

Appendix

Chart 1: Buy-in, buy-out and longevity swap volumes. Source: LCP

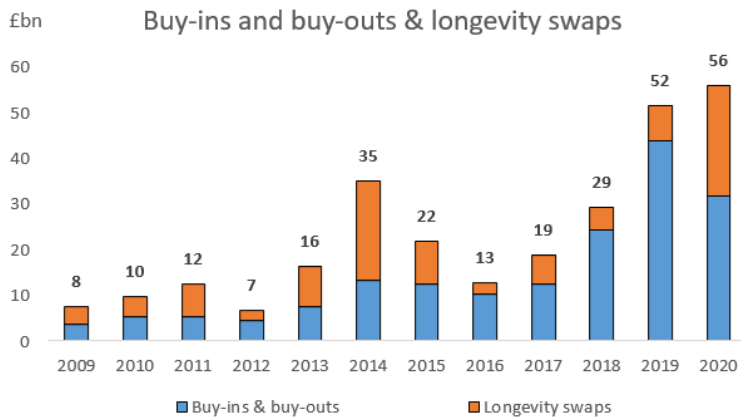


Chart 2: Breakdown of the major UK annuity writers' SCR (YE19). Source: QRTs, PRA analysis, YE19

Breakdown of the major UK annuity writers' SCR (YE19)

