



Aircraft Finance

Annual observed recovery rates trends

June 2025

Aircraft recoveries hold up post-Covid

2025 Outlook

The aircraft industry ended 2024 on a strong note and is set for further expansion in 2025. Passenger demand continues to rise, with most routes exceeding pre-pandemic levels. Air cargo hit record highs in 2024 driven by e-commerce demand and strong supply chains. Overall traffic is expected to grow further in 2025.

At the same time, the industry faces challenges. Geopolitical shifts and evolving trade policies could introduce new uncertainties. Supply chain constraints continue to affect aircraft production and maintenance. A series of safety incidents has heightened scrutiny on airline operations, prompting a renewed focus on risk management and oversight.

Despite these headwinds, recovery has been strong, with overall averages reaching 89% - a notably high level even exceeding that of [Corporates](#).

Almost 1,000 aircraft defaults in the GCD Loss Database

We have collected bank internal loss and recovery data from 30 global banks since 2000. Typical aircraft finance deals are large in size and low in numbers and the 921 defaulted facilities represent a substantial database.

Drivers of loss

We show historical observed recovery rates by common risk drivers: lending portfolio and region. On the next page we investigate aircraft specifics, including types, manufacturers, and security ranking, showing LTV and haircut analysis.

921	89%	1.4
Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery

Lending Portfolio

	Nr of Facilities	Observed recovery rate
Aircraft Finance SL	628	90%
Large Corporates	121	93%
Private Banking	75	86%
Other	27	88%
SME	70	80%

Region

	Nr of Facilities	Observed recovery rate
Africa & Middle East	17	95%
Asia & Oceania	105	87%
Europe	305	91%
Latin America	99	98%
North America	395	86%

The regional spread reflects the number of defaulted cases in the GCD database not worldwide aircraft usage.

Observed Recovery Rate refers to the historical observed nominal average recovery cash flows divided by outstanding amount at default.

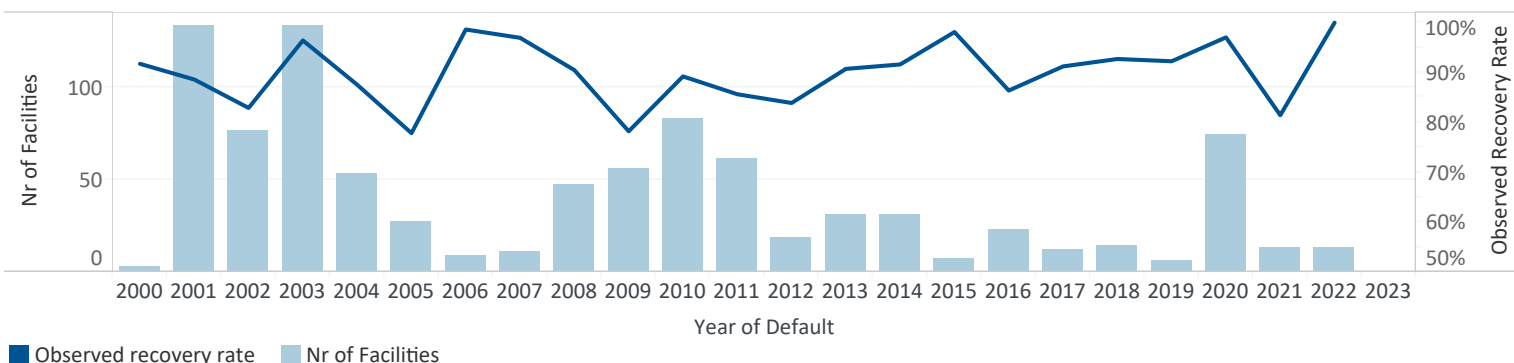
Time to Peak Recovery is calculated as the center point of recovered cash flow.

From crisis to clarity: how aircraft recoveries during Covid compared to previous crises

The Covid crisis in 2020 led to a higher number of defaults than in previous years (also see [GCD PD Report 2022](#)). The recovery rate stands at 97% but is expected to fall, as about a third remain unresolved and are not included yet. Longer-defaulted cases tend to have lower recoveries.

It follows historical patterns seen in previous downturns. After 9/11, defaults rose between 2001 and 2003, with an average recovery rate of 90%. The financial crisis brought a similar wave of defaults from 2008 to 2011, though recoveries averaged lower at 86%.

	Nr of Facilities	Observed recovery rate	Time to peak recovery
9/11 2001-2003	342	90%	2.1
GFC 2008-2011	247	86%	1.2
COVID 2020	74	97%	1.3
Other Years	258	88%	0.9





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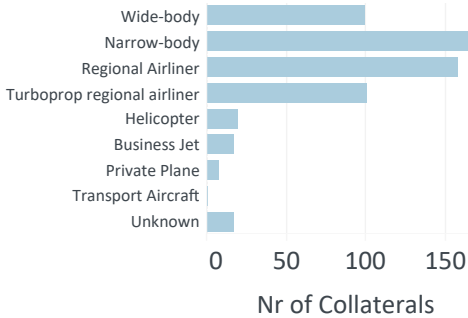


588	18%	65%
Total Aircraft	Observed Haircut	Loan-to-Value (LTV)

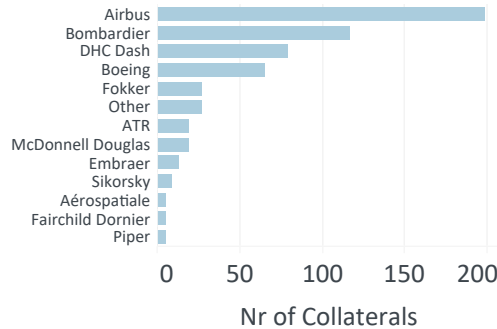
This section explores the collateral dimension on defaulted facilities from the previous page. A single loan can be secured by multiple aircraft and a single aircraft can be collateral for multiple loans. Therefore, the number of aircraft collaterals and the number of loans will not be equal. At the same time, where there are aircraft industry facilities without an aircraft collateral then these cases are excluded.

