

## Sampo Group's Annual Report 2013

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### 17 Determination and hierarchy of fair values 17 Determination and hierarchy of fair values

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A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quotations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques. The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

In level 3, the measurement is based on other inputs rather than observable market data.

EURm	Level 1	Level 2	Level 3	Total	
<b>FINANCIAL ASSETS 31.12.2013</b>					
<b>Derivative financial instruments</b>					
Interest rate swaps		1	51	-	52
Other interest derivatives		-	0	-	0
Foreign exchange derivatives		-	12	-	12
Equity derivatives		-	14	-	14
		<b>1</b>	<b>77</b>	<b>-</b>	<b>78</b>
<b>Financial assets designated at fair value through profit or loss</b>					
Equity securities		2	-	-	2
Debt securities		-	46	0	46
		<b>2</b>	<b>46</b>	<b>0</b>	<b>48</b>
<b>Financial assets related to unit-linked insurance</b>					
Equity securities		324	2	13	339
Debt securities		14	1,069	19	1,101
Derivative financial instruments		2,098	804	64	2,966
Mutual funds		-	26	-	26
		<b>2,436</b>	<b>1,901</b>	<b>97</b>	<b>4,433</b>
<b>Financial assets available-for-sale <sup>*)</sup></b>					
Equity securities		1,583	-	243	1,826
Debt securities		1,874	10,858	39	12,770
Mutual funds		993	124	720	1,836
		<b>4,449</b>	<b>10,981</b>	<b>1,002</b>	<b>16,432</b>
<b>Total financial assests measured at fair value</b>		<b>6,887</b>	<b>13,006</b>	<b>1,099</b>	<b>20,992</b>
<b>FINANCIAL LIABILITIES 31.12.2013</b>					
<b>Derivative financial instruments</b>					
Interest rate derivatives		1	14	-	15

Foreign exchange derivatives	-	22	-	22
Equity derivatives	-	16	-	16
<b>Total financial liabilities measured at fair value</b>	-	<b>52</b>	-	<b>53</b>
<b>EURm</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>FINANCIAL ASSETS 31.12.2012</b>				
<b>Derivative financial instruments</b>				
Interest rate swaps	2	62	-	64
Other interest rate derivatives	-	2	-	2
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	16	-	16
	<b>2</b>	<b>166</b>	-	<b>168</b>
<b>Financial assets designated at fair value through profit or loss</b>				
Equity securities	3	-	-	3
Debt securities	-	66	-	66
	<b>3</b>	<b>66</b>	-	<b>70</b>
<b>Financial assets related to unit-linked insurance</b>				
Equity securities	239	67	14	320
Debt securities	-	808	17	826
Derivative financial instruments	1,821	520	50	2,390
Mutual funds	-	16	-	16
	<b>2,060</b>	<b>1,412</b>	<b>81</b>	<b>3,553</b>
<b>Financial assets available-for-sale *)</b>				
Equity securities	1,535	-	69	1,603
Debt securities	253	12,439	73	12,764
Mutual funds	1,131	118	894	2,143
	<b>2,918</b>	<b>12,557</b>	<b>1,036</b>	<b>16,511</b>
<b>Total financial assets measured at fair value</b>	<b>4,984</b>	<b>14,201</b>	<b>1,117</b>	<b>20,301</b>
<b>FINANCIAL LIABILITIES 31.12.2012</b>				
<b>Derivative financial instruments</b>				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	39	0	39
Equity derivatives	-	-	19	19
<b>Total financial liabilities measured at fair value</b>	-	<b>43</b>	<b>19</b>	<b>62</b>

\*) During the financial year, debt securities EURm 19 (7) were transferred from level 1 to level 2. From level 2 to level 1 were transferred EURm 151 (-). Mutual funds EURm 34 were transferred from level 2 to level 1 in the comparison year.

#### **Sensitivity analysis of fair values**

The sensitivity of financial assets and liabilities to changes in exchange rates is assessed on business area level due to different base currencies. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 12 (15) and in a decrease recognised directly in equity of EURm 11 (11). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 14 (52) and in a decrease recognised directly in equity of EURm 68 (64). In Holding, 10

percentage point depreciation of all other currencies against EUR would have no impact in profit/loss, but a decrease recognised in equity of EURm 15 (3).

The sensitivity analysis of the Group's fair values of financial assets and liabilities in different market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 Dec. 2013.

The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

The debt issued by Sampo plc is not included.

	<b>Interest rate</b>		<b>Equity</b>	<b>Other financial investments</b>
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	9	-23	0	-4
Effect recognised directly in equity	192	-186	-550	-169
<b>Total effect</b>	<b>202</b>	<b>-210</b>	<b>-550</b>	<b>-173</b>