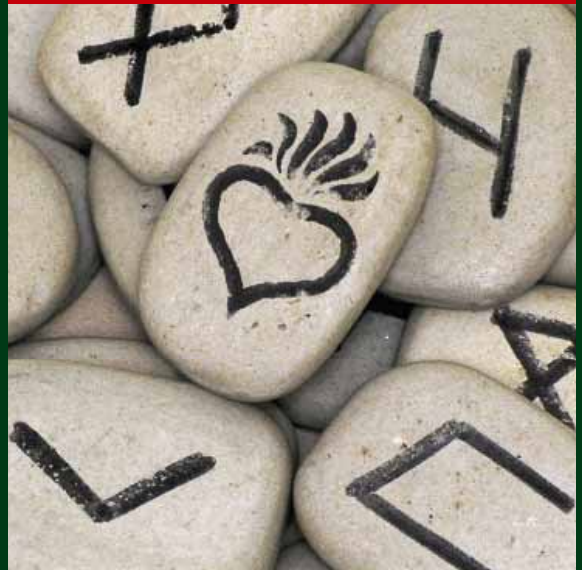




BANQUE INVIK
SOCIÉTÉ ANONYME

ANNUAL REPORT



2006



Liber, Utilis,
Amicus Fidelis

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Board of Directors

Anders Fällman

Chairman
CEO & President,
Invik & Co, AB
Stockholm, Sweden

Cristina Stenbeck

Vice Chairman of the Board,
Invik & Co, AB
Stockholm, Sweden

Frédéric Wagner

Independent Director,
Zürich, Switzerland

Albert Hansen

Independent Director,
Luxembourg

Paul Wolff

Independent Director,
Luxembourg

Pierre Arens

Managing Director,
Banque Invik S.A.
Luxembourg

Mikael Holmberg

Deputy Managing Director,
Banque Invik S.A.
Luxembourg

Management

Pierre Arens*

Managing Director,

Paul-Marie Majerus*

Deputy Managing Director,
Head of Treasury and Private Banking

Mikael Holmberg*

Deputy Managing Director,
Head of Modern Treuhand

Johan Modenius

Senior Vice President,
Head of Invik Cards

Joakim Andersson

Branch Manager,
Stockholm, Sweden

Torben Madsen*

Chief Executive Officer,
Banque Invik Asset Management iso Bank

Auditors

PricewaterhouseCoopers S.à r.l.
Luxembourg

* in agreement with article 7 of the law dated April 5, 1993 on the financial sector.



Board of Directors' Report

Banque Invik S.A. is a Luxembourg-based bank with a branch office in Stockholm. The bank's primary operations involve asset management, credit and prepaid card operations and corporate services. All operations within Banque Invik developed positively during the year, due largely to the implemented restructuring and broadening of the bank's core businesses. A number of marketing activities and referral business flows from brokers and agents contributed to further customer growth within the international customer base.

Total gross revenues for Banque Invik rose from EUR 33 million in 2005 to EUR 50 million in 2006; an increase of 52%. In 2006, interest income rose by 94% as a result of increased lending activity and higher interest rates in markets in which Banque Invik is active. During the same period, gross commission rose 33%, largely attributable to increased activity in card operations and in Banque Invik Asset Management's operations. Card operations accounted for more than 54% of operating income during the year. Private banking operations comprised 37% of operating income and corporate banking operations accounted for the remainder.

Board of Directors' Report (cont'd)

General administrative expenses for the Bank were in line with the expected growth momentum and increased by 18% from 2005 to 2006. Major items were personnel and IT. The latter were in majority due to a global overhaul of the Bank's infrastructure. 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 increased from 18.6% at the beginning of the year to 19.6% at year-end and the liquidity ratio declined from 66.6% at the beginning of the year to 46.7% at year-end. The stable capital coverage ratio stands for a prudent approach where lending activity is fully covered by high quality assets and/or guarantees. The decrease in liquidity is primarily the result of higher managed volumes in Private Banking and higher lending operations to be funded in the market.

Banque Invik's operating income developed favorably in 2006 compared to previous year. The overall net result after taxes amounted to EUR 5.3 million, an increase of 6% in comparison to 2005. The growth also was reflected by the increase of the total assets with 14%. We would like to express our deep appreciation to our customers for their loyalty to the Bank and thank the personnel for their efforts and dedication.

Asset Management

Banque Invik's asset management operation comprises advisory services to private customers and discretionary asset as well as fund management. The private banking operations are conducted from the head office in Luxembourg targeted towards Continental European affluent and high net worth clients. The advisory services involving trading in equities, securities and currencies expanded during the year, which contributed to an increase in total revenues compared with a year earlier. Revenues from fees and commissions in foreign exchange also rose sharply in 2006.

Banque Invik Asset Management

The asset management business, Banque Invik Asset Management S.A., the dedicated Luxembourg-based subsidiary offering tailor-made asset management services and solutions to individuals with high net worth, developed favorably during the year. The business targets a growing number of Scandinavian expatriates domiciled outside their home countries with the goal of becoming one of the leading Scandinavian asset managers in Luxembourg. The strong contribution of this business area has confirmed the decision to move into this direction.

Trust Services

Under the name Modern Treuhand, Banque Invik offers trust services, which include services in company formation, management, administration and accounting, primarily for holding companies. Both revenues and the number of managed companies increased during the year. Core operations are conducted in Luxembourg and the Netherlands. Modern Treuhand also conducts business at Banque Invik's branch in Stockholm. Via external partners, Modern Treuhand is also active in a number of other jurisdictions around the world.

Fund Management

Banque Invik is sponsor of The Modern Funds SICAV. The SICAV is a Luxembourg-registered umbrella fund containing one actively managed sub-fund and a number of index linked sub-funds that are marketed in Sweden under the name Moderna Fonder. Modern Funds have been notably successful in attracting investors in the Swedish PPM pensionsavings program.

Board of Directors' Report (cont'd)

Card Operations

The bank's credit card operations combine card issuance and payment clearing functions. Banque Invik is a principal member of the VISA and MasterCard organizations in Europe and operations showed steady growth during 2006. The average transaction volume per issued card is substantially higher than the average for VISA and MasterCard in Europe. As a result of efficiency enhancement measures in administrative processes of operations, costs and risks were reduced further. At the same time, processes are being developed through the implementation of new IT systems during 2006 and ongoing in 2007. The costs related to card fraud, the largest single risk in this area, were limited to lower levels during 2006.