Aircraft Collateral Characteristics

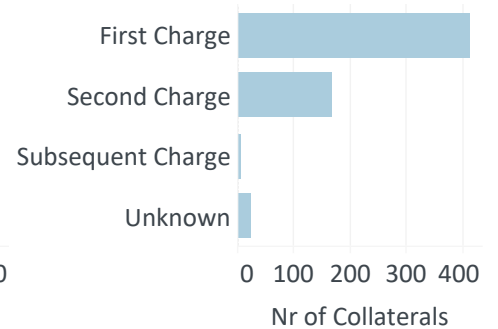
Aircraft Type



Manufacturers



Rank of Security



Haircut and Loan-to-Value

Haircut

Collateral value typically declines during the default and workout process. On average, this decline (haircut) is observed as 18% for aircraft defaults. When aircraft are not sold, this decline appears as lower valuations after default reflecting the general market decline for second-hand aircraft due to age depreciation and market circumstances e.g. downturn.

The low number of sold collaterals suggests that a sale is not the most likely workout scenario. Rather than selling collateral immediately, lenders view aircraft sales as a last resort. Their primary approach is to keep the aircraft operational by restructuring repayment schemes, negotiating with borrowers, and exploring alternative workout strategies to maximize recovery.

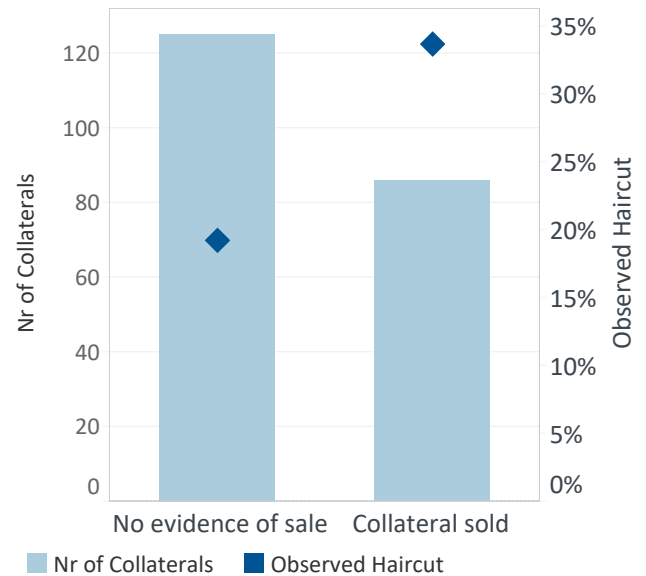
Loan-to-Value

A typical aircraft financing case involves a long-term loan that amortizes over time while the aircraft depreciates, with a final balloon payment. The data indicates that cases with high loan-to-value ratios before default result in higher LGD.

Despite some volatility, aircraft are widely recognized as high quality collateral due to the depth of the secondary market. While values can fluctuate depending on market conditions, aircraft maintain liquidity, allowing lenders to recover significant portions of outstanding debt even in default scenarios and with LTV at default on average at 65%.

GCD members receive detailed data enabling them to create loan-to-value and haircut-based aircraft financing models.

Collateral Haircut



Observed Haircut is the collateral value prior to default (max. 2 years prior) minus the collateral value after default (e.g. date of sale or resolution) divided by the collateral value prior to default.

Loan-to-Value (LTV) refers to the ratio of the outstanding amount of a loan to the value of the collateral at the default date.

Global Credit Data maintains the world's most exhaustive and high quality, member-bank contributed data source for credit risk.



More from Global Credit Data

This report draws on verified information collected from 50+ global or regional banks over 20 years and covers over 300,000 defaulted facilities in total.

[Explore our other reports.](#) They provide an instant insight into observed Recovery Rates and other key benchmarks for various exposure classes, industry sectors and collateral types:

Corporates, Banks and Financial Institutions, Sovereigns, Real Estate Finance, Shipping Finance, Aircraft Finance.

To meet the standards set by global regulations like BCBS239 or RDARR GCD has established a robust framework to continuously measure, monitor and improve [data quality](#).

About

At GCD we pool credit loss data directly from banks' books, providing vital insights into the financial industry since 2004. As a non-profit organization owned by over 50 member banks we focus on collecting detailed credit risk data, particularly for low default portfolios.

Beyond data pooling we offer a platform to exchange knowledge and foster research. We are actively engaged in understanding and assessing climate risk, demonstrating our commitment to addressing contemporary and future financial challenges.

Joining GCD grants you access to an exclusive community of banks and deep data insights. Gain market understanding and benchmark your performance.

www.globalcreditdata.org

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