

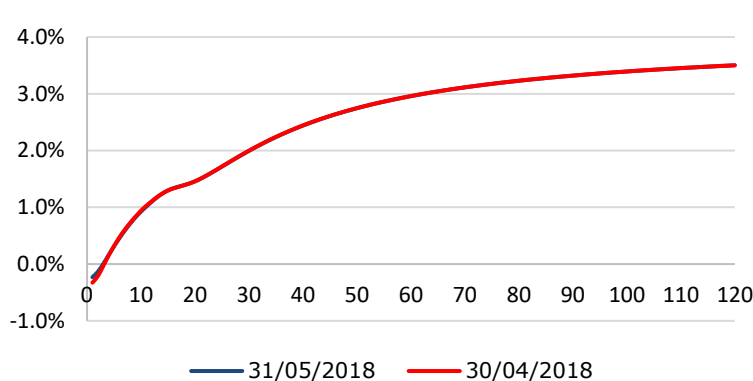
To: Solvency II Working Group
 From: Prudential Team
 Date: 7 June 2018
 Reference: ECO-SLV-18-127

Subject: RFR monthly monitoring May 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 May 2018 vs previous curve



<u>RFR with VA</u>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
May 2018	0.92%	1.46%	2.96%
Apr 2018	0.94%	1.46%	2.96%
<u>RFR without VA</u>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
May 2018	0.82%	1.36%	2.92%
Apr 2018	0.91%	1.43%	2.95%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	April	May
Volatility Adjustment (VA) (bps)	3	10
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 May 2018 RFR with VA	912	749	174
Present Value change from April 2018	0.2%	0.0%	0.1%

4. Symmetric Adjustment of the Equity Capital Charge

May 2018	April 2018	Mar 2018	Feb 2018	Jan 2018	Dec 2017	Nov 2017	Oct 2017
0.31%	1.41%	-0.88%	0.52%	3.10%	1.90%	2.03%	3.39%