

To: Solvency II Working Group  
From: Prudential

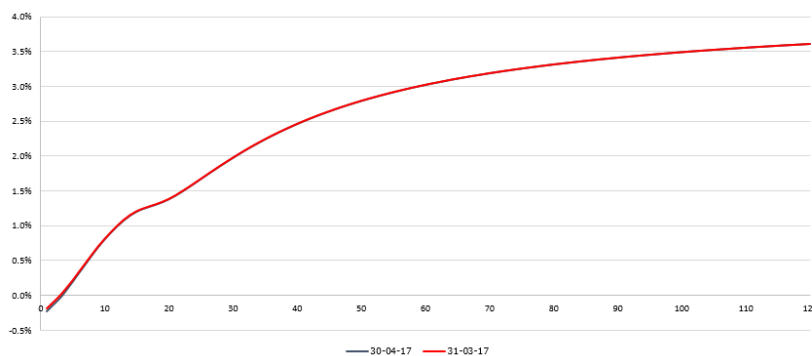
Date: 08-05-2017  
Reference: ECO-SLV-17-078

Subject: RFR monthly monitoring April 2017

## Background

EIOPA publishes the technical information related to [risk-free interest rate](#) (RFR) term structures for a wide range of currencies and the [symmetric adjustment](#) of the equity capital charge (see links to access details) monthly. The latest technical documentation for the RFR providing their methodology for calculation can be found [here](#). The secretariat monitors EIOPA's RFR curves published for the euro as well as the symmetric adjustment on a monthly basis and provides below the summary information for members (Source: EIOPA, Insurance Europe).

### 1. RFR curves with VA (euro) as at end of April 2017 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
<b>Apr 2017</b>	0.80%	1.38%	3.02%
<b>Mar 2017</b>	0.81%	1.38%	3.02%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
<b>Apr 2017</b>	0.70%	1.28%	2.98%
<b>Mar 2017</b>	0.68%	1.25%	2.97%

### 2. Change in Volatility Adjustment and Credit Risk Adjustment

	<b>March</b>	<b>April</b>
<b>Volatility Adjustment (VA) (bps)</b>	13	10
<b>Credit Risk Margin (bps)</b>	10	10

### 3. Impact on discounting

The value after discounting a 1,000 euro cashflow at different years in the future is shown below along with the impact of changes in RFR (with VA) on these valuations:

	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Present Value using April 2017 RFR with VA</b>	923	761	168
<b>Present Value change from March 2017</b>	0.0%	0.1%	0.1%

### 4. Symmetric Adjustment of the Equity Capital Charge

<b>Apr 2017</b>	<b>Mar 2017</b>	<b>Feb 2017</b>	<b>Jan 2017</b>	<b>Dec 2016</b>	<b>Nov 2016</b>	<b>Oct 2016</b>	<b>Sep 2016</b>
2.10%	1.36%	-0.23%	-1.59%	-1.44%	-4.26%	-4.31%	-4.89%