

S.22.03 –Information on the matching adjustment calculation

General comments:

This section relates to annual submission of information for individual entities.

This template shall be reported by each matching portfolio approved by the supervisory authority.

	ITEM	INSTRUCTIONS
Z0010	Matching portfolio	<p>Indicate the number which is attributed by the undertaking, corresponding to the unique number assigned to each matching portfolio.</p> <p>This number has to be consistent over time and shall be used to identify the matching portfolio number in other templates.</p>
Overall calculation of the matching adjustment		
C0010/R0010	Annual effective rate applied to the CF of the obligations	The annual effective rate, calculated as the single discount rate that, where applied to the cash flows ("CF") of the portfolio of insurance or reinsurance obligations, results in a value that is equal to the value in accordance with Article 75 of Directive 2009/138/EC of the portfolio of assigned assets.
C0010/R0020	Annual effective rate of the best estimate	The annual effective rate, calculated as the single discount rate that, where applied to the cash flows of the portfolio of insurance or reinsurance obligations, results in a value that is equal to the value of the best estimate of the portfolio of insurance or reinsurance obligations where the time value of money is taken into account using the basic risk-free interest rate term structure.
C0010/R0030	Probability of default used to de-risk assets cash flows	<p>The probability of default corresponds to the amount expressed as a financial percentage (same format as for rows R0010 and R0020) used to adjust the assets cash flows of the assigned portfolio of assets pursuant to Article 53 of Delegated Regulation (EU) 2015/35.</p> <p>“De-risked assets cash flows” means “expected assets cash-flows” as referred to in Article 53 of Delegated Regulation (EU) 2015/35.</p> <p>This amount shall not include the increase reported in row R0050.</p>

		.
C0010/R0040	Portion of the fundamental spread not reflected when de-risking assets cash flows	Portion of the fundamental spread that has not been reflected in the adjustment to the cash-flows of the assigned portfolio of assets as set out in Article 53 of Delegated Regulation (EU) 2015/35. This amount shall be expressed as a financial percentage (same format as rows R0010 and R0020). This amount shall not include the increase reported in row R0050.
C0010/R0050	Increase of fundamental spread for sub investment grade assets	Increase of the fundamental spread for sub-investment grade assets expressed as a financial percentage (same format as rows R0010, R0020 and R0120). The increase of the probability of default for sub investment grade assets shall be considered in the de-risking of cash flows.
C0010/R0060	Matching adjustment to the risk free rate	Matching adjustment to the risk free rate for the reported portfolio, reported as a decimal.
Eligibility criteria using SCR mortality stress		
C0010/R0070	Mortality risk stress for the purpose of the matching adjustment	Increase of the gross best estimate calculated with the basic risk free rate following a mortality risk stress compared to the gross best estimate calculated with the basic risk rate, as set out in Article 77b (1-f) of Directive 2009/138/EC and Article 52 of Delegated Regulation (EU) 2015/35.
Portfolio		
C0010/R0080	Market value of the assets of the portfolio	Solvency II value of the assets of the portfolio.
C0010/R0090	Market value of assets linked to inflation	Solvency II value of the assets with return linked to inflation (Article 77b (1) of Directive 2009/138/EC).
C0010/R0100	Best estimate linked to inflation	Amount of best estimate of cash flows of the insurance or reinsurance obligations that depend on inflation.
C0010/R0110	Market value assets where third party can change the cash flows	Value of the assets where third party can change the cash flows (Article 77b (1) of Directive 2009/138/EC).

C0010/R0120	Return on assets – portfolio assets	Identify the de-risked Internal Rate of Return ("IRR") of the assets linked to any matching adjustment portfolio measured as the discount rate at which the present value of the cash outflows of an asset equals the present value of its de-risked cash inflows.
C0010/R0130	Market value of surrendered contracts	Value of the best estimate of the insurance and reinsurance obligations stemming from contracts underlying each matching adjustment portfolio which have been surrendered during the reporting period.
C0010/R0140	Number of surrender options exercised	Number of surrender options exercised during the reporting period related to insurance and reinsurance obligations of each matching portfolio.
C0010/R0150	Market value of assets covering surrendered contracts	Value of the assets, valued in accordance with Article 75 of the Directive 2009/138/EC, covering the insurance and reinsurance obligations surrendered at the time the surrender options were exercised.
C0010/R0160	Amount paid to policyholders	Value of the amount paid to policyholders according to their surrender rights. This amount differs from row R0130 and R0150 where the surrender clause of the contract does not give the policyholder the right to receive the full amount in those rows.
Liabilities		
C0010/R0170	Duration	Measure equivalent to Macaulay duration for liabilities considering all cash flows of insurance or reinsurance obligations arising from portfolios where the matching adjustment has been used.

SOLVENCY TOOL