

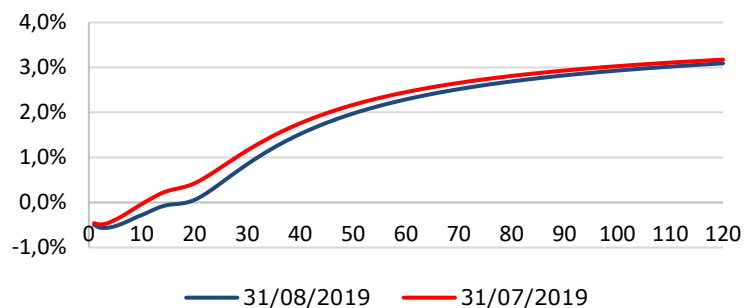
To: Solvency II Working Group
 From: Prudential Team
 Date: 9 August 2019
 Reference: ECO-SLV-19-178

Subject: RFR monthly monitoring August 2019

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 which provides EIOPA's methodology for calculation can be found [here](#). The secretariat monitors EIOPA's RFR curves published for the euro as well as the symmetric adjustment and provides below summary information for members (Source: EIOPA, Insurance Europe).

1. RFR curves with VA (euro) as at end of August 2019 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Aug 2019	-0.28%	0.06%	2.29%
Jul 2019	-0.04%	0.43%	2.45%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Aug 2019	-0.38%	-0.04%	2.25%
Jul 2019	-0.10%	0.37%	2.43%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	July	August
Volatility Adjustment (VA) (bps)	6	10
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 2019 RFR with VA	1028	989	257
Present Value change from July 2019	2.5%	7.6%	9.9%

4. Symmetric Adjustment of the Equity Capital Charge

August 2019	July 2019	June 2019	May 2019	April 2019	March 2019	February 2019	January 2019
-3.43%	-2.03%	-1.72%	-3.96%	-0.34%	-2.20%	-2.45%	-3.69%