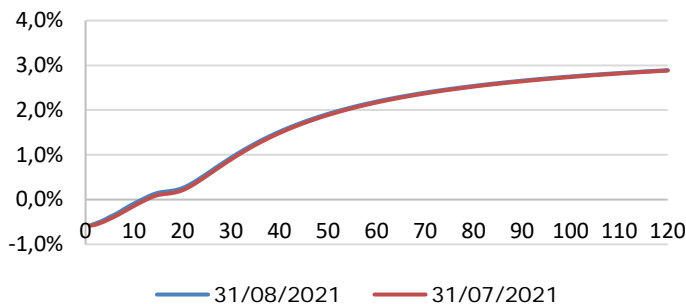


To: Solvency II Working Group
 From: Prudential Team
 Date: 03-09-2021
 Reference: ECO-SLV-21-221
 Subject: RFR monthly monitoring – August 2021

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 2021 vs previous curve



<u>RFR with VA</u>	10yrs	20yrs	60yrs
Aug 2021	-0.09%	0.26%	2.19%
Jul 2021	-0.14%	0.21%	2.17%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Aug 2021	-0.13%	0.22%	2.17%
Jul 2021	-0.17%	0.18%	2.16%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	July	August
Volatility Adjustment (VA) (bps)	3	4
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 2021 RFR with VA	1009	949	272
Present Value change from July 2021	-0.6%	-1.0%	-1.2%

4. Symmetric Adjustment of the Equity Capital Charge

August 2021	July 2021	June 2021	May 2021	April 2021	March 2021	February 2021	January 2021
7.19%	6.22%	5.66%	5.52%	4.55%	3.60%	0.55%	-0.95%