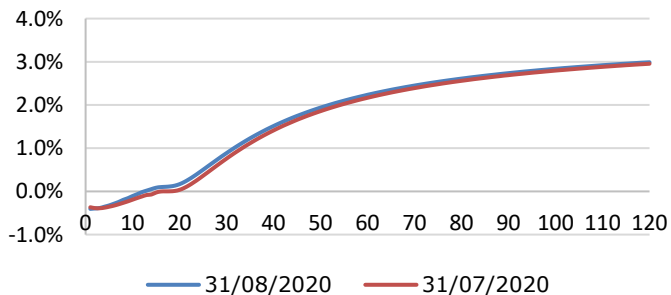


To: Solvency II Working Group
 From: Prudential Team
 Date: 03-09-2020
 Reference: ECO-SLV-20-190
 Subject: RFR monthly monitoring – August 2020

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 the end of August 2020 vs previous curve



<u>RFR with VA</u>	10yrs	20yrs	60yrs
Aug 2020	-0.11%	0.17%	2.24%
Jul 2020	-0.19%	0.04%	2.17%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Aug 2020	-0.24%	0.04%	2.18%
Jul 2020	-0.33%	-0.10%	2.11%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	July	August
Volatility Adjustment (VA) (bps)	14	13
Credit Risk Adjustment (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 August 2020 RFR with VA	1011	967	265
Present Value change from July 2020	-0.8%	-2.6%	-4.0%

4. Symmetric Adjustment of the Equity Capital Charge

August 2020	July 2020	June 2020	May 2020	April 2020	March 2020	February 2020	January 2019
-5.58%	-7.13%	-6.72%	-8.45%	-10.00%	-10.00%	-5.94%	-1.33%