

Global Credit Data

by banks for banks

GCD PD & Rating

Capturing the downturn during the pandemic and
the current turmoil



Olivier Plaetevoet

Agenda

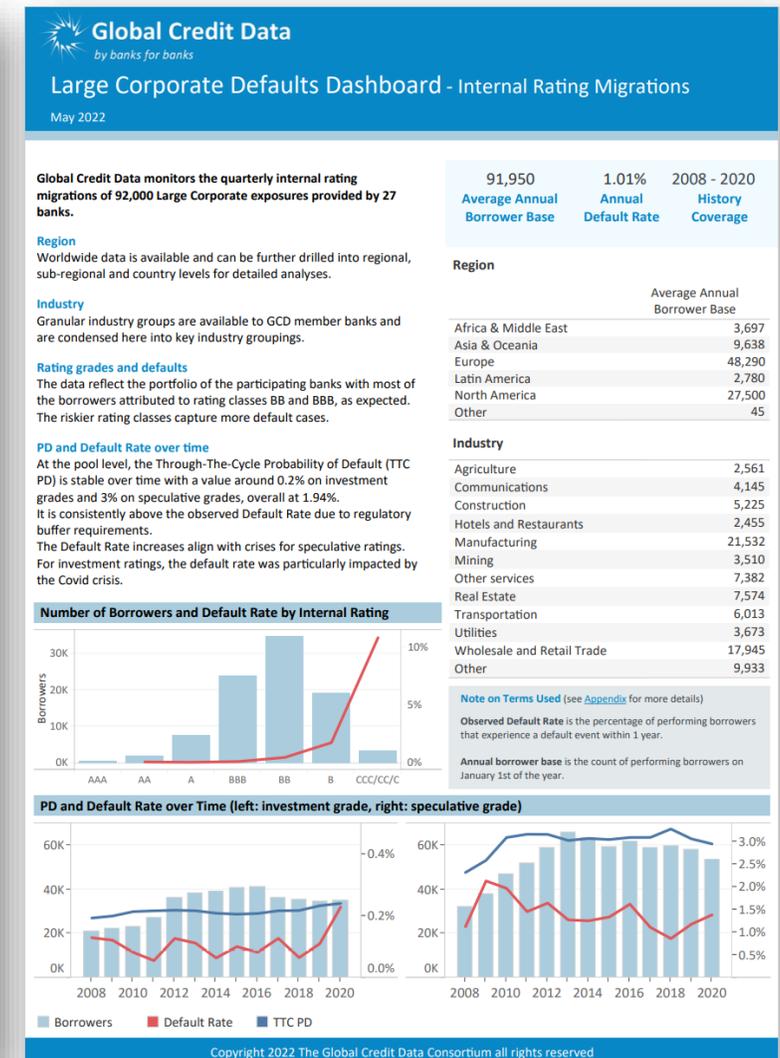
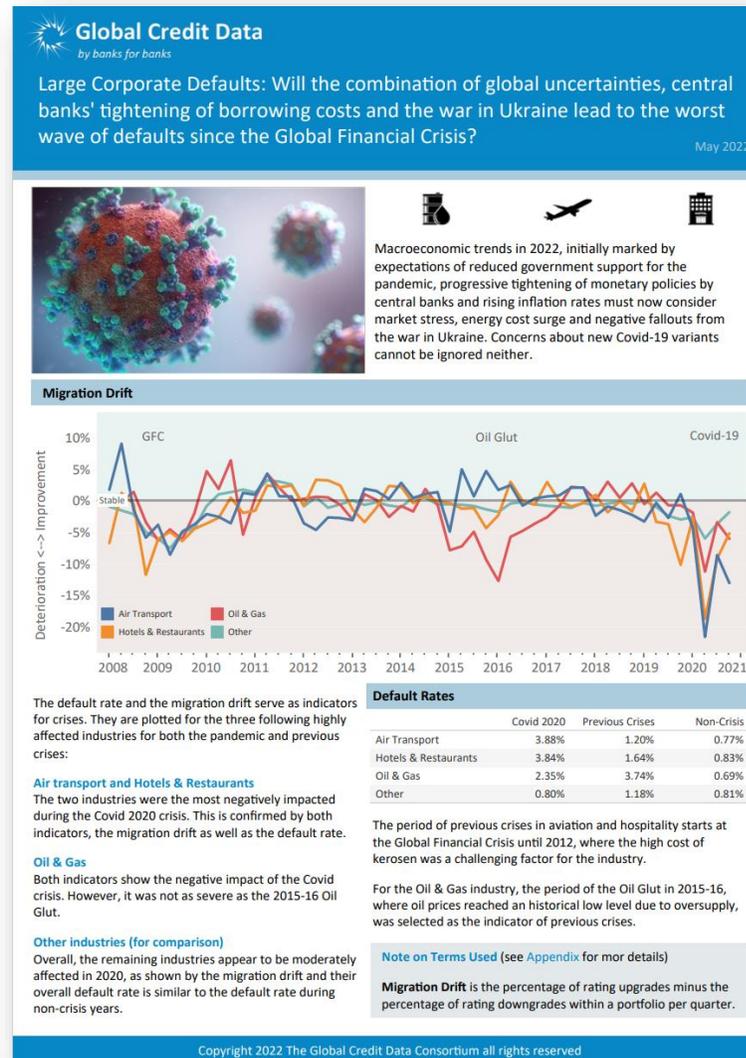
- ❑ Refresher on the Large Corporate Default Dashboard
- ❑ Updated figures with 2021 data
 - Migration drift
 - Default Rates
- ❑ Another perspective on the migration drift
 - Covid-Impacted industries
 - Upstream vs Downstream Oil & Gas
 - Large Corporates
 - Large Corporates vs SMEs
 - Manufacturing industry
- ❑ Additional considerations
 - Volumetrics
 - Formulas
- ❑ Next steps: 2022 inflationary impact

