2	-41.2	-42.0	-25.0
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-17.1	-13.2	-13.4	-12.2	-11.1
Other operating expenses	-125.9	-95.6	-97.3	-101.2	-99.6
Total expenses	-414.4	-429.4	-339.7	-336.9	-307.7
Operating income	163.8	89.2	37.8	95.7	75.6
Finance income and costs	0.3	0.0	-2.2	-1.8	-2.0
Profit before income tax	164.1	89.2	35.6	93.9	73.6
Income tax expenses	-56.6	-21.6	4.3	-24.1	-15.4
Profit for the period	107.5	67.6	39.9	69.8	58.3
Profit for the period from discontinued operations	1.1	54.1	9.5	9.7	6.7
Profit for the period including discontinued operations	108.6	121.7	49.4	79.5	64.9

Segment information

1 Jan.- 31 Dec. 2006 SEK million	Modern Insurances Non-life	Modern Insurances Life	Assurans- invest	Banque Invik	Invik Funds	Head office and elim.	Invik Group
Insurance premium revenue	1 088.6	148.5	-0.6	–	–	-2.4	1 234.1
Insurance premium ceded to reinsurers	-118.7	-121.2	-0.2	–	–	–	-240.1
Fee and commission income	25.1	74.3	1.2	194.6	164.4	-23.3	436.3
Investment income	207.8	0.7	33.6	–	–	–	242.1
Interest income after loan loss provisions	19.0	1.0	5.2	213.3	1.6	-11.0	229.1
Other operating income	0.2	5.3	–	–	–	–	5.5
Total revenues	1 222.0	108.6	39.2	407.9	166.0	-36.7	1 907.0
Insurance benefits, claims and loss adjustment expenses	-755.0	-107.1	15.2	–	–	–	-846.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	35.5	94.2	-22.7	–	–	–	107.0
Fee and commission expenses	-49.2	-29.2	-0.1	-6.4	-51.9	22.2	-114.6
Interest expenses	-1.1	0.3	-0.1	-190.3	–	1.1	-190.1
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-19.3	-28.8	–	-7.3	-0.3	-0.2	-55.9
Other operating expenses	-166.0	-45.0	-8.5	-131.7	-42.0	-26.8	-420.0
Total expenses	-955.1	-115.6	-16.2	-335.7	-94.2	-3.7	-1 520.5
Operating Income	266.9	-7.0	23.0	72.2	71.8	-40.4	386.5

Segment information

1 Jan.- 31 Dec. 2005 SEK million	Modern Insurances Non-life	Modern Insurances Life	Assurans- invest	Banque Invik	Invik Funds	Head office and elim.	Invik Group
Insurance premium revenue	948.7	118.6	–	–	–	-0.6	1 066.7
Insurance premium ceded to reinsurers	-111.4	-95.1	0.6	–	–	–	-205.8
Fee and commission income	21.5	31.8	0.8	165.6	88.9	-8.9	299.7
Investment income	101.0	4.3	16.2	-0.1	–	-5.5	115.8
Interest income after loan loss provisions	10.6	–	1.7	112.8	0.6	-10.1	115.7
Other operating income	0.1	4.0	–	–	–	-3.2	0.9
Total revenues	970.4	63.5	19.3	278.3	89.5	-28.3	1 393.0
Insurance benefits, claims and loss adjustment expenses	-686.3	-90.3	-7.3	–	–	–	-783.9
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	74.4	80.0	0.5	–	–	–	154.8
Fee and commission expenses	-54.0	-22.5	–	-5.7	-23.4	8.7	-97.0
Interest expenses	-0.1	-0.4	-1.0	-95.3	-0.1	10.4	-86.4
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-19.6	-13.0	-0.1	-3.9	-0.1	-0.1	-36.7
Other operating expenses	-131.0	-29.6	-6.2	-109.6	-29.4	-20.4	-326.2
Total expenses	-816.7	-75.8	-14.0	-214.5	-53.0	-1.4	-1 175.5
Operating Income	153.7	-12.3	5.3	63.8	36.5	-29.7	217.5

