

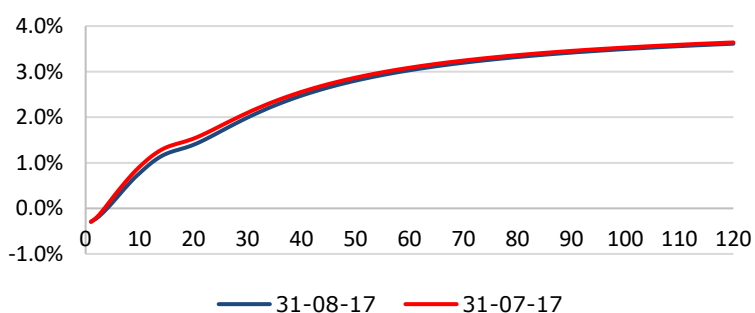
To: Solvency II Working Group
 From: Prudential Team
 Date: 06-09-2017
 Reference: ECO-SLV-17-182

Subject: RFR monthly monitoring August 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 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 August 2017 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Aug 2017	0.77%	1.40%	3.03%
Jul 2017	0.91%	1.53%	3.09%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Aug 2017	0.70%	1.33%	3.00%
Jul 2017	0.86%	1.48%	3.06%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	July	August
Volatility Adjustment (VA) (bps)	5	7
Credit Risk Margin (bps)	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:

	10yrs	20yrs	60yrs
Present Value using August 2017 RFR with VA	926	758	167
Present Value change from July 2017	1.4%	2.7%	3.3%

4. Symmetric Adjustment of the Equity Capital Charge

Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017
0.87%	1.17%	0.90%	2.26%	2.10%	1.36%	-0.23%	-1.59%