

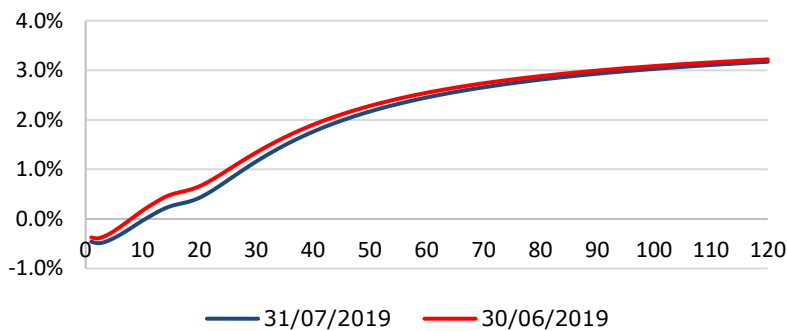
To: Solvency II Working Group
 From: Prudential Team
 Date: 6 August 2019
 Reference: ECO-SLV-19-153

Subject: RFR monthly monitoring July 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 July 2019 vs previous curve



<u>RFR with VA</u>	10yrs	20yrs	60yrs
Jul 2019	-0.04%	0.43%	2.45%
Jun 2019	0.17%	0.66%	2.55%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Jul 2019	-0.10%	0.37%	2.43%
Jun 2019	0.08%	0.57%	2.51%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	June	July
Volatility Adjustment (VA) (bps)	9	6
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 June 2019 RFR with VA	1004	918	234
Present Value change from June 2019	2.0%	4.5%	5.7%

4. Symmetric Adjustment of the Equity Capital Charge

July 2019	June 2019	May 2019	April 2019	March 2019	February 2019	January 2019	December 2018
-2.03%	-1.72%	-3.96%	-0.34%	-2.20%	-2.45%	-3.69%	-6.34%