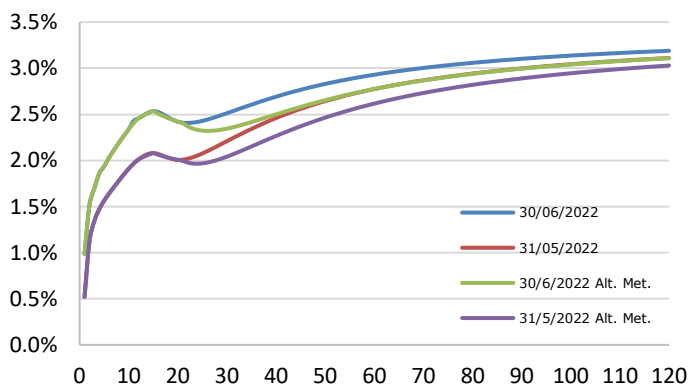


To: Solvency II Working Group  
 From: Prudential Team  
 Date: 06-07-2022  
 Reference: ECO-SLV-22-259  
 Subject: RFR monthly monitoring – June 2022

## 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 June 2022 vs previous curve



<i>RFR with VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<i>Jun 2022</i>	2.34%	2.42%	2.93%
<i>May 2022</i>	1.91%	2.01%	2.77%
<i>RFR without VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<i>Jun 2022</i>	2.09%	2.17%	2.82%
<i>May 2022</i>	1.77%	1.87%	2.71%

<i>Alternative extrapolation Method*</i>			
<i>RFR with VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<i>Jun 2022</i>	2.34%	2.42%	2.77%
<i>May 2022</i>	1.91%	2.01%	2.62%
<i>RFR without VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<i>Jun 2022</i>	2.09%	2.17%	2.68%
<i>May 2022</i>	1.77%	1.87%	2.56%

\*secretariat calculations based on convergence parameter of 10%

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

	<b>June</b>	<b>May</b>
<b>Volatility Adjustment (VA) (bps)</b>	25	14
<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 2022 RFR with VA</b>	794	620	177
<b>Present Value change from May 2022</b>	-4.1%	-7.8%	-8.6%

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

<b>June 2022</b>	<b>May 2022</b>	<b>April 2022</b>	<b>March 2022</b>	<b>February 2022</b>	<b>January 2022</b>	<b>December 2021</b>	<b>November 2021</b>
-5.34%	-0.65%	-0.48%	1.40%	1.40%	4.33%	6.88%	4.53%