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INFORMATION TO MEDIA

SEB Financial Officers' Index: Increased uncertainty amongst respondents – concerns regarding rising raw material costs may lead to higher prices

Uncertainty amongst Swedish financial officers has increased. Compared to three months ago raw material costs have emerged as the greatest concern while falling demand still dampens earnings growth expectations. Despite these concerns, financial officers still expect higher profits in 2008. However, a greater percentage of financial officers now believe earnings growth will be driven by cost reductions rather than volume increases.

SEB's Financial Officers' survey, addressed to around 50 of Sweden's largest companies, shows respondents remaining positive towards the overall business climate and their own company's financial position, although slightly less so compared to our last survey. SEB's Financial Officers' Index for May published today stands at 59, down from 60 in February, but well above its neutral level of 50.

"Despite positive indications concerning the business climate, worries regarding raw material costs are increasing. More than a third of financial officers now believe raw material costs pose the greatest threat to company profitability in 2008", says Ebba Lindahl, credit strategist at SEB and co-author of the report with Monica Ochman.

The Financial Officers' survey also shows a tendency towards larger price increases.

"One third of financial officers now expect their company to raise prices by at least 3 per cent in the next six months compared to around 20 per cent of respondents in February", says Ochman.

The overall message is however less clear with a third of financial officers still expecting either unchanged or lower prices.

"A higher proportion of financial officers now expect cost cuts rather than volume increases to drive earnings growth this year", says Lindahl.

This is the ninth publication of SEB's Financial Officers' Index, a unique quarterly survey whose purpose is to reflect changes of sentiment in the financial environment and facilitate the understanding of economic and financial trends. The survey comprises a total of 15 questions covering areas such as business climate, strategic investments, employment, views on currencies and interest rates, financial strength,

and lending attitudes amongst financial institutions. The full report (in Swedish) is available at www.sebgroup.com\press.

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