

Company announcement
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Executive Board:
Carsten Roth
Phone number: +45 59576000

**Preliminary announcement of
financial statements
for 2007**

Preliminary announcement of financial statements – in headlines

Performance for 2007

- Very satisfactory results for the Skælskør Bank Group, above budget.
- Pre-tax profit of DKK 47.6m, corresponding to a small decline of 4% on last year.
- High capital adequacy ratio of 12.6%, which is 1% up on 2006. The capital adequacy ratio is estimated at 8%.
- The difference between deposits and loans and advances is funded through long-term loans
- Translation/market value adjustments amount to DKK 25.7m compared to DKK 16.5m last year
- Impairment losses on loans, advances and receivables, etc of DKK 13.0m.
- Dividends of DKK 4 per share will be paid to the shareholders

This document is an unofficial translation of the Danish original. In the event of any inconsistencies the Danish version shall apply.

Key figures Skælskør Bank Group DKK'000	2007	2006	2005	2004	2003
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Income statement					
Interest income - net	87,007	81,597	69,490	66,251	60,080
Net fee and commission income, etc	43,190	48,089	45,257	34,463	29,039
Net interest and fee income	130,197	129,686	114,747	100,714	89,119
Staff costs and administrative expenses	-93,167	-88,970	-80,054	-70,006	-61,932
Other net operating expenses	111	1,248	-3,489	1,166	-3,145
Impairment losses on loans, advances and receivables, etc	-12,965	-8,770	-285	-9,419	-20,477
Core earnings	24,176	33,194	30,919	22,455	3,565
Translation/market value adjustments	25,706	16,459	2,570	10,720	27,988
Profit/loss from investments in associates	-2,256	0	0	0	0
Profit before tax	47,626	49,653	33,489	33,175	31,553
Income taxes	-10,333	-11,223	-7,959	-8,184	-4,448
Profit for the year	37,293	38,430	25,530	24,991	27,105

Balance sheet					
Bonds and shares	384,878	317,719	378,822	328,286	371,780
Total assets	2,549,254	2,110,307	1,772,959	1,397,824	1,314,284
Equity	299,990	277,443	250,300	241,222	219,432

Business volume					
Loans and advances	1,865,243	1,527,899	1,236,285	892,273	728,785
Deposits	1,474,450	1,374,119	1,190,211	1,046,506	972,231
Guarantees	1,638,156	1,540,641	1,159,453	868,450	687,705

Areas of activity								
	Skælskør	Korsør	Slagelse	Dalmose	Sorø	Kalund borg	Holbæk	Business centre
Loans and advances	27.9%	6.0%	16.8%	11.4%	5.2%	4.4%	17.5%	10.8%
Deposits	40.4%	8.1%	21.3%	14.6%	3.3%	3.2%	4.2%	4.9%

Comments on the financial statements for 2007

Accounting policies

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent financial statements are presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc and Danish Accounting Standards.

The consolidated financial statements for 2007 are the Group's second set of financial statements presented in accordance with IFRS.

Financial performance

The Skælskør Bank Group's profit for 2007 amounts to DKK 47.6m before tax which is a decline of 4% on 2006. Results are better than those provided for in the budget which were DKK 42-46m. Profit for the year is DKK 37.3m which is less than last year.

Management considers this performance very satisfactory.

Results for 2007 have been realised in spite of a difficult market with a heavily fluctuating interest rate but particularly in the last half of the year where interest rates have been on the rise. Also, the financial crisis in the USA has forced up prices for liquidity.

The Bank's capital adequacy ratio makes up 12,6 % which is 1% up on 2006. The capital adequacy ratio is estimated at 8%.

In 2007, Skælskør Bank has invested in the refurbishment and modernisation of several branches of the Bank. Lobby banking services have been established so that customers may help themselves to services almost 24 hours a day.

The Bank has had a high activity level with an increasing business volume in the entire group. Total business volume (deposits, loans and advances and guarantees) has gone up by 12% from DKK 4,443m to DKK 4,978m.

The difference between the Bank's deposits and loans and advances is funded by means of long-term loans with a life between 1 and 5 years.

Net interest and fee income

Net interest and fee income amounts to DKK 130.2m compared with DKK 129.7m in 2006.

Net interest income has increased by 7% to DKK 87.0m and is positively affected by increasing lending and negatively affected by a declining interest rate margin as a result of tougher competitive conditions.

Net fees and commission income have decreased by 11% to DKK 43.2m.