The number of charge cards issued and the volume of the bank's payment agency activities also increased significantly during the year. The "EveryWhereMoney" card continued its development in a positive direction during the year, thereby laying the basis for further expansion into similar services for specific target groups.

Corporate Services

Finance advisory and treasury outsourcing

Banque Invik conducts corporate finance advisory services and offers outsourced treasury activities for a growing number of international companies domiciled mainly in Sweden and Luxembourg. Operations developed favorably in 2006 with corporate customers' increased awareness for the added value of these services. The customer base expanded and profitability rose. Banque Invik's treasury outsourcing has been established as a niche player that offers operations of a treasury department for international companies. The bank has considerable expertise in cash and risk management as well as financing of working capital. In addition, Banque Invik provides advisory services in corporate funding within Europe.

Risk Management

The Bank is active in trading in securities and foreign currencies for the account of clients, but takes no positions for its own account. The Bank is a net placer of funds on the inter-bank market. The Bank places funds only with reputable, high-rated and financially strong banks.

As a result of the credit and securities trading policy, the Bank's exposure on market risks is limited.

The Bank has a conservative approach by matching foreign exchange transactions from its customer base directly in the market. From an operational point of view, the Bank checks the limits fixed by the Board of Directors on currency exposure on a daily basis. The same procedure exists for limits on counterparties that are also approved by the Board.

Operational risks are coped with vigilance, as e.g. the credit card and private banking operations, which need high quality systems and trained staff. Increased staffing as well as compliance training, investments in IT and risk management areas, have increased sharply during the year under review. The effort is ongoing and will be enhanced by additional investments in appropriate systems and processes when necessary.

Parent Company

The parent company of Banque Invik, Invik & Co. AB ("Invik") domiciled in Sweden, is listed on the Swedish Stock Market. Invik & Co. AB is a Swedish financial conglomerate under the supervision of the Swedish Financial Supervisory Authority. Invik is active in a number of carefully selected segments in which the Group can create high growth and build long-term, successful companies, while consistently focusing on profitability. Group companies are distinguished by their constant efforts to seek new avenues for growth in profitable niches in the financial sector. Invik comprises five areas of operations: Banque Invik; Modern Insurances Non-life, with its direct insurance operations focusing on individuals and small companies; Modern Insurances Life, which offers life, pension and unit-linked insurance; Assuransinvest, which manages the remaining run-off portfolio and Invik Funds, which pursues fund operations.

Board of Directors' Report (cont'd)

Allocation of unappropriated earnings

The following amounts are at the disposal of the Annual General Meeting:

profit brought forward	EUR	1 590 156
profit for the year	EUR	5 322 059
	EUR	6 912 215

It is proposed that the unappropriated earnings at the disposal of the Annual General Meeting are allocated as follows:

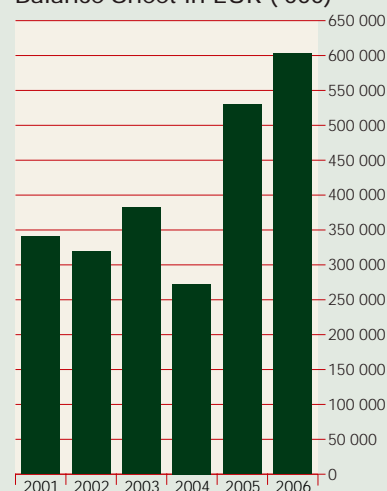
to the legal reserve	EUR	266 103
to the reserve relating to net worth tax credit	EUR	325 000
to the free reserve	EUR	2 000 000
dividend to the Shareholders	EUR	2 661 030
to be carried forward	EUR	1 660 082
	EUR	6 646 112

For the subsequent events, we refer to note 18 of the annual accounts attached.

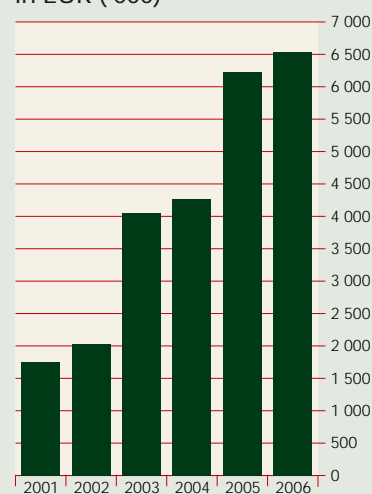
Luxembourg, May 2, 2007

The Board of Directors

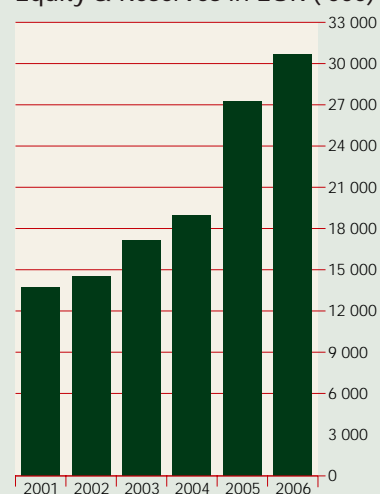
Balance Sheet in EUR ('000)



Profit before Taxes in EUR ('000)



Equity & Reserves in EUR ('000)



Brief Economic Review and Outlook

2006 showed another healthy year for the world economy, helped by increasing stock markets and raising property prices. The world economy expanded by 5.2% up from the 4.5% growth we experienced in 2005. It thus continued to run above its long term potential argued to be an expansion of just above 4% for the world as a total and a more modest 3-3.5% for the industrialized world. Towards the end of the year forecasts prepared the investors for the possibility of a hard landing in the US economy which should be driven by a crash in the housing markets. Furthermore the frenzy expansion of the Chinese economy caused analysts to foresee a crash landing.

The equity markets continued to deliver solid returns to the investors. Equity markets were driven by good growth in corporate earnings and high activity in mergers and acquisitions. Private equity funds and groups continued to acquire companies at relatively high valuations, many with relatively high leverage. This gives us certain worries about the impact of an unforeseen decline in the economic climate.

The US markets measured by S&P 500 returned 15.6%. The European market measured by MSCI European Index returned 21.62% and the Japanese Nikkei index returned 7.9%. In Scandinavia, by other countries quoted as "model economies", thanks to very healthy public finances and low unemployment, we again experienced very high returns. Sweden returned 25.4%; Denmark returned 21.2% and Norway 32.4% over 2006.

The fear of lower economic growth, a bubble in the housing market and a lower interest rate spread to the Euro caused the USD to depreciate by 11.4% against the Euro. It is now deemed to be undervalued by some 15% measured by the purchasing power parity. The JPY lost both toward the USD and the EUR by respectively 1.1% and 12.5%. Also the Scandinavian currencies gained towards the USD.

