

Medium-Sized Enterprises

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. 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. Latin America 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.

94,261

Number of
Facilities

79%

Observed
Recovery Rate

1.3

Time to Peak
Recovery

	Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Secured	Primary	36,734	84%
	Secondary	33,110	75%
	Total	69,844	79%
Unsecured	Senior	21,275	79%
	Subordinated	447	56%
	Other	2,695	82%
Total	24,417	79%	1.3
<hr/>			
Africa & Middle East	1,298	82%	1.6
Asia & Oceania	3,723	79%	0.8
Europe	53,849	80%	1.4
Latin America	1,957	68%	1.8
North America	33,427	79%	1.1
Unknown	7	57%	0.7
<hr/>			
Agriculture	4,720	86%	1.1
Communications	1,582	77%	1.5
Construction	10,069	78%	1.4
Hotels and Restaurants	3,462	79%	1.4
Manufacturing	18,095	80%	1.1
Mining	819	80%	1.1
Real Estate	10,949	82%	1.5
Social/Health Services	4,249	75%	1.6
Other Services	12,196	78%	1.3
Transportation	3,638	80%	1.1
Utilities	556	82%	1.2
Wholesale/Retail Trade	17,343	78%	1.2
Other	6,583	79%	1.9

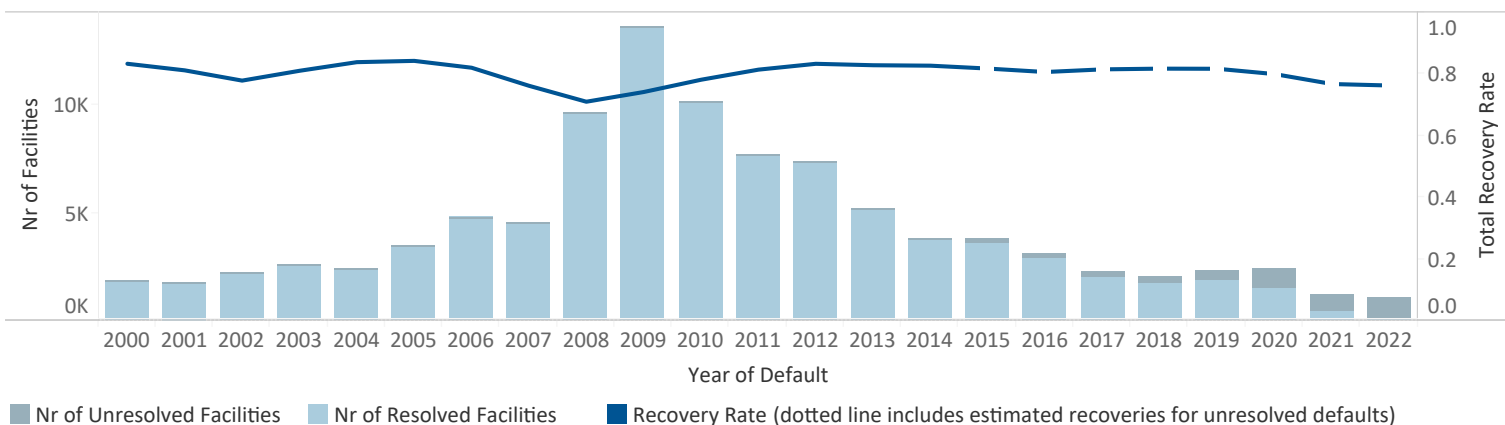
Recoveries and Losses in COVID and other Crisis Times

This report shows historical observed recovery rates for the years 2000 to 2022. For recent years the increasing portion of yet to be resolved cases adds uncertainty to the outcome. By applying the GCD methodology for calculating losses for the portion of unresolved defaults the total recovery rate for 2020 is estimated to be 80% (82% for resolved loans) which is close to the long-term average despite the significant challenges posed by the COVID pandemic. 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	80%	82%	0.6
GFC 2008-2009	73%	73%	1.6
Other Years	81%	82%	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.