Segment information

1 Oct.-31 Dec. 2006 SEK million	Modern Insurances Non-life	Modern Insurances Life	Assurans- invest	Banque Invik	Invik Funds	Head office and elim.	Invik Group
Insurance premium revenue	251.0	33.3	-0.8	–	–	-2.4	281.1
Insurance premium ceded to reinsurers	-29.3	-26.4	-0.1	–	–	–	-55.8
Fee and commission income	7.5	27.4	0.7	51.6	78.5	-11.7	154.0
Investment income	108.6	0.2	20.0	–	–	–	128.8
Interest income after loan loss provisions	5.0	0.2	1.0	64.1	0.6	-2.8	68.1
Other operating income	0.1	1.9	–	–	–	–	2.0
Total revenues	342.9	36.6	20.8	115.7	79.1	-16.9	578.2
Insurance benefits, claims and loss adjustment expenses	-179.5	-25.7	1.9	–	–	–	-203.3
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	6.8	22.3	-6.9	–	–	–	22.2
Fee and commission expenses	-13.1	-8.7	–	-1.8	-25.2	11.2	-37.6
Interest expenses	-0.4	5.4	-0.1	-57.7	–	0.1	-52.7
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-5.0	-9.5	–	-2.5	-0.1	–	-17.1
Other operating expenses	-53.2	-13.4	-2.4	-32.7	-17.4	-6.8	-125.9
Total expenses	-244.4	-29.6	-7.5	-94.7	-42.7	4.5	-414.4
Operating income	98.5	7.0	13.3	21.0	36.4	-12.4	163.8

Segment information

1 Oct.-31 Dec. 2005 SEK million	Modern Insurances Non-life	Modern Insurances Life	Assurans- invest	Banque Invik	Invik Funds	Head office and elim.	Invik Group
Insurance premium revenue	241.2	32.1	–	–	–	-0.6	272.7
Insurance premium ceded to reinsurers	-16.9	-25.6	–	–	–	–	-42.4
Fee and commission income	6.6	9.8	0.6	51.9	29.8	-13.6	85.1
Investment income	30.4	2.7	3.3	0.2	–	-1.4	35.1
Interest income after loan loss provisions	2.5	–	0.8	38.8	-0.1	-10.1	32.0
Other operating income	–	4.0	–	–	0.1	-3.2	0.9
Total revenues	263.8	23.0	4.7	90.9	29.8	-28.9	383.4
Insurance benefits, claims and loss adjustment expenses	-165.0	-24.8	1.1	–	–	–	-188.8
Insurance benefits, claims and loss adjustment expenses recovered from reinsurers	11.4	21.8	-0.1	–	–	–	33.1
Fee and commission expenses	-14.6	-2.7	–	-1.8	-10.7	13.5	-16.4
Interest expenses	-0.1	-0.3	-0.5	-34.3	–	10.1	-25.0
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-6.0	-4.0	-0.1	-0.9	–	-0.2	-11.1
Other operating expenses	-38.3	-11.0	-2.2	-38.4	-5.4	-4.2	-99.6
Total expenses	-212.6	-21.0	-1.7	-75.4	-16.1	19.2	-307.7
Operating income	51.2	1.9	3.0	15.5	13.7	-9.7	75.6