The upwards trend on interest rates continued. The Federal Reserve hiked interest rates 4 times in the beginning of 2006, taking the fed rate from 4.25% to 5.25%. The fed rate has been on hold since the latest hike in June 2006. With inflation pressure and economic growth to ease it is unlikely that The Federal Reserve will hike interest rates further near term but will most likely keep a neutral interest rate policy for the current time. Albeit The Federal Reserve governor Bernanke still sees inflation risks in the economy, we do not believe that interest rates will be hiked further near term. In Europe, the European Central Bank took their "Refi" rate from 2.25% to 3.5% in a continued attempt to fight inflation pressure. The Scandinavian central banks followed the general trend set by their American and European Colleagues. Going forward we believe that interest rates in Europe will continue their upward trend whereas US interest rates will be on hold for the year to come. This leaves long term fixed income investments with relatively poor return expectations for the risk taken.

Brief Economic Review and Outlook (cont'd)

2007 still seems to offer a good climate for economic growth. Some economies, notably USA, have shown signs of a slow down but we seem far from the crash scenarios that the forecasters presented in the end of 2006. The housing market decrease, which for many is seen as the largest danger to the economy, seems to be under control. We have seen a slow down in the expansion of property prices both in USA and in Europe, but a crash seems unlikely in the foreseeable future. The US economy will most probably experience a slow down in the economic growth to a going rate of 2-2.5%, growing below its long term potential. Europe is expected to continue growing at a rate just above 2.5%. The strongest growth is still expected to be seen in Emerging markets, especially China. The Scandinavian countries are expected to experience growth rates a touch better than the one for other Europe.

Legislative elections will be held in Russia on December 2nd 2007 followed by presidential Election in March 2008. President Putin is barred from seeking a third term by the Russian Constitution. We do however not see any change in the political climate and expect Putin's United Russia Party to stay in power, helped by the popularity they are enjoying in their graduate process of transforming Russia into free market economy. The same cannot be said for his President Bush, who seems to bear an unforeseen heavy burden by the lack of control in Iraq. This makes an outlook on the November 2008 presidential election difficult, although the party in power still have a slight lead in the latest opinion polls. It is too early to predict an impact on the economic evolution of the US economy with the current environment of political uncertainty around these 2 players.

We foresee the demand for raw materials to stay high going forward and we do not expect any long lasting decrease in neither oil prices nor in other raw materials although short term corrections cannot be ruled out.

Corporate earnings will continue to be strong and together with an expected record activity in M&A are expected giving continued positive long term prospects for the equity markets in general. Despite a favorable long term view, some corrections should be expected due to the rapid increase that we have experienced since the bottom in 2003.

We expect companies within themes such as security, renewable energy, waste management and water treatment to do well in the long-term as the demand seems to increase for their expertise. Due to the specific nature of the various economic sectors in the new technologies, larger investments are further foreseen to be going alternatively to investment funds who offer a proper diversification.

The USD is not expected to continue its devaluation to the EUR from last year but might near term stay on undervalued levels due to focus of lower growth, lower interest rate spreads to Europe and concerns about the budget deficit. We expect the SEK and the NOK to increase towards the EUR, helped by healthy economies in these countries.

Auditor's Report

To the Board of Directors Banque Invik S.A.

Following our appointment by the Board of Directors dated May 4, 2006 we have audited the accompanying annual accounts of Banque Invik S.A., which comprise the balance sheet as at December 31, 2006, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts.

The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these annual accounts give a true and fair view of the financial position of Banque Invik S.A. as of December 31, 2006, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is in accordance with the annual accounts.

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by

Rima Adas

Luxembourg, May 3, 2007

Profit and Loss Accounts for the Year Ended December 31

(expressed in EUR)

	Notes	2006	2005
Interest receivable and similar income		24 372 775	12 574 488
Interest payable and similar charges		(20 241 167)	(9 113 574)
Commissions receivable		21 348 452	16 056 498
Commissions payable		(9 135 199)	(4 562 988)
Net profit on financial operations		3 739 914	3 291 879
Other operating income	15.3	507 942	827 204
General administrative expenses		(12 190 862)	(10 337 684)
• staff costs		(5 413 118)	(4 572 601)
of which:			
. wages and salaries		(4 467 172)	(3 859 737)
. social security costs		(836 164)	(602 639)
of which: pensions costs		(223 536)	(176 189)
• other administrative expenses		(6 777 744)	(5 765 083)
Value adjustments in respect of intangible and tangible assets	7.1	(552 967)	(302 513)
Other operating charges	15.2	(112 216)	(41 943)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		(1 877 299)	(2 231 882)
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		168 590	69 912
Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		(31)	-
Tax on profit on ordinary activities		(942 735)	(1 047 100)
Profit on ordinary activities after tax		5 085 197	5 182 297
Extraordinary income	15.4	514 508	-
Extraordinary charges	15.5	(10 855)	-
Tax on extraordinary profit or loss		(95 694)	-
Extraordinary profit or loss after tax		407 959	-
Other taxes not shown in the preceding items		(171 097)	(150 069)
Profit for the financial year		5 322 059	5 032 228

The accompanying notes form an integral part of these annual accounts.



Balance Sheet as at December 31

(expressed in EUR)

Assets	Notes	2006	2005
Cash in hand, balances with central banks and post office banks	4	9 907 226	5 535 427
Loans and advances to credit institutions			
• repayable on demand		47 225 384	77 920 350
• other loans and advances		199 987 191	237 750 171
Loans and advances to customers	5.2	321 913 100	176 413 903
Shares and other variable-yield transferable securities	6	35 797	18 931
Shares in affiliated undertakings	5.1, 6	108 161	1 610 161
Intangible assets	7.1, 7.2	1 393 532	536 459
Tangible assets	7.1, 7.3	545 481	513 234
Other assets	8	2 395 988	4 004 502
Prepayments and accrued income		19 521 433	25 734 117
Total Assets		603 033 293	530 037 255

The accompanying notes form an integral part of these annual accounts.

Off Balance Sheet Information as at December 31

(expressed in EUR)

	Notes	2006	2005
Contingent liabilities	14.1	1 786 494	1 842 013
of which:			
• guarantees and assets pledged as collateral security		681 681	726 178
Commitments	14.2	285 728 338	241 807 694

The accompanying notes form an integral part of these annual accounts.



