

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.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2013				
Derivative financial instruments				
Interest rate swaps	1	51	-	52
Other interest 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
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

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

FINANCIAL LIABILITIES 31.12.2012

Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	39	0	39
Equity derivatives	-	-	19	19
Total financial liabilities measured at fair value	-	43	19	62

*) 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.

	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	9	-23	0	-4
Effect recognised directly in equity	192	-186	-550	-169
Total effect	202	-210	-550	-173