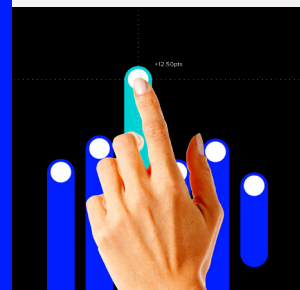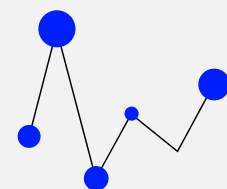# LSEG Yield Book

LSEG Yield Book CLO Credit Model

For more than 35 years, Yield Book has been a trusted source of securitized analytics and models for institutional buy-and sell-side clients globally. Building upon this legacy, we have added an enhanced framework for analysing and valuing Collateralised Loan Obligations (CLOs) into our product suites.

We are pleased to announce the addition of CLO Credit Model to our suite of predictive models.

The CLO Credit Model is a loan level model, consisting of two components:

Default Rate Model	Loss Recovery Model
The Default Rate Model is developed with statistical regression to predict the likelihood of default based on specific loan attributes along with market inputs and macroeconomic variables.	The Loss Recovery Model is calibrated to historical and most recent loss recovery level and certain loan attributes.

Model Dials
The model can be run with customized scenarios on key model drivers: loan price shock, rating upgrade/downgrade, interest rate shocks and industry shocks (including tariff impacted industries). The model output under different user-defined scenarios will feed into the cashflow engine, producing a wide range of analytics measures.

Model Output
The outputs of the models are monthly CDRs and loss recovery rate for each individual loan.

Model integration with existing analytics
The outputs of the models are consumed by the CLO cash flow engine to generate security cash flows as well as analytical results for CLO bonds. We have closely mimicked the existing workflow for other predictive models for seamless model integration.

Analysing CLOs in Yield Book: deal & note information
Yield Book users can easily retrieve deal and note level terms and conditions, loan level information and portfolio test trigger data sourced from trustee reports, and run cash flows. Users can also calculate analytics such as yield, duration, WAL, discount margin, DV01, To Call measures, etc.

LSEG DATA & ANALYTICS
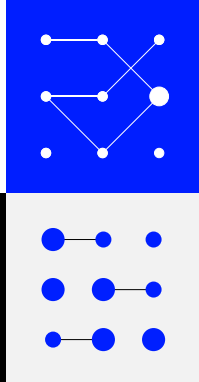
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Model Performance

Actual and projected default rate since 2014
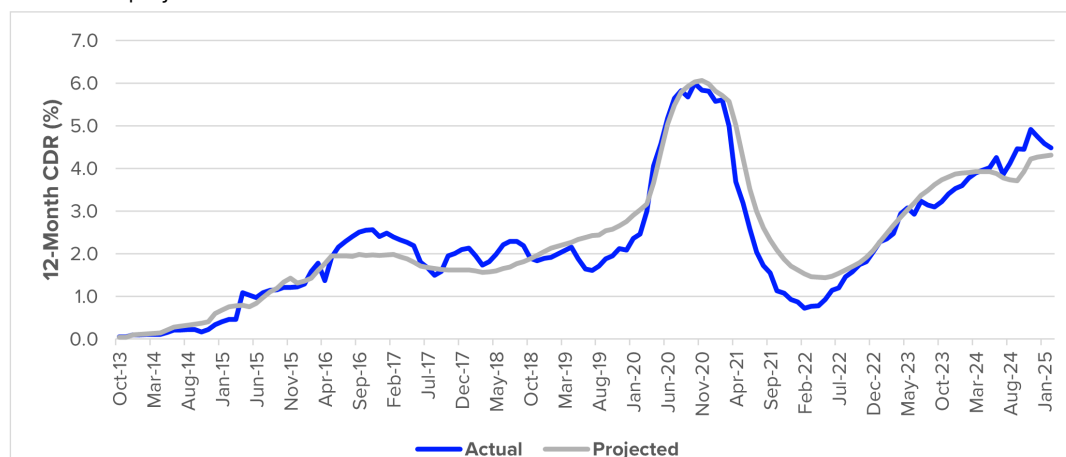
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