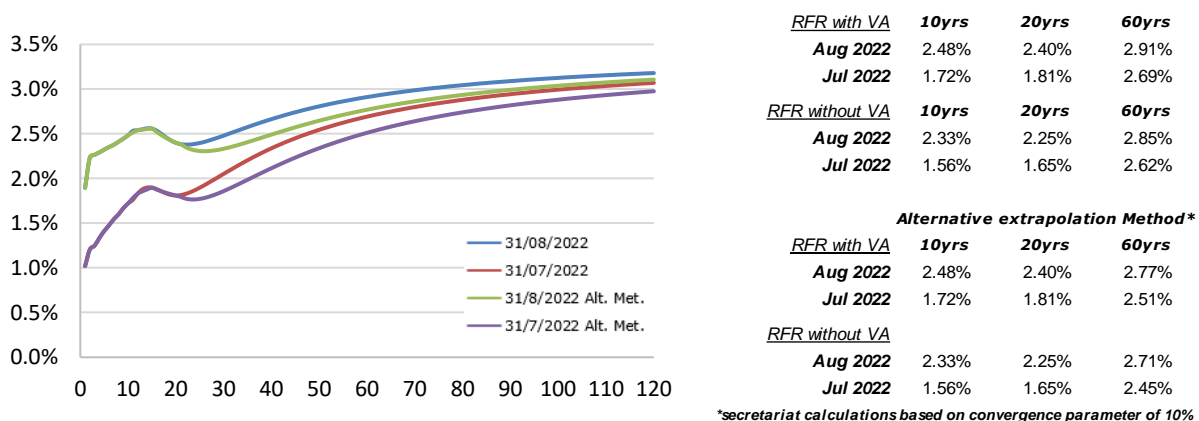


To: Solvency II Working Group
 From: Prudential Team
 Date: 06-09-2022
 Reference: ECO-SLV-22-
 Subject: RFR monthly monitoring – August 2022

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). Additional information on alternative extrapolation method proposed by the EC as part of the Solvency II review is included for reference only.

1. RFR curves with VA (euro) as at the end of August 2022 vs previous curve



2. Change in Volatility Adjustment and Credit Risk Adjustment

| | August | July |
|---|---------------|-------------|
| Volatility Adjustment (VA) (bps) | 15 | 16 |
| 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 2022 RFR with VA | 782 | 622 | 179 |
| Present Value change from July 2022 | -7.2% | -10.9% | -12.0% |

4. Symmetric Adjustment of the Equity Capital Charge

| August 2022 | July 2022 | June 2022 | May 2022 | April 2022 | March 2022 | February 2022 | January 2022 |
|--------------------|------------------|------------------|-----------------|-------------------|-------------------|----------------------|---------------------|
| -4.95% | -2.24% | -5.34% | -0.65% | -0.48% | 1.40% | 1.40% | 4.33% |