Key ratios

31 Dec. 2006 SEK million	Modern Insurances Non-life	Modern Insurances Life	Assurans-invest	Banque Invik	Invik Funds	Head office and elim.	Invik Group
C/I ratio (1 Jan. - 31 Dec. 2006)	–	–	–	0.66	0.37	–	0.72
Goodwill and other intangible assets	138.2	209.1	–	95.0	133.4	–	575.7
Loans and other interest bearing receivables	390.8	0.1	56.2	3 106.3	97.7	-177.8	3 473.3
Investment assets and other financial assets	1 925.9	4 425.1	465.0	2 226.6	6.7	18.1	9 067.4
Total assets	2 968.3	4 867.5	584.0	5 653.9	317.2	97.7	14 488.6
Insurance and unit-link contracts	1 540.7	4 490.3	329.1	–	–	-1.5	6 358.6
Interest bearing loans and borrowings	–	10.0	–	4 971.5	45.3	-39.9	4 987.0
Total liabilities	2 019.8	4 696.1	426.6	5 222.1	181.7	253.5	12 799.8
Equity	948.5	171.4	157.4	431.8	135.5	-155.9	1 688.8
Return on equity	23.0%	-2.2%	12.2%	13.9%	39.8%	–	23.3%
Number of employees	166	30	2	97	8	5	308

31 Dec. 2005 SEK million	Modern Insurances Non-life	Modern Insurances Life	Assurans-invest	Banque Invik	Invik Funds	Head office and elim.	Invik Group
C/I ratio (1 Jan. - 31 Dec. 2005)	–	–	–	0.64	0.45	–	0.70
Goodwill and other intangible assets	144.4	141.1	0.0	95.0	133.3	117.2	631.0
Loans and other interest bearing receivables	430.8	–	135.0	1 683.5	0.4	-65.4	2 184.5
Investment assets and other financial assets	1 314.7	2 443.8	435.1	3 086.7	40.5	868.5	8 189.3
Total assets	2 339.3	2 721.4	665.2	5 167.1	228.9	1 197.9	12 319.9
Insurance and unit-link contracts	1 262.8	2 438.4	385.9	–	–	-1.0	4 086.0
Interest bearing loans and borrowings	50.9	30.0	0.1	4 549.1	25.3	933.6	5 588.9
Total liabilities	1 613.8	2 571.2	551.2	4 756.4	104.8	1 328.4	10 925.8
Equity	725.5	150.2	114.0	410.7	124.1	-130.5	1 394.1
Return on equity	18.3%	-6.9%	3.3%	12.7%	22.6%	–	12.9%
Number of employees	121	22	0	79	6	5	233

To obtain comparability with the balance sheet of the Invik Group discontinued operations are included in the segment report in total assets, total liabilities and equity of Head office and eliminations. For 2005, discontinued operations for Fischer Partners are reported under each balance sheet item in Headoffice and eliminations. The information on number of employees for the 2005 information has been amended to exclude Fischer Partners and to reallocate employees between Modern Insurance Non-life and Modern Insurance Life.

