

Corporates

Annual observed recovery rate trends

July 2024

COVID Year Recoveries now largely known

2024 Outlook

The economy is once more navigating through a complex landscape influenced by current geopolitical developments, advancements in AI technology and the ongoing climate crisis. With the recoveries from the 2020 defaults now largely realized GCD's data indicates a marginal downturn reflecting a limited impact from these specific recoveries, possibly due to the relaxed monetary policies implemented by governments. Notably, recent times have witnessed a rise in interest rates, a phenomenon not seen since 2008. This increase is expected to influence new recoveries on defaults, if only through the mechanism of discounting.

Corporate Defaults in the Global Credit Data Loss Database

Bank internal Loss and Recovery Data has been collected from 50+ global banks since 2000. Historical observed Recovery Rates and Time to Peak Recovery are shown here by common risk drivers: Collateral and Seniority, Region and Industry. GCD members receive granular data including country level and granular industry groups for deeper analysis.

Drivers of Loss

Seniority and Collateral are observed as affecting recoveries. Secured recovery is higher than unsecured, particularly where a strong (primary) collateral is held. GCD has its strongest database in Europe and North America, which register similar figures. Africa & Middle East shows relatively low recoveries.

Note on Terms Used (see [Appendix](#) for more details)

Observed Recovery Rate refers to the historically observed nominal average recovery cash flows divided by outstanding at default. It is based on resolved loans for years 2000-2019.

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

Primary Collateral is Cash, Marketable Securities, Ships, Airplanes, Real Estate and Other Objects. **Secondary Collateral** is all other collaterals.

183,069

Number of
Facilities

75%

Observed
Recovery Rate

1.3

Time to Peak
Recovery

		Number of Facilities	Observed Recovery Rate	Time to Peak Recovery
Secured	Primary	53,142	82%	1.4
	Secondary	67,398	71%	1.2
	Total	120,540	76%	1.3
Unsecured	Senior	47,122	74%	1.1
	Subordinated	850	58%	1.8
	Other	14,557	69%	1.9
	Total	62,529	72%	1.3
Africa & Middle East		4,453	67%	1.2
Asia & Oceania		8,947	80%	0.8
Europe		107,006	75%	1.4
Latin America		5,300	70%	1.5
North America		57,303	74%	1.1
Unknown		60	71%	1.6
Agriculture		6,557	83%	1.1
Communications		4,379	73%	1.4
Construction		18,518	73%	1.3
Hotels and Restaurants		6,863	74%	1.3
Manufacturing		34,560	78%	1.1
Mining		2,473	81%	1.0
Real Estate		16,049	81%	1.4
Social/Health Services		6,478	74%	1.6
Other Services		26,729	71%	1.3
Transportation		9,010	75%	1.1
Utilities		1,605	79%	1.2
Wholesale/Retail Trade		35,256	72%	1.2
Other		14,550	74%	2.1
Null		42	78%	1.0

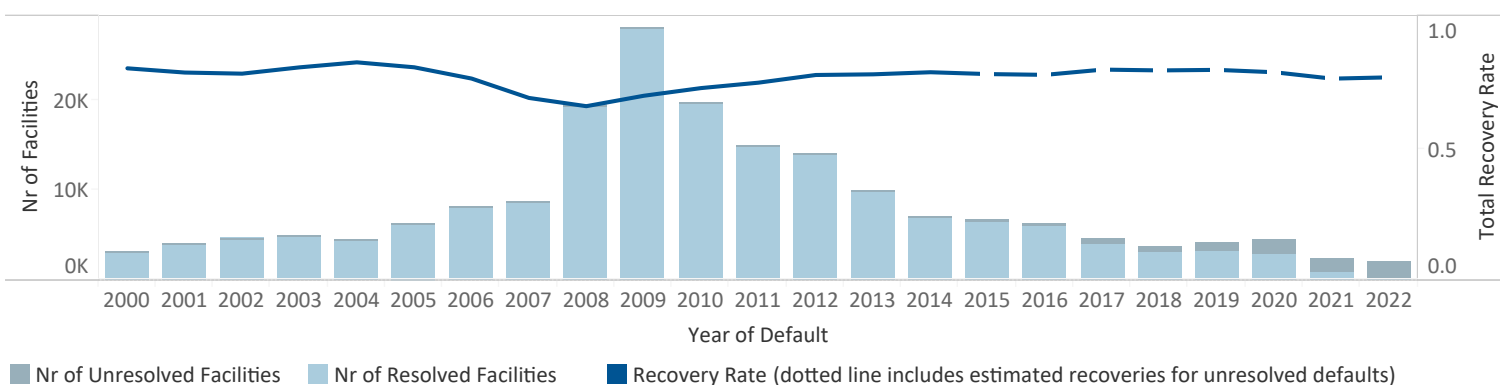
Recoveries and Losses in COVID and other Crisis Times

This report shows historical observed recovery rates for the period from 2000 to 2022. By applying the GCD methodology for calculating losses for the portion of unresolved defaults the total recovery rate for 2020 is estimated to be 79% (82% for resolved loans) aligning closely with the long term historical average. This could be attributed to the governments' stimulus packages and financial institutions' loan forbearance programs.

These findings offer valuable insights for modeling downturns, conducting stress tests and understanding the broader economic influences on corporate recoveries.

	Total Recovery Rate	Observed Recovery Rate	Time to Peak Recovery
COVID 2020	79%	82%	0.6
GFC 2008-2009	68%	68%	1.6
Other Years	77%	77%	1.2

Total Recovery Rate includes estimated values for unresolved defaults while Observed Recovery Rate is based on resolved defaults only. See [GCD LGD for Unresolved Defaults Methodology](#) for more details.



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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