

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.

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

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2013				

Derivative financial instruments

Interest rate swaps	1	51	-	52
Other interest rate derivatives	-	0	-	0
Foreign exchange derivatives	-	12	-	12
Equity derivatives	-	14	-	14
	1	77	-	78

Financial assets designated at fair value through profit or loss

Equity securities	2	-	-	2
Debt securities	-	46	0	46
	2	46	0	48

Financial assets related to unit-linked insurance

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
	2,436	1,901	97	4,433

Financial assets available-for-sale

Equity securities	1,583	-	243	1,826
Debt securities	1,874	10,858	39	12,770
Mutual funds	993	124	720	1,836
	4,449	10,981	1,002	16,432

Total financial assets measured at fair value	6,887	13,006	1,099	20,992
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FINANCIAL LIABILITIES 31.12.2013**Derivative financial instruments**

Interest rate derivatives	1	14	-	15
Foreign exchange derivatives	-	22	-	22
Equity derivatives	-	16	-	16

Total financial liabilities measured at fair value	-	52	-	53
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Transfers between levels 1 and 2

During the last quarter, the Group started to utilise the BVAL Score information for level determination. As a result, there were several classification changes from level 2 to level 1. Debt securities available-for-sale EURm 5,438 (151) were transferred during the financial year. Also debt securities at fair value through p/l EURm 19 were transferred. Equity securities EURm 68 and debt securities EURm 368, related to unit-linked insurance, were equivalently transferred to level one.

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 30 (12) and in a decrease recognised directly in equity of EURm 13 (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 35 (14) and in a decrease recognised directly in equity of EURm 94 (68). 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 71 (15).

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. 2014.

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	-78	50	-0	-4
Effect recognised directly in equity	186	-179	-625	-196
Total effect	108	-130	-625	-200