

## 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.

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
<b>FINANCIAL ASSETS AT 31 DEC. 2016</b>				
<b>Derivative financial instruments</b>				
Interest rate swaps	-	12	-	12
Foreign exchange derivatives	-	30	-	30
Equity derivatives	-	3	-	3
	-	45	-	45
<b>Financial assets designated at fair value through profit or loss</b>				
Equity securities	2	-	-	2
Debt securities	18	4	0	22
	20	4	0	24
<b>Financial assets related to unit-linked insurance</b>				
Equity securities	664	13	14	692
Debt securities	748	650	27	1,424
Derivative financial instruments	2,954	902	154	4,009
Mutual funds	-	2	-	2
	4,366	1,567	194	6,128
<b>Financial assets available-for-sale</b>				
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
<b>Total financial assets measured at fair value</b>	<b>17,132</b>	<b>5,713</b>	<b>1,057</b>	<b>23,902</b>
<b>FINANCIAL LIABILITIES AT 31 DEC. 2016</b>				
<b>Derivative financial instruments</b>				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	74	-	74
Equity derivatives	-	3	-	3
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>81</b>
<b>FINANCIAL ASSETS AT 31 DEC. 2015</b>				
<b>Derivative financial instruments</b>				
Interest rate swaps	-	10	-	10
Foreign exchange derivatives	-	33	-	33

Equity derivatives	-	10	-	10
	-	53	-	53
<b>Financial assets designated at fair value through profit or loss</b>				
Equity securities	2	-	-	2
Debt securities	18	29	0	47
	20	29	0	48
<b>Financial assets related to unit-linked insurance</b>				
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
<b>Financial assets available-for-sale</b>				
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
<b>Total financial assets measured at fair value</b>	<b>16,759</b>	<b>4,901</b>	<b>1,026</b>	<b>22,686</b>
<b>EURm</b>	<b>Taso 1</b>	<b>Taso 2</b>	<b>Taso 3</b>	<b>Total</b>
<b>FINANCIAL LIABILITIES AT 31 DEC. 2015</b>				
<b>Derivative financial instruments</b>				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	48	-	48
Equity derivatives	-	10	-	10
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>63</b>

## Transfers between levels 1 and 2

	2016		2015	
	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
<b>Financial assets related to unit-linked insurance</b>				
Debt securities	3	4	324	4
<b>Financial assets available-for-sale</b>				
Debt securities	459	502	339	257

## 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 10 (9) and in a decrease recognised directly in equity of EURm 8 (3). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 12 (23) and in a decrease recognised directly in equity of EURm 94 (79). 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 163 (68).

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. 2016.

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	0	-2	0	0
Effect recognised directly in equity	255	-239	-670	-195
<b>Total effect</b>	<b>256</b>	<b>-241</b>	<b>-670</b>	<b>-195</b>