Translation/market value adjustments

These adjustments amount to DKK 25.7m compared to DKK 16.5m last year. The adjustments consist of a capital gain on shares of DKK 26.8m, a capital loss on bonds of DKK 2.8m and exchange gain, interest yield, etc of DKK 1.7m.

Of the total capital gain, jointly owned companies account for DKK 6.5m.

Staff costs and administrative expenses

Staff costs and administrative expenses have increased by 5% from DKK 89.0m in 2006 to DKK 93.2m in 2007.

The increase is a result of the Bank's continued expansion and growing business volume. Also, the Bank has launched on a number of initiatives, such as the establishment of a business centre to secure better future earnings and a construction project at Nordre Ringgade i Slagelse, where the Bank's finance

department, branch service and business centre will be combined in a business and finance centre at the end of 2008.

Impairment losses on loans, advances and other receivables

Impairment losses on loans and advances amount to DKK 13.0m compared to DKK 8.8m last year and are up by DKK 2m more than expected. The increase has been caused by a major one-off impairment loss relating to a manufacturing business where the basis for the sale of its products no longer exists. Other impairment losses are small and do not vary from those previously forecasted.

Balance sheet

At year-end 2007, the consolidated balance sheet totals DKK 2,549m compared with last year's DKK 2,110m, which is a rise of 21%.

Deposits

Deposits are up from DKK 1,374m in 2006 to DKK 1,474m in 2007, which is an increase by 7%.

Loans and advances

Loans, advances and other receivables are up from DKK 1,528m in 2006 to DKK 1,865m in 2007, which is an increase by 22%.

Equity

Equity is up from DKK 277m in 2006 to DKK 300m in 2007, or 8%.

Outlook for 2008

Group earnings expectations for 2008 are based on the assumption that the present growth in the Danish economy will be maintained in 2008. Total net interest income is expected to rise by 20% as a result of an increase in loan growth and an expectation that the average interest rate is increasing. Net fee income is expected to increase slightly as a result of the Bank's growing activity level.

We expect a pre-tax profit between DKK 43m and DKK 48m.

Other circumstances

In early 2007 the Competition Council judged that Skælskør Bank, together with 6 other local banks, had violated the Danish Competition Act in specific respects. Skælskør Bank did not agree with this judgment and lodged an appeal with the Competition Appeals Tribunal.

The Competition Appeals Tribunal pronounced its judgment in October 2007 and gave the following comments: that the local banks had not formed a cartel, nor had they shared the market or coordinated prices, and their cooperation had not had any impact on competition. The judgment solely affirmed a violation of section 6(1) of the Competition Act about the purpose of the cooperation. The Competition Authority has reported this matter to the Danish Public Prosecutor for Serious Economic Crime.

Skælskør Bank is awaiting a decision in the matter.

The printed annual report are expected to be on February 27th 2008.

Statement by Management on the annual report

Today we have considered and approved the annual report of Skælskør Bank Aktieselskab for 2007.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent financial statements have been prepared in

accordance with the Danish Financial Business Act. Further, the annual report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed financial companies.

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's financial position at 31 December 2007 and of the results of their operations as well as the consolidated cash flows for the financial year 2007.

Skælskør, 7 Februar 2008

Skælskør Bank

Peter Melchior
Chairman of the Board

Carsten Roth
Chief Executive Officer

Invitation to Annual General Meeting

Skælskør Bank is holding its Annual General Meeting on Saturday, 8 March 2008, at 1 p.m. at the Skælskør Badminton Center at Skælskør Hallen, Sorøvej 90 in Skælskør, with the following

A G E N D A

1. Election of Chairman of the Meeting.
2. Report by the Supervisory Board on the Bank's operations in the past year.
3. Presentation of the annual report with the independent auditor's report.
4. Resolution to distribute profit or to cover losses according to the adopted annual report.
5. Election of members to the Supervisory Board.

The Supervisory Board proposes re-election of:

Peter Nielsen, Executive Officer - Skælskør

Christian Boye, Executive Officer - Korsør

6. Election of members to the Committee of Representatives.

The Supervisory Board proposes re-election of:

Niels Micheelsen, Executive Officer - Slagelse

Per D. Andersen, Executive Officer - Skælskør

Thomas Waagø, Optician - Sorø

Bjarne Graabæk Mikkelsen,

Employment Service Consultant - Korsør

The Supervisory Board proposes election of:

Ingrid Rugbjerg Jensen, Head of Institution - Flakkebjerg

Resigns as provided by the Articles of Association:

Nils Peter Enkegaard, Principal of School - Næstved

Jørgen Kok, Vice-Principal of School - Skælskør

Voluntary resignation:

Claus Rosenfeldt, Executive Officer - Sorø

7. Appointment of auditor.

The Supervisory Board proposes re-appointment of:

Deloitte

8. Proposals from the Supervisory Board or shareholders:

From the Supervisory Board:

- Authorisation of the Supervisory Board until the next Annual General Meeting to let the Bank acquire up to 10% of the Bank's share capital at a price of +/- 10% of the share price at any time, see section 48(2 and 3) of the Danish Public Companies Act.
- Section 1(2) of the Articles of Association is amended to the effect that the Bank's registered office shall be the municipality of "Slagelse" as a result of the municipality reform effective from 1 January 2007.
- Section 2 of the Articles of Association: In subsections 2 and 3 entry in the Bank's register of shareholders is amended to entry with Aktiebog Danmark.
- Section 5(1) of the Articles of Association is amended to the effect that the general meeting shall in future be held in the municipality of Slagelse.
Subsection 2 thereof is amended as follows: The general meeting shall be convened by the Supervisory Board at at least two weeks' and no more than four weeks' notice in a national newspaper as well as in a local newspaper.
- The Bank's share capital is reduced by DKK 1,000,000 (corresponding to 50,000 shares of DKK 20) from DKK 37,000,000 to DKK 36,000,000. The share capital will be reduced by using shares of the Bank's own portfolio.
As a result of the reduction in capital, it is proposed to amend section 2(1) of the Articles of Association to the effect that the Bank's future share capital shall amount to "DKK 36,000,000".

9. Other business.

As for a description of the share capital's size and the shareholders' voting rights, according to section 73(5) of the Danish Public Companies Act, please refer to the Company's Articles of Association.

Entrance cards may be ordered until Monday, 3 March 2008 via our home page www.sbbank.dk or at one of our branches. After the Annual General Meeting the Bank will host a light meal at Skælskør Hallen.

Yours faithfully
Supervisory Board

Income statement

	Skælskør Bank A/S Group	Skælskør Bank A/S Group	Skælskør Bank A/S Parent	Skælskør Bank A/S Parent
DKK'000	2007	2006	2007	2006

Interest income	150,031	114,021	150,327	114,244
Interest expenses	-63,024	-32,424	-63,196	-32,759
Net interest income	87,007	81,597	87,131	81,485
Dividends on shares, etc	1,510	654	1,510	654
Fees and commission income	46,314	50,825	46,350	45,402
Ceded fees and commission expenses	-4,634	-3,390	-4,139	-4,104
Net interest and fee income	130,197	129,686	130,852	123,437

Translation/market value adjustments	25,706	16,459	21,959	15,614
Other operating income	3,127	4,940	373	123
Staff costs and administrative expenses	-93,167	-88,970	-93,510	-78,240
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	-3,016	-3,692	-3,976	-3,268
Impairment losses on loans, advances and receivables, etc	-12,965	-8,770	-12,965	-8,770
Profit/loss from investments in group enterprises and associates after tax	-2,256	0	4,329	954
Profit before tax	47,626	49,653	47,062	49,850

Income tax (on profit for the year)	-10,333	-11,223	-9,729	-11,223
Profit for the year	37,293	38,430	37,333	38,430

Proposed distribution of profit

Transfer to reserve for net revaluation under the equity method	3,564	0
Proposed dividends	7,400	7,400
Retained earnings	26,369	31,030
Total	37,333	38,430

BALANCE SHEET

	Skælskør Bank A/S Group	Skælskør Bank A/S Group	Skælskør Bank A/S Parent	Skælskør Bank A/S Parent
DKK'000	2007	2006	2007	2006
Assets				
Cash and demand deposits with central banks	125,535	29,586	125,535	29,586
Receivables from credit institutions and central banks	64,227	149,956	64,227	149,956
Loans, advances and other receivables at amortised cost	1,865,243	1,527,899	1,883,356	1,533,296
Bonds at fair value	244,831	214,417	244,831	214,417
Shares, etc	140,047	103,302	130,195	97,448
Investments in associates	5,146	0	0	0
Investments in group enterprises	-	-	38,564	34,235
Intangible assets	0	0	0	0
Total land and buildings	62,922	55,261	27,782	31,744
Investment property	25,121	13,171	0	5,401
Owner-occupied property	37,801	42,090	27,782	26,343
Other property, plant and equipment	12,530	5,467	12,530	5,467
Current tax assets	1,946	691	2,561	1,271
Deferred tax assets	3,261	1,323	3,269	1,325
Other assets	23,188	22,329	20,000	18,384
Prepayments	378	76	378	75
TOTAL ASSETS	2,549,254	2,110,307	2,553,228	2,117,204

