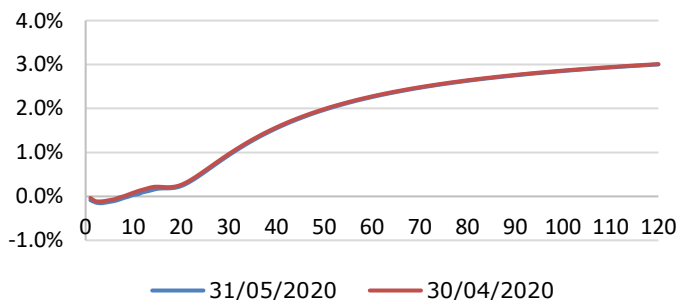


To: Solvency II Working Group
 From: Prudential Team
 Date: 04-06-2020
 Reference: ECO-SLV-20-113
 Subject: RFR monthly monitoring – May 2020

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 May 2020 vs previous curve



<i>RFR with VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
May 2020	0.03%	0.23%	2.26%
Apr 2020	0.08%	0.26%	2.28%
<i>RFR without VA</i>	<i>10yrs</i>	<i>20yrs</i>	<i>60yrs</i>
May 2020	-0.22%	-0.02%	2.16%
Apr 2020	-0.25%	-0.07%	2.14%

2. Change in Volatility Adjustment and Credit Risk Adjustment

	April	May
Volatility Adjustment (VA) (bps)	33	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 May 2020 RFR with VA	997	954	262
Present Value change from April 2020	0.5%	0.6%	0.9%

4. Symmetric Adjustment of the Equity Capital Charge

May 2020	April 2020	March 2020	February 2020	January 2019	December 2019	November 2019	October 2019
-8.45%	-10.00%	-10.00%	-5.94%	-1.33%	-0.08%	-0.69%	-1.47%