

17 Determination and hierarchy of fair values

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.

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

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2015				
Derivative financial instruments				
Interest rate swaps	-	10	-	10
Other interest rate derivatives	-	-	-	0
Foreign exchange derivatives	-	33	-	33
Equity derivatives	-	10	-	10
	-	53	-	53
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	29	0	47
	20	29	0	48
Financial assets related to unit-linked insurance				
Equity securities	616	7	17	639
Debt securities	751	453	27	1,231
Derivative financial instruments	2,720	987	46	3,753
Mutual funds	-	7	-	7
	4,087	1,454	89	5,630
Financial assets available-for-sale				
Equity securities	2,129	-	46	2,175
Debt securities	9,227	3,327	89	12,643
Mutual funds	1,296	39	801	2,136
	12,652	3,366	936	16,954
Total financial assets measured at fair value	16,759	4,901	1,026	22,686
FINANCIAL LIABILITIES 31.12.2015				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	48	-	48
Equity derivatives	-	10	-	10
Total financial liabilities measured at fair value	-	63	-	63

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2014				
Derivative financial instruments				
Interest rate swaps	-	24	-	24
Foreign exchange derivatives	-	46	-	46
Equity derivatives	-	10	-	10
	-	79	-	79
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	19	27	-	47
	21	27	-	48
Financial assets related to unit-linked insurance				
Equity securities	449	8	16	472
Debt securities	543	645	24	1,212
Derivative financial instruments	2,464	896	57	3,417
Mutual funds	-	9	-	9
	3,456	1,558	96	5,110
Financial assets available-for-sale				
Equity securities	1,658	-	228	1,887
Debt securities	8,086	4,037	77	12,200
Mutual funds	1,595	106	748	2,450
	11,340	4,143	1,054	16,537
Total financial assets measured at fair value	14,817	5,808	1,150	21,775
FINANCIAL LIABILITIES 31.12.2014				
Derivative financial instruments				
Interest rate derivatives	2	21	-	23
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	11	-	11
Total financial liabilities measured at fair value	2	118	-	120

Transfers between levels 1 and 2

During the last quarter 2014, the Group started to utilise the BVAL Score information for level determination. Most of the classification changes in the table result from this.

	2015		2014	
	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2
Financial assets designated at fair value through profit or loss				
Debt securities	-	-	19	-
Financial assets related to unit-linked insurance				
Equity securities	-	-	68	-
Debt securities	324	4	368	-
Financial assets available-for-sale				
Debt securities	339	257	5439	-

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 9 (30) and in a decrease recognised directly in equity of EURm 3 (13). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 23 (35) and in a decrease recognised directly in equity of EURm 79 (94). 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 68 (71).

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. 2015.

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

The debt issued by Sampo plc is not included.

	Interest rate		Equity	Other financial investments
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	65	-61	-	-5
Effect recognised directly in equity	222	-204	-690	-209
Total effect	287	-265	-690	-213