

NAIC Collateralized Loan Obligation (CLO) Stress Tests Methodology

We will model all tranches of broadly syndicated loan CLOs held by U.S insurance companies.

At this stage we will exclude:

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Once a default rating has been established, the loan will be until its maturity.

Principal is recovered 6 months (2 periods) after default

Interest Rates / Proceeds

- Forward Secured Overnight Financing Rate (SOFR) curve as of evaluation date
- Interest Proceeds for each period are based on the weighted average current portfolio spread plus the applicable base rate times the non-defaulting principal.

Maturities and prepayments

- Non-defaulting portions of each loan mature based on the legal maturity
- No prepayments assumed

Reinvestment

- No post-reinvestment period reinvestment
- Reinvestment collateral is purchased at par

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