

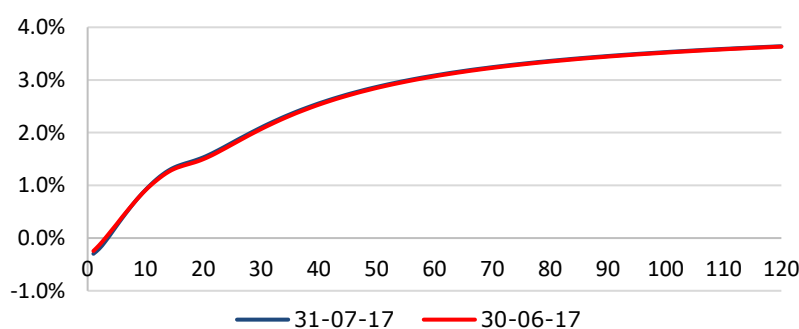
To: Solvency II Working Group  
 From: Prudential Team  
 Date: 04-08-2017  
 Reference: ECO-SLV-17-144

Subject: RFR monthly monitoring July 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 July 2017 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
<u>Jul 2017</u>	0.91%	1.53%	3.09%
<u>Jun 2017</u>	0.91%	1.50%	3.07%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
<u>Jul 2017</u>	0.86%	1.48%	3.06%
<u>Jun 2017</u>	0.82%	1.41%	3.03%

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

	June	July
<b>Volatility Adjustment (VA) (bps)</b>	9	5
<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:

	10yrs	20yrs	60yrs
<b>Present Value using July 2017 RFR with VA</b>	913	738	162
<b>Present Value change from June 2017</b>	-0.1%	-0.7%	-0.9%

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

Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017	Dec 2016
1.17%	0.90%	2.26%	2.10%	1.36%	-0.23%	-1.59%	-1.44%