Notes on the Accounts as at December 31, 2006

NOTE 1 - GENERAL

Banque Invik S.A. ("the Bank") was incorporated as a "Société Anonyme" in the Grand Duchy of Luxembourg on January 25, 1989. The Bank is principally active in the following areas: private banking, credit cards, treasury, corporate advice, fund management and domiciliation services.

At year-end the shareholding of the Bank is held at 99.9 % by Invik & Co AB, Sweden and 0.1 % by Invik Trading AB, Sweden.

The parent company for which consolidated financial statements are prepared is Invik & Co. AB, registered in Sweden. The consolidated financial statements of Invik & Co. AB are available at their registered office at Skeppsbron 18, Stockholm, Sweden.

The Bank has established a branch in Stockholm, Sweden on September 15, 1996.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

These annual accounts have been prepared in conformity with accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg. The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by law and by the regulations in Luxembourg.

On the basis of the criteria set out by the Luxembourg law, the Bank is exempted from establishing consolidated accounts and a consolidated director's report for the year ended December 31, 2006. In accordance with the amended law of June 17, 1992, the said accounts were consequently presented on an unconsolidated basis for approval by the annual general meeting of shareholders.

2.2 FOREIGN CURRENCIES

The annual accounts are expressed in euro ("EUR"). The Bank has adopted a multi-currency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they were created. For the preparation of the annual accounts, amounts in foreign currencies are translated into EUR on the following basis:

2.2.1 SPOT TRANSACTIONS

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rate applicable at the balance sheet date.

Income, charges and purchases of fixed assets are recorded in the currency in which they are collected or disbursed and are translated into EUR at the rates ruling on the transactions dates.

Unsettled spot foreign exchange transactions are translated into EUR at the spot rate of exchange prevailing on the balance sheet date. Foreign exchange gains and losses resulting from spot transactions not hedged by forward transactions are accounted for in the profit and loss account for the year.

Foreign exchange gains and losses resulting from spot transactions hedged by forward transactions are neutralized through "prepayments and accrued income" and "accruals and deferred income" accounts. Differences arising due to the disparity between spot and forward exchange rates are amortised in the profit and loss account prorata temporis.

2.2.2 FORWARD TRANSACTIONS

Unsettled forward exchange transactions are translated into EUR at the forward rate prevailing on the balance sheet date for the remaining maturity.

Unrealised exchange losses on forward foreign exchange contracts are recognised currently in the profit and loss account. Unrealised exchange gains on forward foreign exchange contracts are not included, and are only recognised when ultimately realised, except when such contracts form an economic unit with off-setting foreign exchange transactions.

2.3 INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets are valued at cost less accumulated depreciation. The acquisition cost includes the costs to purchase the assets. Depreciation is provided for on a systematic basis over the estimated useful life of the related assets or at the rates specified below.

In case of durable reduction in value, intangible and tangible assets are subject to value adjustments, regardless of whether their utilization is limited. The valuation at the inferior value is not maintained if the reasons for which the value adjustments were made no longer exist.

Notes on the Accounts as at December 31, 2006 (cont'd)

2.3.1 INTANGIBLE ASSETS

Intangible fixed assets are amortised on a straight-line basis at the following rates per year:

Formation expenses	20 %
Software	33,33 %

Goodwill is amortised on a straight-line basis over their estimated useful lives within a period not exceeding five years.

2.3.2 TANGIBLE ASSETS

Tangible assets are used by the Bank for its own operations and amortised on a straight-line basis over their estimated useful lives at the following rates:

Office equipment	20/25/33,33 %
Hardware	25/33,33 %
Other	2/20/25 %

2.4 VALUATION OF VARIABLE-YIELD TRANSFERABLE SECURITIES

The Bank holds neither an investment portfolio of financial fixed assets nor a trading portfolio. The structural securities portfolio is valued at the lower of cost or market value. A value adjustment is made when the market value at the balance sheet date is lower than the acquisition cost. The valuation at the inferior value is not maintained if the reasons for which the value adjustments were made no longer exist.

2.5 VALUATION OF SHARES IN AFFILIATED UNDERTAKINGS

Securities having the characteristics of shares in affiliated undertakings are valued at their acquisition cost in their original currency. Where a diminution in value has occurred which is considered to be permanent in nature, an adjustment is made to the carrying value of the related security.

2.6 LOANS AND ADVANCES

Loans and advances are stated at disbursement value less repayments made and any value adjustments required. Accrued interests are recorded in balance sheet caption "prepayments and accrued income". The policy of the Bank is to establish specific provisions for doubtful debts in accordance with the circumstances and for amounts specified by the Board of Directors. These provisions are deducted from the appropriate asset account balances.

2.7 FUND FOR GENERAL BANKING RISKS

The Bank has created a fund for general banking risks intended to cover particular risks associated with banking operations. Increases or decreases to this fund are determined based on the profit after tax, but before determining the profit for the financial year, and are not subject to limitations.

2.8 LUMP-SUM PROVISION

A general reserve for potential risk on balance sheet and off balance sheet items has been booked. This tax deductible provision is deducted from the corresponding assets. The lump-sum provision calculated on off balance sheet items is booked under the item "provision for liabilities and charges: other provisions".

NOTE 3 - ANALYSIS OF FINANCIAL INSTRUMENTS

3.1 STRATEGY REFLECTING THE USE OF FINANCIAL INSTRUMENTS

The Bank's strategy is to provide active trading in all kind of securities and foreign currencies for the account of clients. The Bank does not trade or take positions for its own account. In addition, the Bank advises its customers in financial matters, including asset management:

- for short term investments: to invest in cash deposits with automatic renewals at maturity;
- for medium term investments: to invest at the clients' requests in shares, investment funds and bonds tailored to the customers' risk profile with a 3 to 5 year investment perspective.

The Bank does not trade financial instruments for other purposes than hedging positions taken in relation with customers' transactions.

