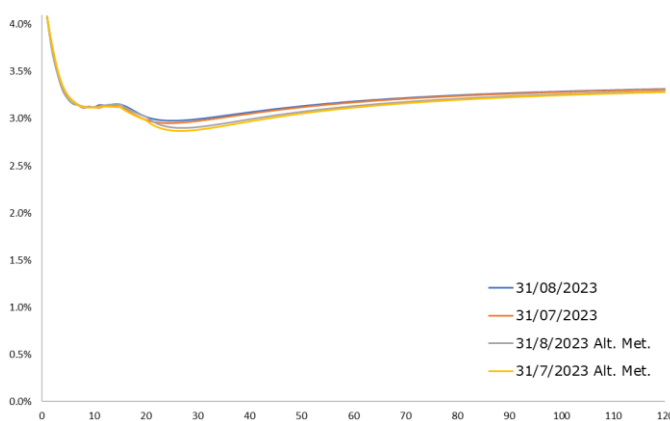


To: Solvency II Working Group  
 From: Prudential Team  
 Date: 07-09-2023  
 Reference: ECO-SLV-23-136  
 Subject: RFR monthly monitoring – August 2023

## 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 2023 vs previous curve

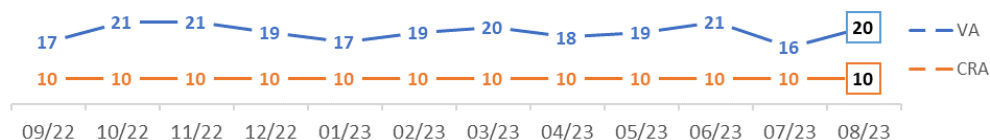


<i>RFR with VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Aug 2023</b>	3.12%	3.02%	3.18%
<b>Jul 2023</b>	3.12%	2.99%	3.17%
<i>RFR without VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Aug 2023</b>	2.92%	2.82%	3.10%
<b>Jul 2023</b>	2.96%	2.83%	3.10%

<i>Alternative extrapolation Method*</i>			
<i>RFR with VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Aug 2023</b>	3.12%	3.02%	3.13%
<b>Jul 2023</b>	3.12%	2.99%	3.12%
<i>RFR without VA</i>	<b>10yrs</b>	<b>20yrs</b>	<b>60yrs</b>
<b>Aug 2023</b>	2.92%	2.82%	3.06%
<b>Jul 2023</b>	2.96%	2.83%	3.06%

*\*secretariat calculations based on a convergence parameter of 13% and no changes in the VA calculation*

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



### 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 August 2023 RFR with VA</b>	735	551	152
<b>Present Value change from previous month</b>	0.0%	-0.7%	-0.7%

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

