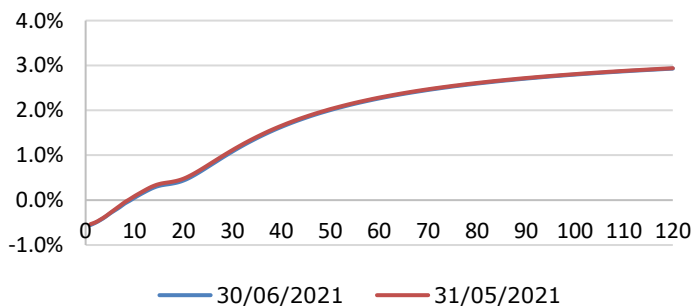


To: Solvency II Working Group  
 From: Prudential Team  
 Date: 06-07-2021  
 Reference:  
 Subject: RFR monthly monitoring – June 2021

## 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 June 2021 vs previous curve



<i>RFR with VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<i>Jun 2021</i>	0.05%	0.44%	2.27%
<i>May 2021</i>	0.09%	0.48%	2.28%
<i>RFR without VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
<i>Jun 2021</i>	0.00%	0.39%	2.25%
<i>May 2021</i>	0.02%	0.41%	2.25%

### 2. Change in Volatility Adjustment and Credit Risk Adjustment

	<b>May</b>	<b>June</b>
<b>Volatility Adjustment (VA) (bps)</b>	7	5
<b>Credit Risk Adjustment (bps)</b>	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:

	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Present Value using June 2021 RFR with VA</b>	995	916	261
<b>Present Value change from May 2021</b>	0.4%	0.8%	1.1%

### 4. Symmetric Adjustment of the Equity Capital Charge

<b>June 2021</b>	<b>May 2021</b>	<b>April 2021</b>	<b>March 2021</b>	<b>February 2021</b>	<b>January 2021</b>	<b>December 2020</b>	<b>November 2020</b>
5.66%	5.52%	4.55%	3.60%	0.55%	-0.95%	-0.48%	-1.73%