Notes on the Accounts as at December 31, 2006 (cont'd)

3.2 ANALYSIS OF FINANCIAL INSTRUMENTS

3.2.1 INFORMATION ON PRIMARY FINANCIAL INSTRUMENTS

The tables below analyse the level of primary non-trading financial instruments of the Bank, in terms of carrying amounts, into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

3.2.1.1 ANALYSIS OF FINANCIAL INSTRUMENTS - PRIMARY NON-TRADING INSTRUMENTS

(at carrying amount - EUR) as at December 31, 2006

Instrument class (financial assets)	Primary non-trading instruments				No-maturity	Total
	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years		
Cash in hand, balances with central banks and post office banks					9 907 226	9 907 226
Loans and advances to credit institutions	246 832 761	379 814				247 212 575
Loans and advances to customers	106 294 756	212 705 434	2 912 910			321 913 100
Shares and other variable-yield transferable securities					35 797	35 797
Total financial assets	353 127 517	213 085 248	2 912 910		9 943 023	579 068 698
Non financial assets					23 964 595	23 964 595
Total Assets	353 127 517	213 085 248	2 912 910		33 907 618	603 033 293
Instrument class (financial liabilities)						
Amounts owed to credit institutions:						
• repayable on demand	3 371 463					3 371 463
• with agreed maturity dates or periods of notice	16 975 868					16 975 868
Amounts owed to customers:						35 797
• repayable on demand	130 928 202					130 928 202
• repayable at term or with notice	198 139 922	198 797 971	2 793 382			399 731 275
Total financial liabilities	349 415 455	198 797 971	2 793 382			551 006 808
Non financial liabilities					52 026 485	52 026 485
Total Liabilities	349 415 455	198 797 971	2 793 382		52 026 485	603 033 293

As at December 31, 2006, the Bank held no primary trading financial instruments.

Notes on the Accounts as at December 31, 2006 (cont'd)

3.2.1.2 ANALYSIS OF FINANCIAL INSTRUMENTS - PRIMARY NON-TRADING INSTRUMENTS

(at carrying amount - EUR) as at December 31, 2005

Instrument class (financial assets)	Primary non-trading instruments					Total
	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	No-maturity	
Cash in hand, balances with central banks and post office banks					5 535 427	5 535 427
Loans and advances to credit institutions	315 047 095	623 426				315 670 521
Loans and advances to customers	83 054 546	90 728 364	2 630 993			176 413 903
Shares and other variable-yield transferable securities					18 931	18 931
Total financial assets	398 101 641	91 351 790	2 630 993		5 554 358	497 638 782
Non financial assets					32 398 473	32 398 473
Total Assets	398 101 641	91 351 790	2 630 993		37 952 831	530 037 255
Instrument class (financial liabilities)						
Amounts owed to credit institutions:						
• repayable on demand	96 381					96 381
• with agreed maturity dates or periods of notice	13 791 732					13 791 732
Amounts owed to customers:						
• repayable on demand	127 191 806					127 191 806
• repayable at term or with notice	250 053 236	89 614 478	2 519 526			342 187 240
Total financial liabilities	391 133 155	89 614 478	2 519 526			483 267 159
Non financial liabilities					46 770 096	46 770 096
Total Liabilities	391 133 155	89 614 478	2 519 526		46 770 096	530 037 255

As at December 31, 2005, the Bank held no primary trading financial instruments.

Notes on the Accounts as at December 31, 2006 (cont'd)

3.2.2 INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

3.2.2.1 DESCRIPTION OF THE DERIVATIVE FINANCIAL INSTRUMENTS USED

The Bank enters into the following derivative instruments for hedging purposes:

- **Currency forwards** represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.
- **Currency swaps** are commitments to exchange one of cash flows for another. Swaps result in an economic exchange of currencies.

3.2.2.2 ANALYSIS OF DERIVATIVES / FINANCIAL INSTRUMENTS

The tables below analyse the level of derivative financial instruments (non-trading) within the Bank, broken down in terms of notional amount, into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. OTC derivative instruments and exchange-traded instruments are separately disclosed.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable or unfavorable as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Derivative non-trading instruments

(disclosed on basis of nominal amounts) OTC as at December 31, 2006

In EUR	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	Total	Fair Value	
						Positive	Negative
Currency							
Forwards	95 762 997	199 839 028			295 602 025	6 920 355	(6 829 050)
Swaps	44 210 890				44 210 890	5 534	(6 522)
Total Liabilities	139 973 886	199 839 028			339 812 915	6 925 889	(6 835 572)

Derivative non-trading instruments

(disclosed on basis of nominal amounts) OTC as at December 31, 2005

In EUR	Less than 3 months	> 3 months to 1 year	> 1 year to 5 years	> 5 years	Total	Fair Value	
						Positive	Negative
Currency							
Forwards	161 424 709	267 817 894			429 242 603	7 631 543	(7 409 473)
Swaps	38 718 825				38 718 825	5 988	(6 100)
Total Liabilities	200 143 534	267 817 894			467 961 428	7 637 531	(7 415 573)

Notes on the Accounts as at December 31, 2006 (cont'd)

3.3 CREDIT RISK

3.3.1 DESCRIPTION OF CREDIT RISK

The Bank applies in general the following credit policy:

- for interbank transactions: to place funds with "first class" banks within the internal limits fixed by the Board of Directors;
- for loans granted to customers: fully collateralised by cash, marketable securities and /or guarantees; securities-collateralised loans must be covered by securities whose market value is or exceeds 140% of the loan granted to the customer.

All the loans have to be approved by a credit committee composed of senior managers of the Bank. In addition, loans exceeding EUR 1 mio must be signed by 1 director and, when exceeding EUR 5 mio by 2 directors mandated by the Board.

3.3.2 MEASUREMENT OF CREDIT RISK EXPOSURE

Information on credit risk as it relates to financial instruments is disclosed on the basis of the carrying amount that best represents the maximum credit risk exposure at the balance sheet date without taking account of any collateral.

With respect to derivative instruments dealt in other than a recognized regulated market (OTC), the carrying amount (principal or notional amount) does not reflect the maximum risk exposure.

The Bank calculates credit risk associated with OTC derivative instruments using the original exposure approach. The disclosure is restricted to the risk equivalent amounts obtained under this method, in accordance with the provisions of CSSF circular 2000/10.

The table below discloses the level of credit exposure in terms of notional amounts, risk-equivalent amounts and net risk exposure adjusted for collateral, if any, broken down by the degree of credit worthiness of the counterparty based on internal ratings.

Credit risk information

OTC derivative instruments (in EUR) as at December 31, 2006

	Notional amount*(1)	Risk equivalent amount*(2)	Collateral (3)	Net risk exposure (4)=(2)-(3)
Currency forward and swaps				
• weighting at 2%	339 928 146	2 392 845	-	2 392 845

* net of the effect of any enforceable netting agreements

Credit risk information

OTC derivative instruments (in EUR) as at December 31, 2005

	Notional amount*(1)	Risk equivalent amount*(2)	Collateral (3)	Net risk exposure (4)=(2)-(3)
Currency forward and swaps				
• weighting at 2%	468 199 210	3 263 788	1 861 537	1 402 251

* net of the effect of any enforceable netting agreements.

