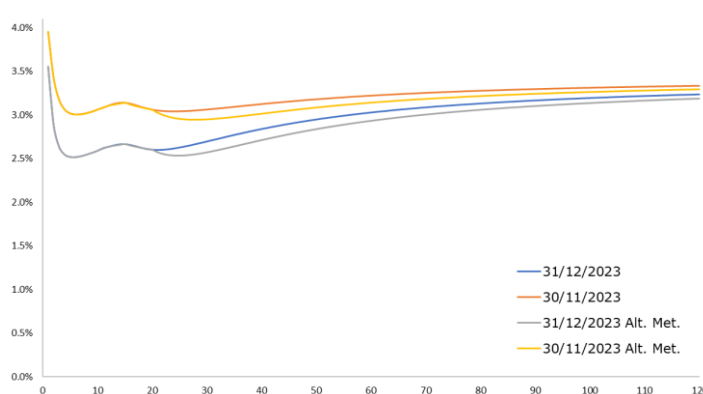


To: Solvency II Working Group
 From: Prudential Team
 Date: 11-01-2024
 Reference: ECO-SLV-24-003
 Subject: RFR monthly monitoring – December 2023

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 the alternative extrapolation method proposed by the EC as part of the Solvency II review is included for reference only.

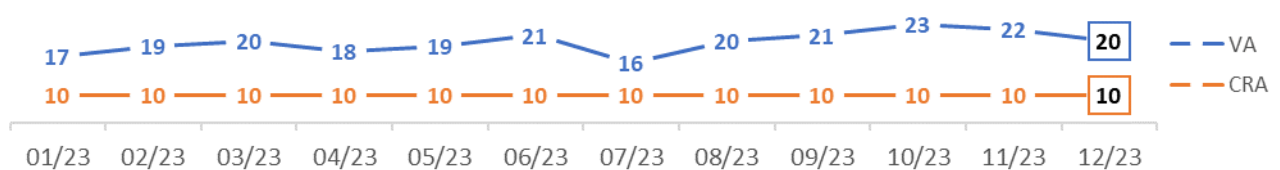
1. RFR curves with VA (euro) as at the end of December 2023 vs previous curve



<u>RFR with VA</u>	10yrs	20yrs	60yrs
Dec 2023	2.59%	2.61%	3.03%
Nov 2023	3.06%	3.06%	3.22%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Dec 2023	2.39%	2.41%	2.94%
Nov 2023	2.84%	2.84%	3.12%
	Alternative extrapolation Method*		
<u>RFR with VA</u>	10yrs	20yrs	60yrs
Dec 2023	2.59%	2.61%	2.94%
Nov 2023	3.06%	3.06%	3.14%
<u>RFR without VA</u>	10yrs	20yrs	60yrs
Dec 2023	2.39%	2.41%	2.86%
Nov 2023	2.84%	2.84%	3.06%

*secretariat calculations based on a convergence parameter of 11% 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:

	10yrs	20yrs	60yrs
Present Value using December 2023 RFR with VA	774	598	167
Present Value change from the previous month	4.7%	9.3%	11.7%

4. Symmetric Adjustment of the Equity Capital Charge

