

16 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.

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

The figures include the financial assets classified as Assets held for sale.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DECEMBER 2017				
Derivative financial instruments				
Interest rate swaps	-	6	-	6
Foreign exchange derivatives	-	79	-	79
Equity derivatives	-	1	-	1
	-	86	-	86
Assets held for trading				
Equity securities	608	185	-	793
Debt securities	3,953	868	77	4,899
	4,561	1,053	77	5,692
Financial assets designated at fair value through profit or loss				
Deposits	-	457	-	457
Financial assets related to unit-linked insurance				
Equity securities	2,223	4	6	2,233
Debt securities	1,163	1,625	38	2,826
Mutual funds	3,786	940	359	5,085
Derivative financial instruments	-	15	-	15
	7,173	2,584	403	10,160
Financial assets available-for-sale				
Equity securities	1,939	-	42	1,981
Debt securities	9,922	2,854	34	12,810
Mutual funds	1,183	62	675	1,921
	13,045	2,916	751	16,712
Total financial assets measured at fair value	24,779	7,096	1,231	33,106
FINANCIAL LIABILITIES AT 31 DECEMBER 2017				
Derivative financial instruments				
Interest rate derivatives	-	77	-	77
Foreign exchange derivatives	-	19	-	19
Total financial liabilities measured at fair value	-	96	-	96

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DECEMBER 2016				
Derivative financial instruments				

Interest rate swaps	-	12	-	12
Foreign exchange derivatives	-	30	-	30
Equity derivatives	-	3	-	3
	-	45	-	45
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	4	0	22
	20	4	0	24
Financial assets related to unit-linked insurance				
Equity securities	664	13	14	692
Debt securities	748	650	27	1,424
Mutual funds	2,954	902	154	4,009
Derivative financial instruments	-	2	-	2
	4,366	1,567	194	6,128
Financial assets available-for-sale				
Equity securities	2,123	-	48	2,171
Debt securities	9,410	4,036	58	13,504
Mutual funds	1,212	60	758	2,030
	12,746	4,096	863	17,705
Total financial assets measured at fair value	17,132	5,713	1,057	23,902
EURm	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES AT 31 DECEMBER 2016				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	74	-	74
Equity derivatives	-	3	-	3
Total financial liabilities measured at fair value	-	81	-	81

Transfers between levels 1 and 2

	2017		2016	
	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 held for trading				
Debt securities	59	-	-	-
Financial assets related to unit-linked insurance				
Equity securities	49	48	3	4
Debt securities	18	-	-	-
	67	48	3	4
Financial assets available-for-sale				
Debt securities	811	649	459	502

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 If, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 13 (10) and in a decrease recognised directly in equity of EURm -12 (-8). In Topdanmark, 10 percentage point depreciation of all other currencies against DKK would result in a decrease recognised in profit/loss of EURm -1, but would not have an impact on equity. In Mandatum, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 12 (12) 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 -216 (-163).

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 December 2017.

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	173	-200	-122	-37
Effect recognised directly in equity	278	-262	-628	-158
Total effect	173	-200	-122	-37