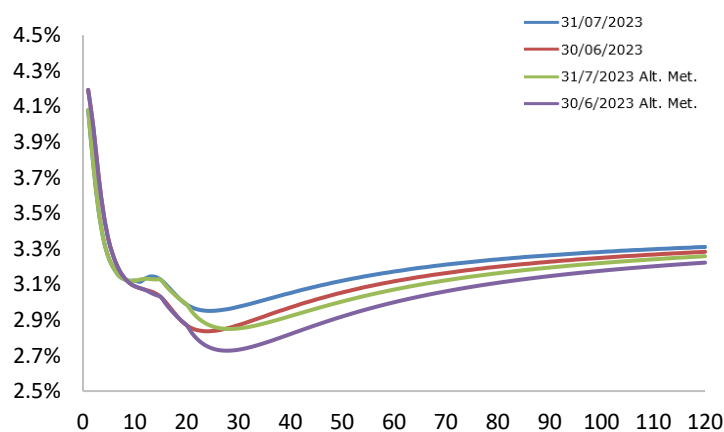


To: Solvency II Working Group
 From: Prudential Team
 Date: 08-08-2023
 Reference: ECO-SLV-23-131
 Subject: RFR monthly monitoring – July 2023

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 July 2023 vs previous curve



<u>RFR with VA</u>	10yrs	20yrs	60yrs
Jul 2023	3.12%	2.99%	3.17%
Jun 2023	3.09%	2.87%	3.12%

<u>RFR without VA</u>	10yrs	20yrs	60yrs
Jul 2023	2.96%	2.83%	3.10%
Jun 2023	2.88%	2.66%	3.03%

Alternative extrapolation Method*			
<u>RFR with VA</u>	10yrs	20yrs	60yrs
Jul 2023	3.12%	2.99%	3.07%
Jun 2023	3.09%	2.87%	3.00%
<u>RFR without VA</u>			
Jul 2023	2.96%	2.83%	3.01%
Jun 2023	2.88%	2.66%	2.92%

*secretariat calculations based on a convergence parameter of 10% and no changes in the VA calculation

2. Change in Volatility Adjustment and Credit Risk Adjustment

	July	June
Volatility Adjustment (VA) (bps)	16	21
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 July 2023 RFR with VA	735	555	154
Present Value change from previous month	-0.3%	-2.2%	-3.1%

4. Symmetric Adjustment of the Equity Capital Charge

July 2023	June 2023	May 2023	April 2023	March 2023	February 2023	January 2023	December 2022
1.98%	1,21%	-0.74%	1.26%	0.68%	1.26%	0.87%	-3.02%