

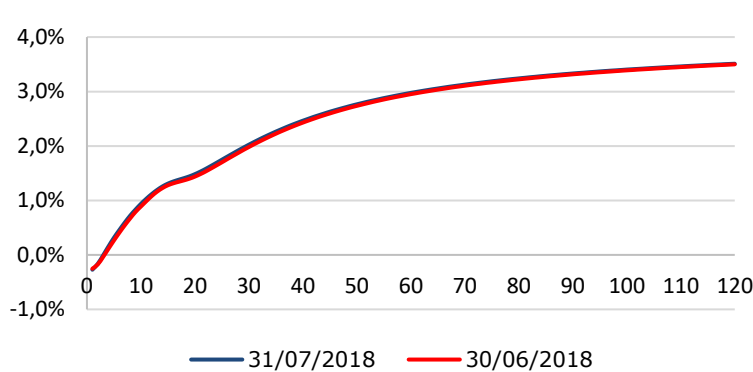
To: Solvency II Working Group
 From: Prudential Team
 Date: 6 August 2018
 Reference: ECO-SLV-18-163

Subject: RFR monthly monitoring July 2018

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 July 2018 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Jul 2018	0,94%	1,48%	2,98%
Jun 2018	0,89%	1,44%	2,95%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Jul 2018	0,86%	1,40%	2,94%
Jun 2018	0,79%	1,34%	2,91%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	June	July
Volatility Adjustment (VA) (bps)	10	8
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 July 2018 RFR with VA	911	745	172
Present Value change from June 2018	-0.5%	-0.9%	-1.3%

4. Symmetric Adjustment of the Equity Capital Charge

July 2018	June 2018	May 2018	April 2018	Mar 2018	Feb 2018	Jan 2018	Dec 2017
-1.66%	-0.11%	0.31%	1.41%	-0.88%	0.52%	3.10%	1.90%