Equity and liabilities				
Liabilities				
Payables to credit institutions and central banks		321,659	536,745	321,659
Deposits and other payables	1,474,450	1,374,119	1,478,876	1,382,111
Other liabilities	34,495	30,189	34,001	29,291
Deferred income	1,215	1,525	1,217	1,328
TOTAL LIABILITIES	2,046,905	1,727,492	2,050,839	1,734,389
PROVISIONS				
Provisions for pensions and similar commitments		1,427	1,427	1,427
Provisions for loss on guarantees	161	1,992	161	1,992
Other provisions	1,205	2,393	1,205	2,393
TOTAL PROVISIONS	2,793	5,812	2,793	5,812
SUBORDINATE DEBT				
Subordinate debt	199,566	99,560	199,566	99,560
Total subordinate debt	199,566	99,560	199,566	99,560
EQUITY				
Share capital	37,000	37,000	37,000	37,000
Revaluation reserve	3,721	1,471	3,721	1,471
Statutory reserves	0	0	3,564	0
Retained earnings	259,269	238,972	255,745	238,972
TOTAL EQUITY	299,990	277,443	300,030	277,443
Total equity and liabilities	2,549,254	2,110,307	2,553,228	2,117,204

STATEMENT OF CHANGES IN EQUITY

DKK'000	*)				
	Share Capital	Revaluation reserve	Retained earnings	Proposed dividends	Total
Skælskør Bank Group					
Equity at 1 January 2006	38,000	1,471	205,129	5,700	250,300
Dividends paid				-5,700	-5,700
Dividends on own shares			228		228
Disposals on acquisition of own shares			-34,117		-34,117
Additions on sale of own shares			27,498		27,498
Tax, 28% of gains/losses realised from sale of own shares			-319		-319
Capital injection/reduction	-1,000		1,000		0
Employee shares			1,123		1,123
Profit for the year			31,030	7,400	38,430
Equity at 31 December 2006	37,000	1,471	231,572	7,400	277,443
Equity at 1 January 2007	37,000	1,471	231,572	7,400	277,443
Dividends paid				-7,400	-7,400
Dividends on own shares			181		181
Disposals on acquisition of own shares			-34,456		-34,456
Additions on sale of own shares			24,199		24,199
Tax on gains/losses realised from sale of own shares			-302		-302
Employee shares			782		782
Revaluation of property		2,250			2,250
Profit for the year			29,893	7,400	37,293
Equity at 31 December 2007	37,000	3,721	251,869	7,400	299,990

Group financial ratios	2007	2006	2005	2004	2003
Capital adequacy ratio, %	12.6	11.6	12.8	13.5	14.8
Core capital ratio, %	7.3	8.6	9.8	13.7	15.2
Return on equity before tax, %	16.5	18.8	13.6	14.4	16.5
Return on equity after tax, %	12.9	14.6	10.4	10.9	14.1
Operating income over operating expenses	1.44	1.49	1.40	1.42	1.37
Interest rate risk, %	1.1	1.7	2.5	1.7	2.2
Currency position, %	41.1	9.2	10.8	9.6	10.9
Currency risk, %	0.1	0.0	0.0	0.0	0.0
Loans in ratio to deposits	128.7	113.0	105.3	89.0	79.8
Loans in ratio to equity	6.2	5.5	4.9	3.7	3.3
Loan growth for the year, %	22.1	23.7	37.3	23.4	10.1
Excess liquidity in relation to statutory requirements of liquidity, %	35.2	13.3	39.0	75.2	155.1
The sum of large commitments, %	134.0	100.4	64.2	69.2	37.0
Share of receivables with a reduced interest rate, %	0.4	0.4	0.6	1.2	1.5
Impairment ratio for the year, %	0.4	0.3	0.0	0.5	1.4
Accumulated impairment ratio, %	0.9	0.9	0.8	1.9	3.5
Earnings per share for the year	20.9	21.2	13.7	12.9	15.7
Book value per share	168	153	134	125	127
Dividends per share	4	4	3	1	3
Price/earnings per share	11.8	13.6	17.3	13.0	8.1
Price/book value per share	1.5	1.9	1.8	1.3	1.0
Price at year-end	246	287	237	168	127
Number of employees (average)	110	113	107	90	83
<p>The Bank changed its accounting policies in 2005. Financial highlights for 2003 have not been restated to reflect the new accounting policies. Financial highlights for 2004 have not been restated to reflect the new accounting policies for financial assets and liabilities.</p>					