

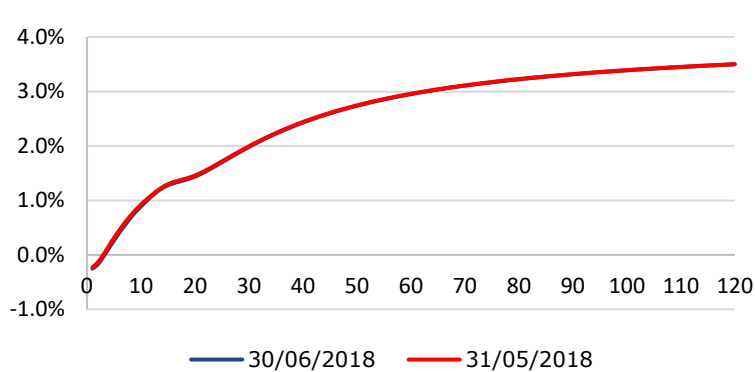
To: Solvency II Working Group  
 From: Prudential Team  
 Date: 6 July 2018  
 Reference: ECO-SLV-18-150

Subject: RFR monthly monitoring June 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 June 2018 vs previous curve



<i>RFR with VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<b>Jun 2018</b>	0.89%	1.44%	2.95%
<b>May 2018</b>	0.92%	1.46%	2.96%
<i>RFR without VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<b>Jun 2018</b>	0.79%	1.34%	2.91%
<b>May 2018</b>	0.82%	1.36%	2.92%

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

	<b>May</b>	<b>June</b>
<b>Volatility Adjustment (VA) (bps)</b>	10	10
<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:

	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Present Value using June 2018 RFR with VA</b>	915	752	175
<b>Present Value change from May 2018</b>	0.3%	0.4%	0.4%

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

<b>June 2018</b>	<b>May 2018</b>	<b>April 2018</b>	<b>Mar 2018</b>	<b>Feb 2018</b>	<b>Jan 2018</b>	<b>Dec 2017</b>	<b>Nov 2017</b>
-0.11%	0.31%	1.41%	-0.88%	0.52%	3.10%	1.90%	2.03%