Note 1, Operations being discontinued

Income statement, SEK million	Continuing operations		Discontinued operations		Total	
	1 Jan.-31 Dec. 2006	31 Dec. 2005	1 Jan.-31 Dec. 2006	31 Dec. 2005	1 Jan.-31 Dec. 2006	31 Dec. 2005
Revenues	1 907.0	1 393.0	214.7	341.6	2 121.7	1 734.6
Operating expenses	1 520.5	1 175.5	185.8	304.3	1 706.3	1 479.8
Operating income	386.5	217.5	28.9	37.3	415.4	254.8
Financial items	-3.7	-5.6	52.7	–	49.0	-5.6
Profit before income tax	382.8	211.9	81.6	37.3	464.4	249.2
Income tax expenses	-98.0	-55.8	-7.2	-10.4	-105.2	-66.2
Profit for the period	284.8	156.1	74.4	26.9	359.2	183.0
Earnings per share (SEK)	10.78	5.91	2.82	1.02	13.61	6.93
Earnings per share (SEK) after dilution	9.28	5.38	2.38	0.90	11.66	6.28
Balance sheet, SEK million	31 Dec. 2006	31 Dec. 2005	31 Dec. 2006	31 Dec. 2005	31 Dec. 2006	31 Dec. 2005
Fixed assets	595.2	659.4	0,0	15.7	595.2	675.1
Loans and other receivables	3 473.3	2 184.5	37.2	173.9	3 510.5	2 358.4
Cash and cash equivalents	2 528.7	4 218.2	–	152.7	2 528.7	4 370.9
Other assets	7 480.3	4 851.4	373.9	64.2	7 854.2	4 915.5
Total assets	14 077.5	11 913.5	411.1	406.4	14 488.6	12 319.9
Shareholders' equity	1 283.5	1 305.2	405.3	88.9	1 688.8	1 394.1
Deposits and borrowing	4 987.0	5 588.9	–	279.9	4 987.0	5 868.8
Other provisions and liabilities	7 807.0	5 019.4	5.8	37.6	7 812.8	5 057.0
Total provisions and liabilities	12 794.0	10 608.3	5.8	317.5	12 799.8	10 925.8
Total equity, provisions and liabilities	14 077.5	11 913.5	411.1	406.4	14 488.6	12 319.9
Cash-flow statement, SEK million	1 Jan.-31 Dec. 2006	31 Dec. 2005	1 Jan.-31 Dec. 2006	31 Dec. 2005	1 Jan.-31 Dec. 2006	31 Dec. 2005
Cash flow from operating activities	-520.8	1 023.9	-455.0	333.3	-975.8	1 357.2
Cash flow from investment activities	-123.1	-93.5	-591.4	-0.3	-714.5	-93.8
Cash flow from financing activities	-46.4	2.3	–	–	-46.4	2.3
Cash flow for the period	-690.3	932.7	-1 046.4	333.0	-1 736.7	1 265.7
Cash and cash equivalents at beginning of the year	3 324.5	2 292.9	1 046.4	713.4	4 370.9	3 006.3
Translation differences in cash and cash equivalents	-105.5	98.9	–	–	-105.5	98.9
Cash flow for the period	-690.3	932.7	-1 046.4	333.0	-1 736.7	1 265.7
Cash and cash equivalents at end of the period	2 528.7	3 324.5	–	1 046.4	2 528.7	4 370.9

The profit and loss statements and cash-flow statements for discontinued operations in 2005 and 2006 includes Aktievik AB (previously known as Fischer Partners Holding AB), Fischer Partners Fondkommission AB, Invik Kapitalförvaltning Holding AB and OP Financial Services AB. Humle Kapitalförvaltning AB (previously known as Invik Kapitalförvaltning AB) is included as discontinued operations in the profit and loss statements and cash-flow statements for the comparison period 2005. Invik Kapitalförvaltning Holding AB, Invik Kapitalförvaltning AB and OP Financial Services AB is included as discontinued operations in the balance sheets. Fischer Partners Fondkommission AB, divested in July 2006, and Invik Kapitalförvaltning AB, divested in January 2006, were previously subsidiaries of Invik. The remaining operations classified as discontinued operations will be dissolved.

Definitions

C/I RATIO

Other operating expenses and depreciation/amortization and write-downs in relation to the total revenues, less interest expenses and fee and commission expenses. In the case of the Group, the C/I ratio is calculated with the exclusion of insurance operations.

CAPITAL ADEQUACY RATIO

The capital base in relation to capital requirements calculated in the manner set by each supervisory organization, expressed as a percentage.

CLAIMS RATIO, GROSS

Gross claims expenses before reinsurers' share in relation to gross premiums earned, expressed as a percentage.

COMBINED RATIO, GROSS

Total of operating expenses and gross claims expenses before reinsurers' share, in relation to gross premiums earned, expressed as a percentage.

CONSOLIDATION CAPITAL

Total equity, 72% of untaxed reserves and surplus and deficit values in assets, less deferred tax receivables plus deferred tax liabilities.

CONSOLIDATION RATIO

Consolidated capital in relation to gross premiums-written.