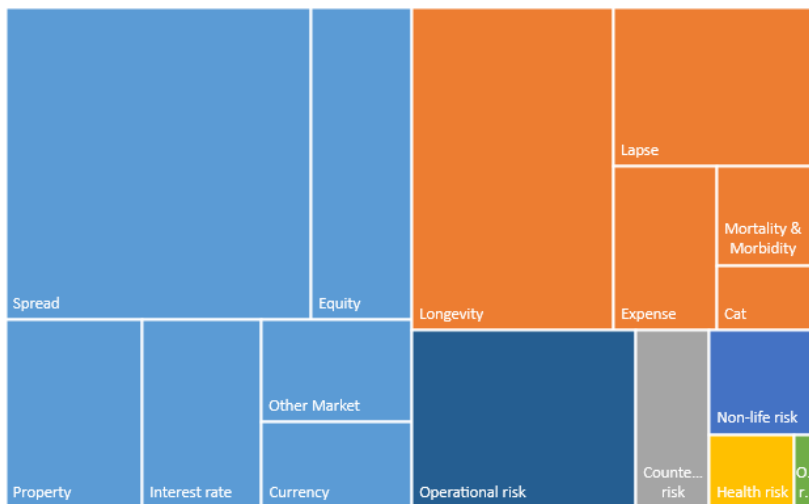


Chart 3: MA Portfolios. Source: QRTs, PRA analysis

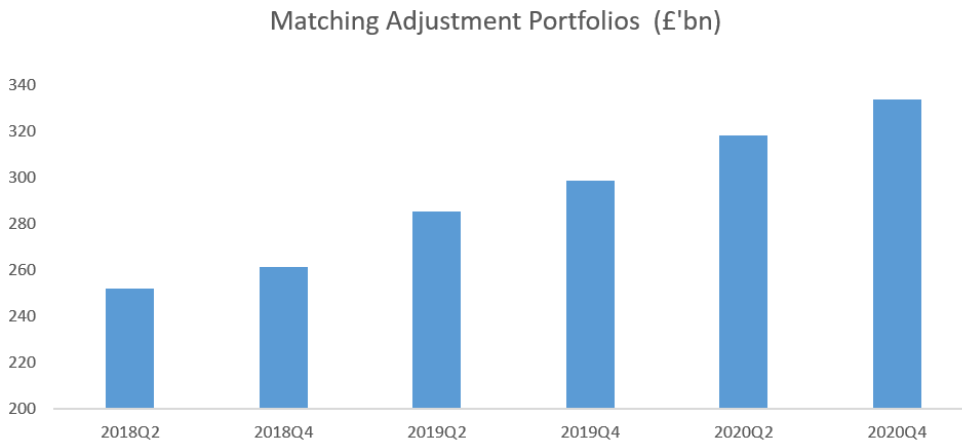


Chart 4: Illiquid proportion of MA portfolio assets. Source: QRTs, PRA analysis

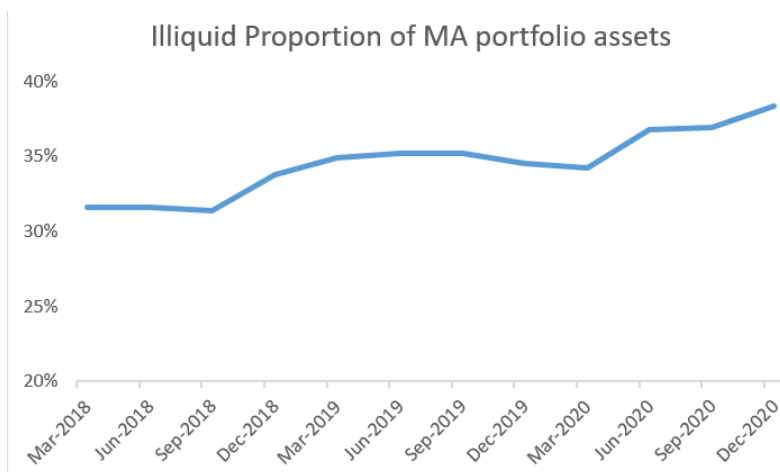
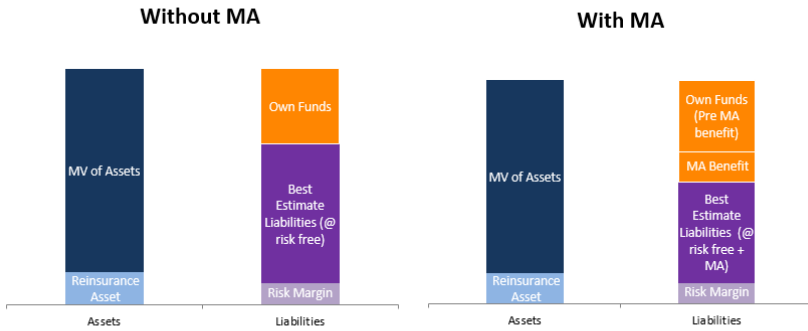


Chart 5: The impact of MA on the base balance sheet. Source: PRA analysis, Solvency II Regulations

The impact of MA on the base balance sheet



The MA reduces the value of the liabilities, increasing the level of own funds

Chart 6: Credit Spread on Investment Grade Corporate Bonds. Source: Bloomberg data, PRA analysis

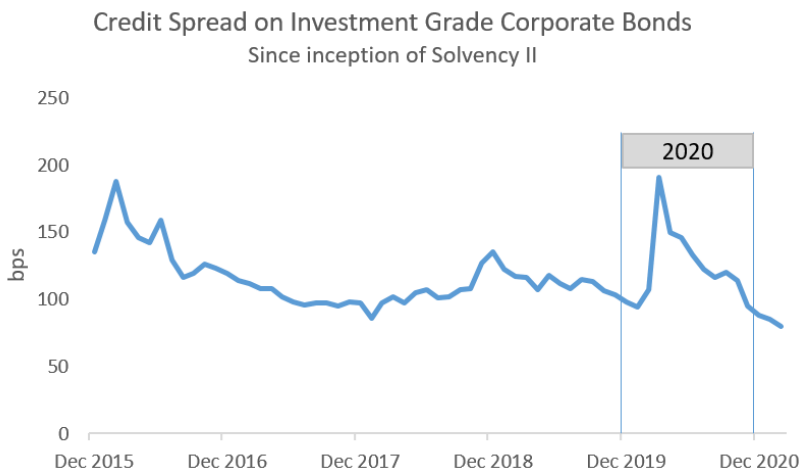


Chart 7: Decomposition of Bond Spread. Source: PRA analysis, Solvency II Regulations

Decomposition of Bond Spread

Illustrative, Investment Grade Corporate Bond

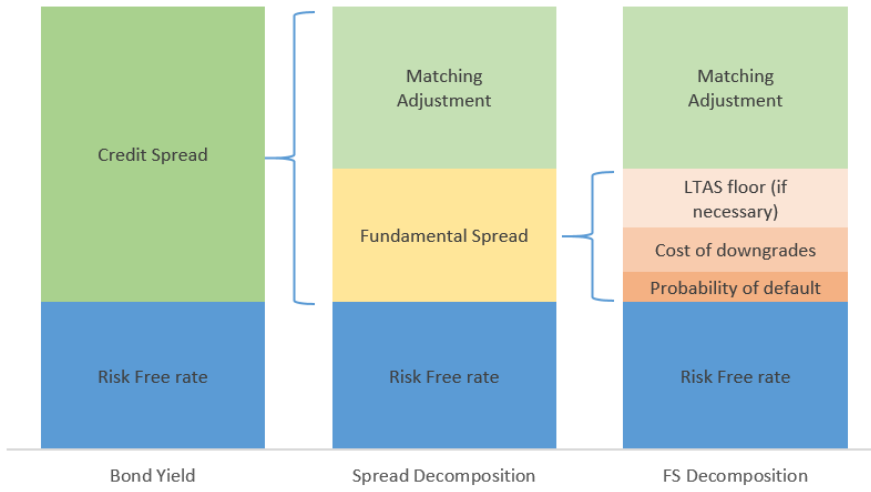


Chart 8: FS Components: Non-Financial CQS 3 (BBB-rated). Source: PRA analysis, YE20