Small-Sized Enterprises

Annual observed recovery rate trends

July 2024

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. 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 bank types 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. Africa & Middle East shows relatively low recovery rates.

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.

61,307

Number of Facilities

66%

Observed Recovery Rate

1.3

Time to Peak Recovery

		Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Secured	Primary	10,753	78%	1.3
	Secondary	23,933	63%	1.3
	Total	34,686	67%	1.3
Unsecured	Senior	15,432	63%	0.8
	Subordinated	89	60%	2.1
	Other	11,100	65%	1.9
	Total	26,621	64%	1.4

Africa & Middle East	2,536	58%	1.0
Asia & Oceania	2,988	85%	0.5
Europe	41,426	68%	1.5
Latin America	831	64%	1.3
North America	13,525	57%	1.1
Unknown	1	0%	

Agriculture	1,311	74%	1.1
Communications	1,245	63%	1.2
Construction	6,937	65%	1.2
Hotels and Restaurants	2,749	66%	1.3
Manufacturing	8,863	70%	1.1
Mining	290	71%	0.9
Other	5,851	68%	2.4
Other Services	12,053	63%	1.2
Real Estate	3,076	73%	1.3
Social/Health Services	1,692	68%	1.7
Transportation	3,641	67%	1.1
Utilities	315	67%	1.1
Wholesale/Retail Trade	13,284	63%	1.2

Recoveries and Losses in Crisis Times

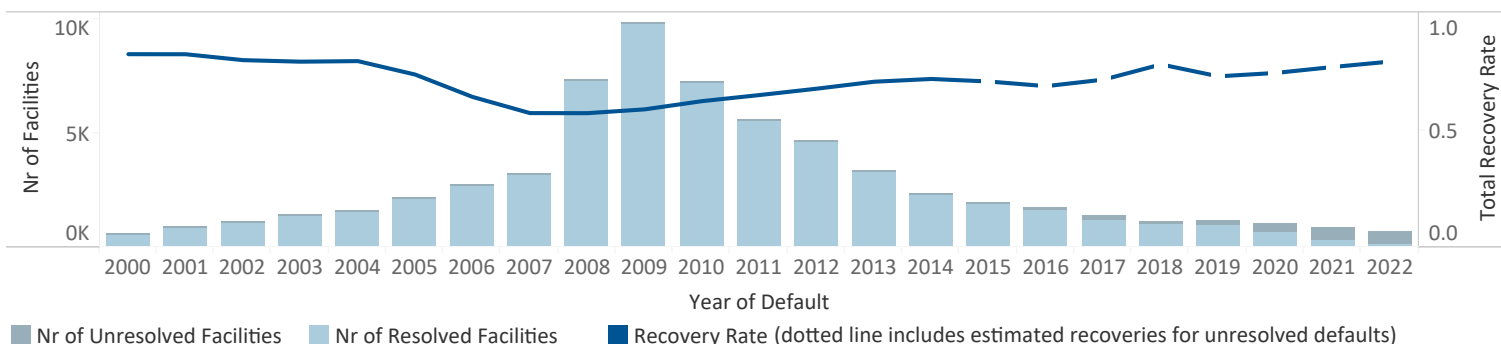
This report shows historical observed recovery rates for the years 2000 to 2022. For recent years the increasing portion of yet to be resolved cases adds uncertainty to the outcome. By applying the GCD methodology for calculating losses for the portion of unresolved defaults the total recovery rate for 2020 is estimated to be 80% (82% for resolved loans) which is close to the long-term average despite the significant challenges posed by the COVID pandemic. 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	74%	73%	0.5
GFC 2008-2009	58%	58%	1.6
Other Years	69%	69%	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.

Recovery Rates by Year of Default



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

Contact

Nina Brumma
Head of Analytics and Research
nina.brumma@globalcreditdata.org

Membership Inquiries

jakub.tomczyk@globalcreditdata.org