

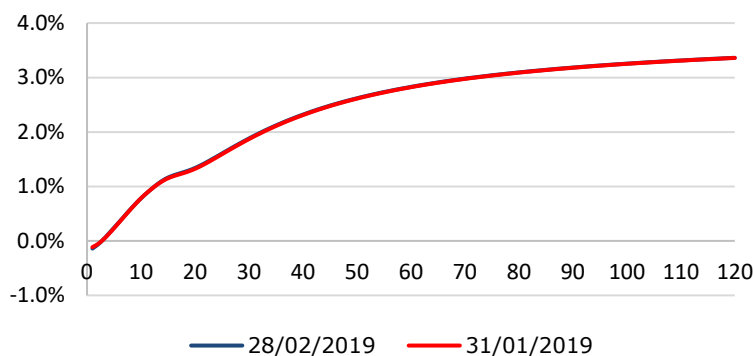
To: Solvency II Working Group
 From: Prudential Team
 Date: 6 March 2019
 Reference: ECO-SLV-19-036

Subject: RFR monthly monitoring February 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 February 2019 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Feb 2019	0.78%	1.34%	2.83%
Jan 2019	0.78%	1.32%	2.82%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Feb 2019	0.61%	1.17%	2.76%
Jan 2019	0.57%	1.11%	2.73%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	January	February
Volatility Adjustment (VA) (bps)	21	17
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 February 2019 RFR with VA	925	766	188
Present Value change from January 2019	0.0%	-0.3%	-0.3%

4. Symmetric Adjustment of the Equity Capital Charge

February 2019	January 2019	December 2018	November 2018	October 2018	September 2018	August 2018	July 2018
-2.45%	-3.69%	-6.34%	-3.44%	-3.43%	0.14%	0.34%	1.66%