CHANGE IN VALUE OF ASSETS UNDER MANAGEMENT

Change in the value of investment assets for which the policyholders carry the investment risk in relation to average assets under management.

EARNINGS PER SHARE AFTER DILUTION

Profit for the period supplemented with interest expense after tax on convertible debenture loans charged to profit, in relation to the average number of shares outstanding during the period, after adjustment for dilution.

EARNINGS PER SHARE BEFORE DILUTION

Profit for the period in relation to the average number of shares outstanding during the period.

EXPENSE RATIO, GROSS

Operating expenses in relation to gross premiums earned, expressed as a percentage.

LIQUIDITY RATIO

Current assets in relation to current liabilities, expressed as a percentage.

OPERATING MARGIN

Pre-tax earnings as a percentage of total revenues.

RETURN ON EQUITY AFTER TAX

Profit after tax in relation to average adjusted equity. A standard calculated tax rate of 28% is applied to business areas' result with the exception of Banque Invik, whose profit is charged with a calculated tax rate of 19% for 2006 and actual tax for 2005. Equity per business area includes allocated intangible assets including goodwill. The return figure is adjusted for the full year.

SALES UNIT-LINK

The sum of signed unit link contracts with recurring premiums x 10 + single-premiums.

TOTAL YIELD, %

The sum of the yield and value changes, both realized and unrealized, in relation to the average fair value of investment assets, expressed as a percentage. Investment assets for which policyholders carry the investment risk (unit-linked insurance) are excluded. The yield figure is adjusted for the full year.

APPENDIX I EMBEDDED VALUE

INTRODUCTION

As a supplement to the traditional financial reporting, Invik is reporting Embedded value for Modern Insurances Life as of December 31, 2006. The presentation includes computations of the value of insurance policies sold during the past 12-month (VNB – Value of New Business) and an analysis of the change in Embedded value between December 31, 2005 and December 31, 2006. The methodology and assumptions for Embedded value reporting are in line with the European Embedded Value (EEV) principles as published by the CFO Forum in May 2004. We have also taken into account subsequently published supplements.

This presentation may include statements regarding Modern Insurances Life's future earnings, results and the financial position. By their nature, these statements entail inherent risk and uncertainty because they refer to future events and circumstances beyond the control of Modern Insurances Life including, for example, economic conditions, fluctuations in interest rates, amendments of standards governing capital requirements, tax regulations, customer behavior regarding policy repurchase, lapse and paid-up rates and mortality rates that may affect reported values.

METHODOLOGY

The calculations cover the unit-linked business of Modern Insurances Life. As in the past, it excludes group and individual life and sickness business, although the results for these business areas are included in adjusted shareholders' equity in the same manner as in the annual report.

Embedded value provides a measure of the value of shareholders' interests in the covered business, after sufficient allowance has been made for the aggregate risks in that business. Embedded value comprises of adjusted net worth and the value of business in force (VBIF), including any expense overrun and the cost of holding capital (CoC).

Adjusted shareholders' equity consists of the market value of Modern Insurances Life AB's financial and tangible assets, calculated as the statutory reported shareholders' equity, including shareholder equity, allocated to group and individual business, minus reported deferred acquisition costs (DAC) and the reported liability for financial reinsurance agreements.

Modern Insurances Life has used a bottom-up market consistent approach to value the individual cash flows associated with each contract taking into account the cost of capital. In such a calculation, each cash flow is valued using a discount rate that takes into account the financial risks in the cash flow, in line with the prices of similar cash flows traded on financial markets. This means, for example, that a cash flow in ten years is valued in the same manner as a ten-year zero coupon bond. In practice, Modern Insurances Life has used the certainty equivalent approach.

This method is common in valuing cash flows on a market-consistent basis where the cash flows are independent or move linearly with market movements. After calculating a market-consistent Embedded value, a fixed average discount rate is computed, which, when applied in a conventional Embedded value model provides the same result as the market-consistent model. This gives an average risk discount rate for the Embedded value, which is also used in calculating VNB.

