

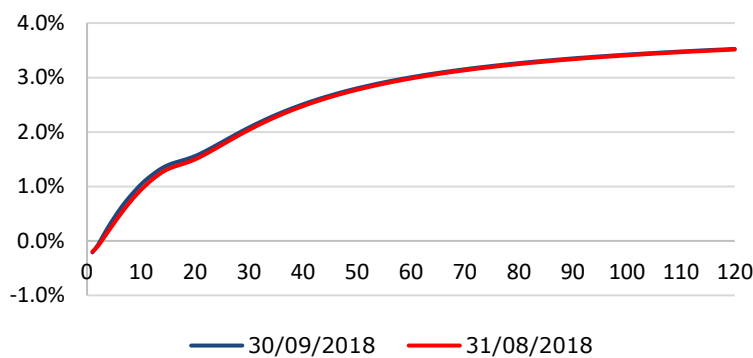
To: Solvency II Working Group
 From: Prudential Team
 Date: 8 October 2018
 Reference: ECO-SLV-18-188

Subject: RFR monthly monitoring September 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 September 2018 vs previous curve



| <i>RFR with VA</i> | <i>10yrs</i> | <i>20yrs</i> | <i>60yrs</i> |
|-----------------------|--------------|--------------|--------------|
| Sep 2018 | 1.04% | 1.56% | 3.00% |
| Aug 2018 | 0.94% | 1.50% | 2.98% |
| <i>RFR without VA</i> | <i>10yrs</i> | <i>20yrs</i> | <i>60yrs</i> |
| Sep 2018 | 0.91% | 1.43% | 2.95% |
| Aug 2018 | 0.79% | 1.35% | 2.92% |

2. Change in Volatility Adjustment and Credit Risk Adjustment

| | August | September |
|---|---------------|------------------|
| Volatility Adjustment (VA) (bps) | 15 | 13 |
| 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 September 2018 RFR with VA | 902 | 734 | 169 |
| Present Value change from August 2018 | -1.0% | -1.2% | -1.3% |

4. Symmetric Adjustment of the Equity Capital Charge

| September 2018 | August 2018 | July 2018 | June 2018 | May 2018 | April 2018 | Mar 2018 | Feb 2018 |
|-----------------------|--------------------|------------------|------------------|-----------------|-------------------|-----------------|-----------------|
| 0.14% | 0.34% | 1.66% | -0.11% | 0.31% | 1.41% | -0.88% | 0.52% |