Figures disclosed in this note are notional amount correspond to the receivable amounts whereas in all other concerned noted the information disclosed is the payable exposure.

Notes on the Accounts as at December 31, 2006 (cont'd)

3.3.2.1 ANALYSIS OF CREDIT RISK EXPOSURE AS AT DECEMBER 31, 2006

Credit risk on financial instruments (internal risk method)

	Notional amount*	Risk equivalent amount**
Counterparty solvency based on internal ratings :		
Interbank placings :	237 880 336	45 594 622
Cash in hand, central banks and post office banks	9 907 226	-
Banks OECD, (all first class banks)	227 580 291	45 516 058
Banks non OECD	392 819	78 564
Loans and advances to customers:	335 065 290	79 536 230
Category a (collateralised by cash deposits)	240 116 485	-
Category b (collateralised by transferable securities)	57 554 720	57 554 720
Category c (staff loans)	141 913	129 350
Category d (credit card balances)		
d1) guaranteed by banks	19 239 465	3 847 893
d2) cash collateral	8 440	-
d3) other balances	11 123 698	11 123 698
Category e (other loans)	6 880 569	6 880 569
Brokers	6 087 276	6 087 276
Shares and other variable-yield transferable securities	35 797	35 797
Guarantees granted to customers:	1 786 494	194 072
Category a (collateralised by cash deposits)	1 592 422	-
Category e (other guarantees)	194 072	194 072
Credit commitments:	285 728 338	-

3.3.2.1 ANALYSIS OF CREDIT RISK EXPOSURE AS AT DECEMBER 31, 2005

Credit risk on financial instruments (internal risk method)

	Notional amount*	Risk-equivalent amount**
Counterparty solvency based on internal ratings :		
Interbank placings :	315 080 859	61 909 086
Cash in hand, balances with central banks and post offices	5 535 427	-
Banks OECD, (all first class banks)	309 068 220	61 813 644
Banks non OECD	477 212	95 442
Loans and advances to customers:	182 386 954	49 408 551
Category a (collateralised by cash deposits)	127 924 125	-
Category b (collateralised by wtransferable securities)	19 324 037	19 324 037
Category c (staff loans)	167 911	153 453
Category d (credit card balances)		
d1) guaranteed by banks	6 125 089	1 225 018
d2) cash collateral	139 748	-
d3) other balances	20 765 048	20 765 048
Category e (other loans)	7 940 996	7 940 996
Brokers	152 038	152 038
Shares and other variable-yield transferable securities	18 931	18 931
Guarantees granted to customers:	1 842 013	242 769
Category a (collateralised by cash deposits)	1 599 244	-
Category e (other guarantees)	242 769	242 769
Credit commitments:	241 807 694	-

* The notional amount is compensated with the lump-sum provision and specific provisions for doubtful debts, when applicable.

** The risk equivalent amount corresponds to the net risk exposure calculated based on weighted amounts according to the criteria set for the capital adequacy ratio. It also takes into consideration collateral, if any.

Notes on the Accounts as at December 31, 2006 (cont'd)

3.3.3 CONCENTRATIONS OF CREDIT RISK

The tables below show credit risk concentration as it relates to financial instruments from on- and offbalance sheet exposures by geographic location and economic sector.

Geographical concentrations of credit risk

Geographical zone	Credits and other balance sheet items		Commitments & guarantees		OTC derivatives	
	2006	2005	2006	2005	2006	2005
OECD*	557 446 933	485 921 834	287 207 609	242 445 904	339 812 915	467 961 428
NON OECD	21 621 765	11 716 948	307 223	1 203 803	-	-
Total	579 068 698	497 638 782	287 514 832	243 649 707	339 812 915	467 961 428

* The exposure towards OECD countries takes into account loans for EUR 178 mio (2005 : EUR 90 mio) granted to non OECD countries, which are guaranteed by deposits made by companies located in OECD countries.

CONCENTRATION OF CREDIT RISK BY ECONOMIC SECTOR

The table below shows that credit exposure on credit institutions constitutes over 48 % of the total credit risk of the Bank as at December 31, 2006 (2004: 49%).

Concentration of credit risk by economic sector

Economic Sector	Credits and other balance sheet items		Commitments & guarantees		OTC derivatives	
	2006	2005	2006	2005	2006	2005
Banks	257 119 801	321 205 948	143 891 513	41 722 491	173 150 999	233 704 227
Private clients	79 657 101	57 662 861	108 910 902	189 359 427	7 662 767	7 156 536
Telecom	177 290 528	90 469 270	1 167 674	982 234	137 522 880	181 548 821
Others	65 001 268	28 300 703	33 544 743	11 585 555	21 476 269	45 551 844
Total	579 068 698	497 638 782	287 514 832	243 649 707	339 812 915	467 961 428

As an active participant in the international banking markets, the Bank has a significant concentration of credit risk with other first class financial institutions that are all approved by the board. In total, credit risk exposure to financial institutions amounts to EUR 574,2 mio at December 31, 2006 (2005: EUR 596,6 mio) of which EUR 317,1 mio (2005: EUR 275,4 mio) linked to off-balance sheet items.

3.4 MARKET RISK

The Bank's exposure on market risk in connection with its own portfolio of shares and other variable-yield transferable securities as well as the exposure pertaining to affiliated undertakings and loans granted to customers collateralised by securities has increased compared to last year. This type of lending activity is still limited and represents as per year-end 17% of the loans granted to customers. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The bank's strategy is very conservative; all trading activities are customer based.

The currency forward and swaps positions as per year-end have been concluded purely for hedging purposes.

NOTE 4 - CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS

In accordance with the requirements of the European Central Bank, the Luxembourg Central Bank implemented, effective January 1, 1999, a system of mandatory minimum reserves which applies to all Luxembourg credit institutions. The minimum reserve balance as at December 31, 2006 held by the Bank with the Luxembourg Central Bank amounted to EUR 9 765 178 (2005: EUR 5 509 567).

