

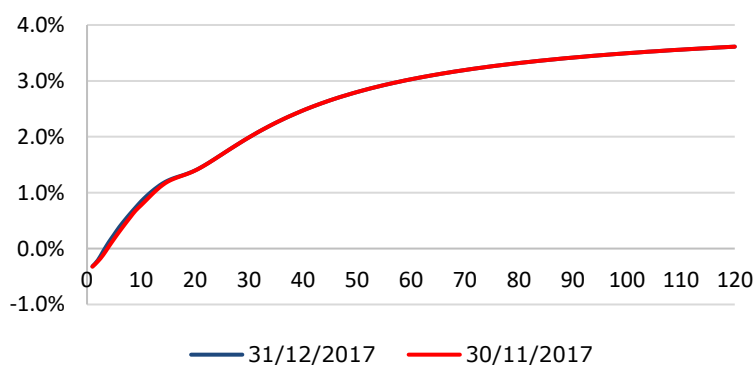
To: Solvency II Working Group  
 From: Prudential Team  
 Date: 10 January 2018  
 Reference: ECO-SLV-18-003

Subject: RFR monthly monitoring December 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 December 2017 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
<b>Dec 2017</b>	0,84%	1,40%	3,03%
<b>Nov 2017</b>	0,77%	1,40%	3,03%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
<b>Dec 2017</b>	0,80%	1,36%	3,01%
<b>Nov 2017</b>	0,74%	1,37%	3,02%

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

	<b>November</b>	<b>December</b>
<b>Volatility Adjustment (VA) (bps)</b>	3	4
<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 December 2017 RFR with VA</b>	920	758	167
<b>Present Value change from November 2017</b>	-0.7%	0.0%	0.0%

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

<b>Dec 2017</b>	<b>Nov 2017</b>	<b>Oct 2017</b>	<b>Sep 2017</b>	<b>Aug 2017</b>	<b>Jul 2017</b>	<b>Jun 2017</b>	<b>May 2017</b>
1.90%	2.03%	3.39%	2.40%	0.87%	1.17%	0.90%	2.26%