The discount rate makes no allowance for operational risks.

To be able to project expected future shareholder profits, cash flow streams for all revenues and costs for each individual contract are computed for the estimated remaining lifetime of the insurance policy, based on economic and operative assumptions as well as the policyholder's profile. Some of the key assumptions include economic assumptions, fund retrocessions, maintenance expenses, and policy repurchases, lapse and paid-up rates. Future provisions to solvency capital are classified as expenses and the interest on the solvency capital as income.

According to the EEV Principles, due consideration must be made for the time value of options and guarantees. In November 2005, Modern Insurances Life launched a product that included investment guarantees. Since sales volume and exposure are limited, the value of the guarantees is viewed as immaterial. No other products include guarantees.

The calculation of VNB is conducted on the time of sale using the same assumptions and methodology as in the case of VBIF. New business has been defined as signed and paid and additional premiums, but not renewals of existing contracts during the period.

As in the past, the required capital is set at 1% of the capital value of the insurance and to 0.3% of the risk amount, which is slightly higher than the

solvency requirements of the supervisory authority. In the market-consistent calculation, the cost of holding capital is based on the actual costs. These consist of the tax effect on locked-in capital and reflect the cost for an investor of owning an asset indirectly via an investment in an insurance company instead of investing directly in the asset.

In other respects, no consideration is paid to corporate tax in the calculations.

The effect of the existing reinsurance contracts has been included in the calculations, which, among other things, means that the future cost of outstanding financial reinsurance are included in the calculations of VBIF and VNB.

ECONOMIC ASSUMPTIONS

In setting the discount rate, market-consistent computations pursuant to the certainty equivalent approach are applied. All assets are assumed to provide a return that corresponds to the various risk-free rates of interest for various maturities, and all future cash flows are discounted using the same risk-free rate of interest. These rates are derived from the yield curve formed from Swedish interest swap rates at December 31, 2006.

The return assumption is based on yields on a 10-year Swedish Government bond at the calculation date and an assumption that shares yield 2.5% more in return over time.

The financial assumptions used in the Embedded value computation as at December 31, 2005 and December 31, 2006 are presented summarily below.

	2006-12-31	2005-12-31
Risk-free rate of interest	3.91%	3.36%
Investment return on fixed income assets	3.91%	3.36%
Investment return on equities	6.41%	5.86%
Inflation	2.00%	2.00%
Discount rate	5.81%	5.00%

OPERATING ASSUMPTIONS

Operating assumptions have been reviewed and set using best estimate assumptions

Since Modern Insurances Life has had a short history, certain operating assumptions cannot be based on the company's historic results. When this is the case, for example for repurchase rates, the assumptions were derived from general market experience.

Assumptions regarding fees, fund retrocessions and policyholders' asset mix are reasonably based on information from the insurance portfolio.

Assumed future administration expenses represent expected long-term levels. Embedded value was previously charged with expense overrun. During 2006, actual costs were less than the anticipated costs and thus Embedded value was not charged with any expense overrun in this year's calculation.

RESULTS

EMBEDDED VALUE (SEK MILLION)

VBIF (before CoC)	492.7
Cost of capital	-24.4
VBIF (after CoC)	468.3
Adjusted shareholders' equity (net worth)	60.9
Embedded value	529.2

VNB (before CoC)	141.6
Cost of capital	-10.0
VNB (after CoC)	131.6

Note that the calculation of VNB covers the full year of 2006. Invik's financial report for the first six months 2006 presented a VNB of SEK 69.6 million for the same period. Calculated using the same assumptions as of December 31, 2006, the corresponding value is SEK 60.9 million, which means that the second half of 2006 provided a VNB of SEK 70.7 million.

