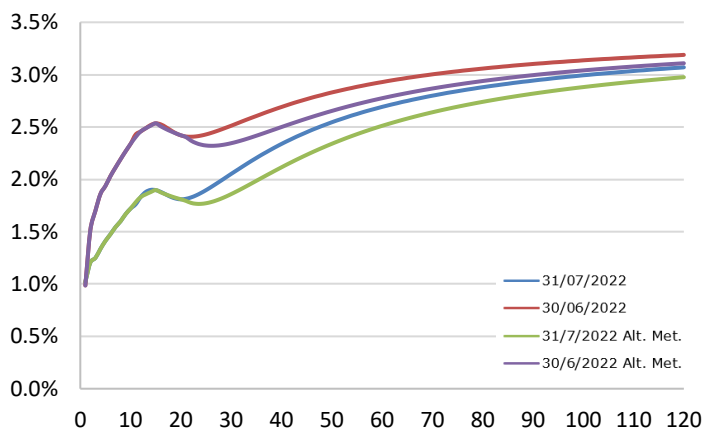


To: Solvency II Working Group
 From: Prudential Team
 Date: 04-08-2022
 Reference: ECO-SLV-22-
 Subject: RFR monthly monitoring – July 2022

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 July 2022 vs previous curve



<u>RFR with VA</u>	10yrs	20yrs	60yrs
Jul 2022	1.72%	1.81%	2.69%
Jun 2022	2.34%	2.42%	2.93%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Jul 2022	1.56%	1.65%	2.62%
Jun 2022	2.09%	2.17%	2.82%

Alternative extrapolation Method*			
<u>RFR with VA</u>	10yrs	20yrs	60yrs
Jul 2022	1.72%	1.81%	2.51%
Jun 2022	2.34%	2.42%	2.77%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Jul 2022	1.56%	1.65%	2.45%
Jun 2022	2.09%	2.17%	2.68%

*secretariat calculations based on convergence parameter of 10%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	July	June
Volatility Adjustment (VA) (bps)	16	25
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 July 2022 RFR with VA	843	699	203
Present Value change from June 2022	6.2%	12.7%	14.8%

4. Symmetric Adjustment of the Equity Capital Charge

July 2022	June 2022	May 2022	April 2022	March 2022	February 2022	January 2022	December 2021
-2.24%	-5.34%	-0.65%	-0.48%	1.40%	1.40%	4.33%	6.88%