Notes on the Accounts as at December 31, 2006 (cont'd)

NOTE 5 - SHARES IN AFFILIATED UNDERTAKINGS

5.1 SUMMARY OF SHARES IN AFFILIATED UNDERTAKINGS

At December 31, 2006, the Bank held at least 20% of the capital of the following companies:

Name	Registered office	% of participation	Value at 31.12.06 EUR	Total Shareholders' equity (unaudited 31.12.06) EUR
Shares in affiliated undertakings				
Modern Funds Management Cy S.A.	Luxembourg	100.00 %	-	(2 837 676)
Altlorenscheuerhof S.A.	Luxembourg	33.33 %	15 493	1 138 746
Inlux Norge AS	Norway	100.00 %	12 330	10 061*
Modern Treuhand BV	Netherlands	100.00 %	18 400	132 488
Modern Treuhand S.A.	Luxembourg	99.90 %	30 969	20 197*
Modern Processing S.A.	Luxembourg	99.90 %	30 969	31 000
			108 161	

* figures 2005

The investment in Modern Fund Management Company S.A. is recorded at a cost value of EUR 125 000. Modern Fund Management Company S.A. has been making substantial losses so that a provision is recorded to reflect this impairment. The participation in Banque Invik Asset Management S.A. has been sold to Modern Funds Management Company S.A. at book value on December 8, 2006. The transfer of ownership has occurred in view of the merger planned for 2007 by absorption of Banque Invik Asset Management S.A. by Modern Fund Management Company S.A.

5.2 LOANS AND ADVANCES TO AND DEBTS OWED TO AFFILIATED UNDERTAKINGS

Assets	2006 EUR	2005 EUR
• Loans and advances to customers	5 850 519	95 660 531
Liabilities		
• Amounts owed to customers	25 506 935	196 271 151

The decrease of the exposure towards affiliated undertakings is due to changes during 2006 of the perimeter of Invik & Co. AB affiliated companies.

NOTE 6 - TRANSFERABLE SECURITIES

Quoted and unquoted transferable securities

	Quoted securities EUR 2006	Unquoted securities EUR 2006	Total EUR 2006	Total EUR 2005
Shares and other variable-yield securities	-	35 797	35 797	18 931
Shares in affiliated companies	-	108 161	108 161	1 610 161
	-	143 958	143 958	1 629 092

Notes on the Accounts as at December 31, 2006 (cont'd)

NOTE 7 - FIXED ASSETS

7.1 MOVEMENTS IN FIXED ASSETS

	Gross Value			
	Gross value at the beginning of the financial year EUR	Additions/ transfers EUR	Disposals/ transfers EUR	Gross value at the end of the financial year EUR
Shares in affiliated undertakings	1 735 130	-	(1 502 000)	233 130
Intangible fixed assets	7 832 203	1 274 691	-	9 106 894
of which:				
• formation expenses	158 208	-	-	158 208
• concessions, patents, licenses, trademark and similar rights	6 982 318	1 274 691	-	8 257 009
• goodwill	691 677	-	-	691 677
Tangible fixed assets	2 625 189	205 507	(52 355)	2 778 341
of which:				
• Technical equipment and machinery	2 622 031	205 507	(52 355)	2 775 183
• Payment on account	3 158	-	-	3 158

	Value adjustments			Carrying amount	
	Cumulative value adjustments at the beginning of the financial year EUR	Value adjustments EUR	Reversal of value adjustments EUR	Cumulative value adjustments at the end of the financial year EUR	Net book value at the end of the financial year EUR
Shares in affiliated undertakings	124 969	-	-	124 969	108 161
Intangible fixed assets	7 295 744	417 618	-	7 713 362	1 393 532
of which:					
• formation expenses	158 208	-	-	158 208	-
• concessions, patents, licenses, trademark and similar rights	6 445 859	417 618	-	6 863 477	1 393 532
• goodwill	691 677	-	-	691 677	-
Tangible fixed assets	2 105 413	135 349	(14 834)	2 225 928	552 413
of which:					
				less lump-sum	(6 933)
					545 481
• Technical equipment and machinery	2 105 413	135 349	(14 834)	2 225 928	549 255
• Payment on account	-	-	-	-	3 158

Notes on the Accounts as at December 31, 2006 (cont'd)

7.2 INTANGIBLE ASSETS

Intangible assets include software used by the Bank within the framework of its activities.

7.3 TANGIBLE FIXED ASSETS

Tangible assets under EUR 868 are recorded directly into profit and loss account.
All tangible assets are used by the Bank for its own operations.

NOTE 8 - OTHER ASSETS

“Other assets” at December 31, 2006 comprise:

	2006 EUR	2005 EUR
Receivables from affiliated companies	144 384	2 183 192
Receivables from domiciliation fees	1 904 470	1 436 560
Other	347 134	384 750
	2 395 988	4 004 502

NOTE 9 - OTHER LIABILITIES

«Other liabilities» comprise the following items at December 31, 2006:

	2006 EUR	2005 EUR
Payables to affiliated companies	-	270 039
Privileged debtors	234 001	125 990
Other debtors	486 678	167 487
	720 679	563 516

NOTE 10 - SUBSCRIBED CAPITAL

- The Bank has an authorised capital of EUR 40 158 751 divided into 21 900 000 A shares and 5 100 000 B shares without any par value.
- The Bank has an issued corporate capital of EUR 13 170 000 divided into 8 780 000 A registered shares without any par value, fully paid in. In addition the Bank has at its disposal a share premium for a value of EUR 1 785 209.
- The Class A shares entitle holders thereof to dividends. The Class B shares entitle the holders thereof to a cumulative preferential dividend of 0.1 % of the nominal value of the Class B shares and to a dividend equal to the dividend declared for the Class A shares.
- Each Class A share is entitled to one vote. The Class B shares do not carry a right to vote except in the circumstances as provided by the law.

NOTE 11 - RESERVES

Reserves include:

11.1 LEGAL RESERVE

In accordance with Luxembourg law, the Bank must transfer at least 5 % of its annual profit to the legal reserve until this reserve equals 10 % of subscribed capital. The legal reserve is not distributable.

Notes on the Accounts as at December 31, 2006 (cont'd)

11.2 SPECIAL RESERVE

In accordance with the tax law in force until December 31, 2001, the Bank reduced the Net Worth Tax (NWT) burden on the amount of the Corporate Income Tax (CIT). In order to comply with the tax law, the Bank decided to allocate under non-distributable reserves (item "special reserve") an amount that corresponds to five times the amount of credited Net Worth Tax. This reserve is non-distributable for a period of five years from the year following the one during which the Net Worth Tax was credited.

11.3 FREE RESERVE

The free reserve represents profit of prior year that has been appropriated by the Annual General Meeting of shareholders to a specific reserve referred to as "free reserve". The Annual General Meeting may approve the distribution of this reserve.

From the net result as per December 31, 2005 the Bank allocated EUR 2 000 000 to the free reserve.