FS Components: Non-Financial CQS 3 (BBB-rated)

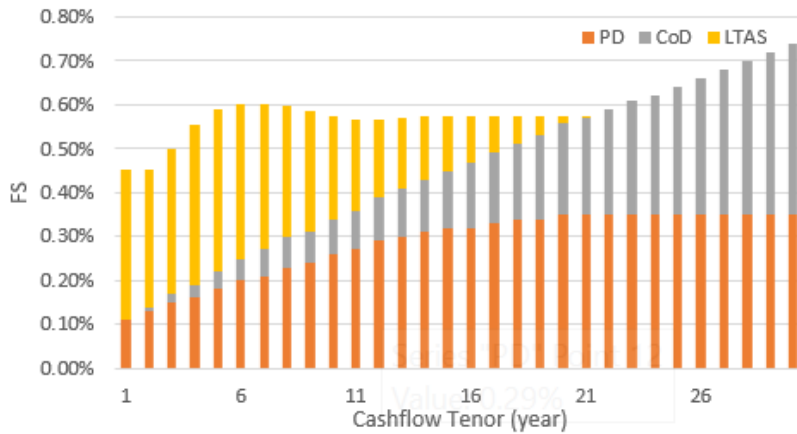


Chart 9: FS – Credit Quality Step 2 (A-rated). Source: PRA analysis, YE20

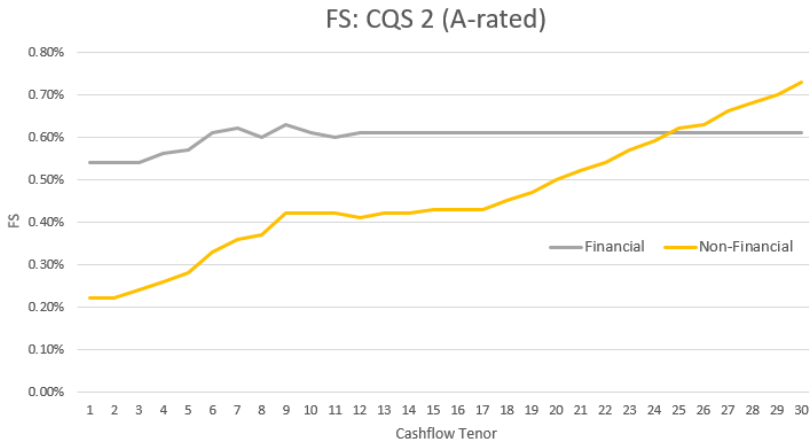


Chart 10: Illustrative A-rated 10 year financial bond. Source: Bloomberg data, PRA analysis

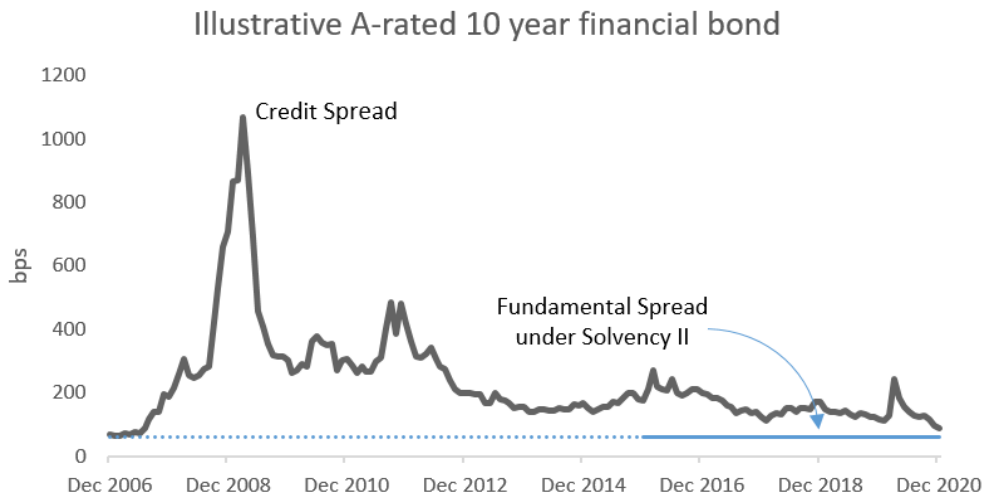


Chart 11: 2020YE FS as % spread - Illustrative A-rated 10 year financial bond. Source: Bloomberg data, PRA analysis using YE20 FS