SENSITIVITY ANALYSIS

SENSITIVITY ANALYSIS OF IN-FORCE BUSINESS

	VBIF	Change	%
Reported value	468.3	-	-
Discount rate, +1%	407.6	-60.7	-13.0%
Discount rate, -1%	540.3	72.1	15.4%
Risk-free rate of interest, -1%	456.9	-11.3	-2.4%
Decline in equities capital values, -10%	432.9	-35.4	-7.6%
Reduction of administrative expenses, -10%	496.2	27.9	6.0%
Reduction assumptions underlying paid-up rates and lapses -10%	501.9	33.7	7.2%

SENSITIVITIES OF NEW BUSINESS

	VNB	Change	%
Reported value	131.6	-	-
Discount rate, +1%	105.4	-26.2	-19.9%
Discount rate, -1%	163.0	31.4	23.9%
Risk-free rate of interest, -1%	128.5	-3.1	-2.3%
Reduction of administrative expenses, -10%	147.3	15.7	11.9%
Reduction assumptions underlying paid-up rates and lapses, -10%	151.7	20.1	15.3%

Discount rate, +1% / -1%

Although it is not directly relevant, in a market-consistent valuation, the presentation here shows the impact of a change of one percentage point in the average discount rate. The purpose is to be able to adjust the value when operations are assigned an alternative risk.

1% reduction in the risk-free rate of interest

The change in the risk-free rate of interest affects the future return and discount rates in the same manner as in the case of a market-consistent valuation

10% decrease in equities capital value

This sensitivity analysis reflects the effect of an immediate fall in capital at valuation for the business in-force. It is assumed that, following the decline, policyholders' individual accounts are rebalanced so that the asset mix is the same as before. This sensitivity analysis is done solely for business in-force.

10 decrease in administrative expenses

In this test it is assumed that annual administrative expenses are cut by 10%.

10% decrease in lapse rates and paid-up rates

This sensitivity analysis shows the impact of a 10% decline in the assumption underlying policy renewal, lapse and paid up rates

The sensitivity analyses used are in line with those by the CFO Forum in the publication "Additional Guidelines on European Embedded Value Disclosures".

ANALYSIS OF CHANGE IN EMBEDDED VALUE (SEK MILLION)

	Total
Embedded value (2005-12-31)	301.6
Expected return	18.6
Contribution by new business in 2006	131.6
Impact on real outcome in 2006	21.2
Changes in assumptions	29.8
Change in methodology and accounting	-11.1
Embedded value result	190.1
Result of other insurance operations	9.7
Capital injections	27.9
Embedded value change	227.6
Embedded value (2006-12-31)	529.2

During the period, Modern Insurances Life's shareholders' equity was increased by a capital contribution totaling SEK 27.9 million. In addition, the insurance policies not included in the Embedded value analysis provided a surplus of SEK 9.7 million.

With this valuation, the model has been refined in respect of flows in financial reinsurance. This provides a negative result of SEK 11.1 million.

The change in assumptions account for SEK 29.8 million of the increase in Embedded value. The key assumption that has been changed is the assumption regarding variable fund retrocessions. As in the Embedded value report for the first six months of 2006, the fund retrocessions assumption has been adjusted from having been the actual fund rebate received during the measurement period to an estimate of future revenues consistent with the other assumptions in the model. This adjustment of the fund retrocessions assumption has had a positive impact on Embedded value of SEK 59.8 million. In addition, the assumption regarding paid-up rates has been adjusted upwards, with a negative impact of SEK 27.0 million on Embedded value. The increase in market interest rates used in the model had a negative impact of SEK 10.1 million on Embedded value.

The effect of the actual outcome in 2006 is SEK 21.2 million. This is largely because policyholders' return was substantially higher in 2006 compared with the assumptions. This affected fees, portfolio

provisions and fund retrocessions in 2006 as well as in the future, entailing an increase in Embedded value of SEK 22.1 million. The actual outcome of the paid-up rate exceeded the assumptions in the model as of December 31, 2005, negatively impacting Embedded value by SEK 11.0 million.