NOTE 12 - CHANGES IN SHAREHOLDERS' EQUITY

The movements on shareholders' equity of the Bank may be summarised as follows:

	Subscribed Capital EUR	Share premium account EUR	Reserves EUR	Net profit brought forward EUR	Profit for the year EUR	Total EUR
Balance at December 31, 2005	13 170 000	1 785 209	5 586 286	1 297 643	5 032 228	26 871 366
Transfer to legal reserve	-	-	251 611	-	(251 611) -	
Transfer to special reserves	-	-	595 000	-	(595 000) -	
Transfer to free reserves	-	-	2 000 000	-	(2 000 000) -	
Profit brought forward	-	-	-	292 513	(292 513)	-
Dividends paid	-	-	-	(1 893 104)	(1 893 104)	-
Current year profit	-	-	-	-	5 322 059	5 322 059
Balance at December 31, 2006	13 170 000	1 785 209	8 432 897	1 590 156	5 322 059	30 300 321

The appropriation of last year's result was approved by the Annual Meeting of Shareholders on May 30, 2006.

NOTE 13 - POSITIONS IN FOREIGN CURRENCIES

	2006 EUR	2005 EUR
Total amount of assets in foreign currencies	427 216 809	353 219 212
Total amount of liabilities in foreign currencies	482 276 998	426 035 828

Notes on the Accounts as at December 31, 2006 (cont'd)

NOTE 14 - CONTINGENT LIABILITIES AND COMMITMENTS

14.1 CONTINGENT LIABILITIES

Contingent liabilities included in off-balance sheet accounts at December 31, 2006 comprised:

	2006 EUR	2005 EUR
Guarantees and other direct substitutes for credit	681 681	726 178
Counter-guarantees	721 881	820 779
Other	382 932	295 056
	1 786 494	1 842 013

Contingent liabilities include contingent liabilities in relation with affiliated companies amounting to EUR 189 994 (2005: EUR 1 231 850).

14.2 OFF-BALANCE SHEET COMMITMENTS

	2006 EUR	2005 EUR
Forward currency transactions	339 812 915	467 961 428
Confirmed credits not used	285 728 338	241 807 694
	625 541 253	709 769 122

Confirmed credits not used include credits to affiliated companies amounting to EUR 72 180 (2005: EUR 491 561) and forward sales of assets include forward sales to affiliated companies for EUR 27 219 397 (2005: EUR 212 313 297).

14.3 DEPOSIT GUARANTEE AND INVESTOR COMPENSATION SCHEME

All credit institutions in Luxembourg are a member of the non-profit making "Association pour la Garantie des Dépôts, Luxembourg" (AGDL).

The sole purpose of the AGDL is the establishment of a system of mutual guarantee for cash deposits and receivables from investment operations made by individuals with members, without distinction of nationality or residence, by companies incorporated under Luxembourg or another European Union Member State law, which are authorised, considering their size, to prepare an abridged balance sheet in conformity with the applicable law, as well as by those companies of a similar size as defined by law of another European Union Member State.

The AGDL reimburses to the deposit holder the amount of his guaranteed cash deposits and to the investor the amount of his guaranteed receivable up to EUR 20 000 per guaranteed cash deposit and up to EUR 20 000 per guaranteed receivable arising from investment operations other than that relating to a cash deposit.

14.4 MANAGEMENT AND FIDUCIARY SERVICES

The Bank has provided the following management and representative services to third parties in the course of the financial year:

- investment management and advice;
- safekeeping and administration of securities;
- company management and administration.

Notes on the Accounts as at December 31, 2006 (cont'd)

NOTE 15 - PROFIT AND LOSS ACCOUNT

15.1 BREAKDOWN OF INCOME BY GEOGRAPHIC MARKET

By application of Article 69 (2) of the law on the annual accounts of credit institutions, sources of income have not been analysed by geographic region.

15.2 OTHER OPERATING CHARGES

Other operating charges is made up of the provisions made for being the promoter of the fund business and expenses relating to previous years.(2006: EUR 112 216, 2005: EUR 41 943).

15.3 OTHER OPERATING INCOME

OTHER OPERATING INCOME AT DECEMBER 31, 2006 REPRESENTS:

	2006 EUR	2005 EUR
Income relating to prior years (including reversal of provisions)	76 504	278 524
Receivable from distributors on prepaid card packages	226 564	-
Other income	204 874	548 680
	507 942	827 204

15.4 EXTRAORDINARY INCOME

The extraordinary income consists of reductions in VAT based on processing fees from earlier years.

15.5 EXTRAORDINARY CHARGES

The extraordinary charges consist of a loss realised on the sale of a car.

15.6 TAX CHARGE

The Bank is liable to taxes on income, capital and net assets. The Luxembourg tax authorities have issued assessments for the years up to and including 1999 for income taxes and 2000 for the net worth tax. Tax liabilities are recorded under "Provisions for taxation" in the balance sheet.

Notes on the Accounts as at December 31, 2006 (cont'd)

NOTE 16 - INFORMATION RELATING TO PERSONNEL EMPLOYED AND MANAGEMENT

16.1 PERSONNEL EMPLOYED

The average number of employees during the financial year is detailed as follows:

	2006 EUR	2005 EUR
Senior management	4	4
Management	8	7
Employees	34	31
	46	42

16.2 MEMBERS OF THE BOARD AND MANAGERIAL BODIES

	Board of Directors		Managerial bodies	
	2006 EUR	2005 EUR	2006 EUR	2005 EUR
Remuneration	36 000	29 750	987 678	1 083 381
Loans and advances	-	-	-	45 629
Other commitments	-	-	123 063	72 766
Commitments relating to pension on behalf of former members	-	-	-	-

NOTE 17 - FEES OF THE INDEPENDENT AUDITOR

The fees of the independent auditor of the Bank for the year ended December 31, 2006 are as follows:

	2006 EUR	2005 EUR
Audit	130 000	110 120
Other assurance services	-	-
Tax	-	24 036
Other	-	2 000
	130 000	136 156

NOTE 18 - SUBSEQUENT EVENT

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.

In March 2007, the participation in Altlorenscheuerhof S.A. Luxembourg has been sold to Kinnevik AB.

On April 26, 2007 a wholly owned Swedish subsidiary of the Icelandic investment company Milestone has acquired 63,1% of the votes and 25,9% of the capital in Invik & Co. AB. At the same time, Milestone has made a cash offer on the remaining part of the Invik shares. The acquisition and the offer are conditional upon the approval of the relevant financial supervisory authorities.

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