

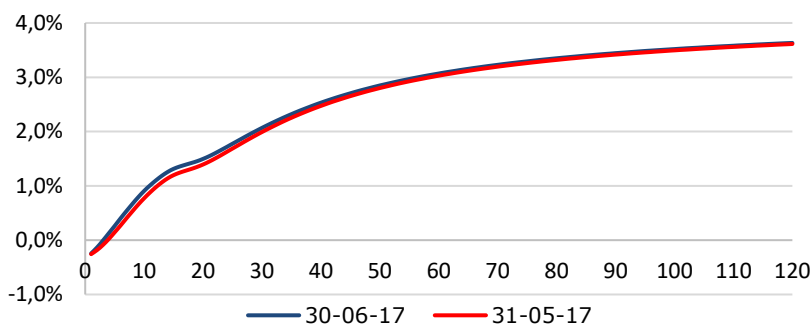
To: Solvency II Working Group
 From: Prudential Team
 Date: 07-07-2017
 Reference: ECO-SLV-17-123

Subject: RFR monthly monitoring June 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 June 2017 vs previous curve



<u>RFR with VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Jun 2017	0.91%	1.50%	3.07%
May 2017	0.77%	1.39%	3.03%
<u>RFR without VA</u>	<u>10yrs</u>	<u>20yrs</u>	<u>60yrs</u>
Jun 2017	0.82%	1.41%	3.03%
May 2017	0.69%	1.31%	3.00%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	May	June
Volatility Adjustment (VA) (bps)	8	9
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 2017 RFR with VA	914	743	163
Present Value change from May 2017	-1.3%	-2.0%	-2.2%

4. Symmetric Adjustment of the Equity Capital Charge

Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 2017	Dec 2016	Nov 2016
0.90%	2.26%	2.10%	1.36%	-0.23%	-1.59%	-1.44%	-4.26%