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Public dashboard on Large Corporates Defaults

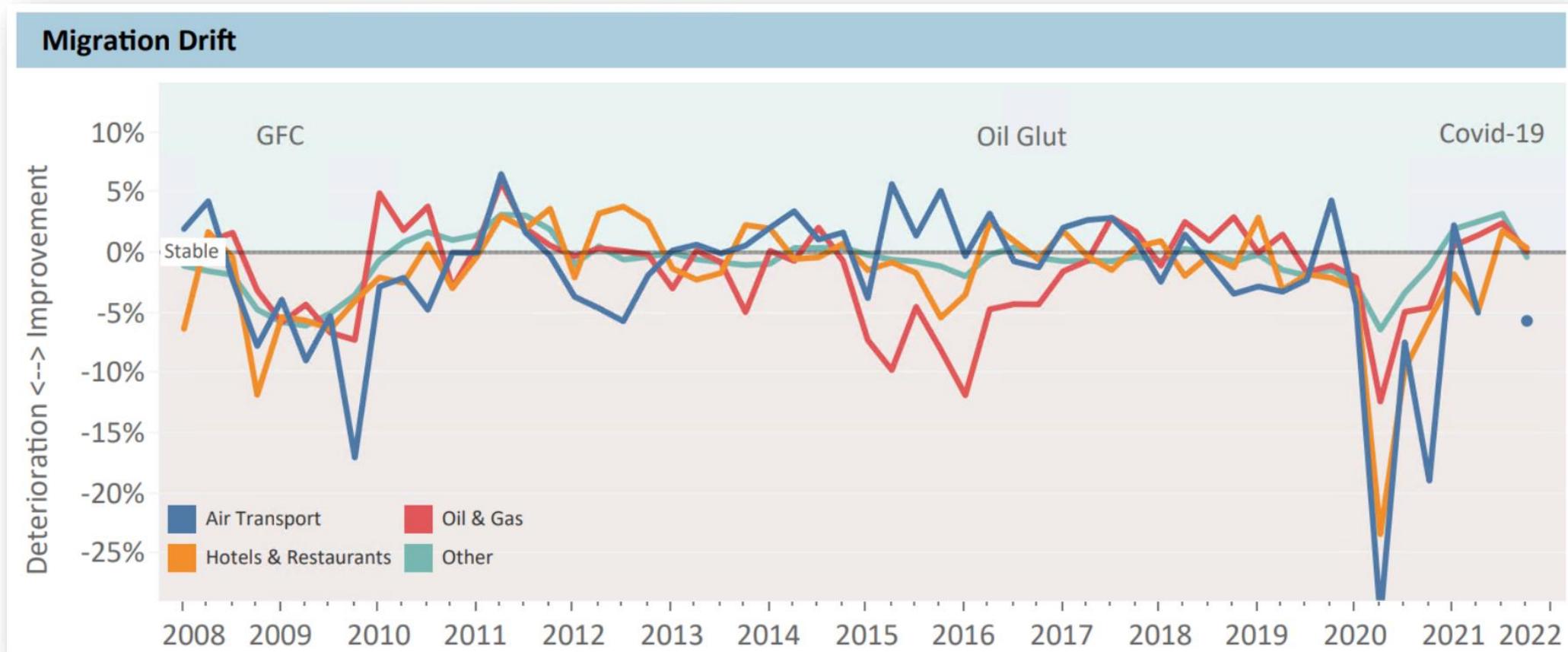
- ❑ Insights: Covid impact
- ❑ Scope: Large Corporates
- ❑ Focus:
 - Hotel & Restaurants
 - Air transports
 - Oil & Gas



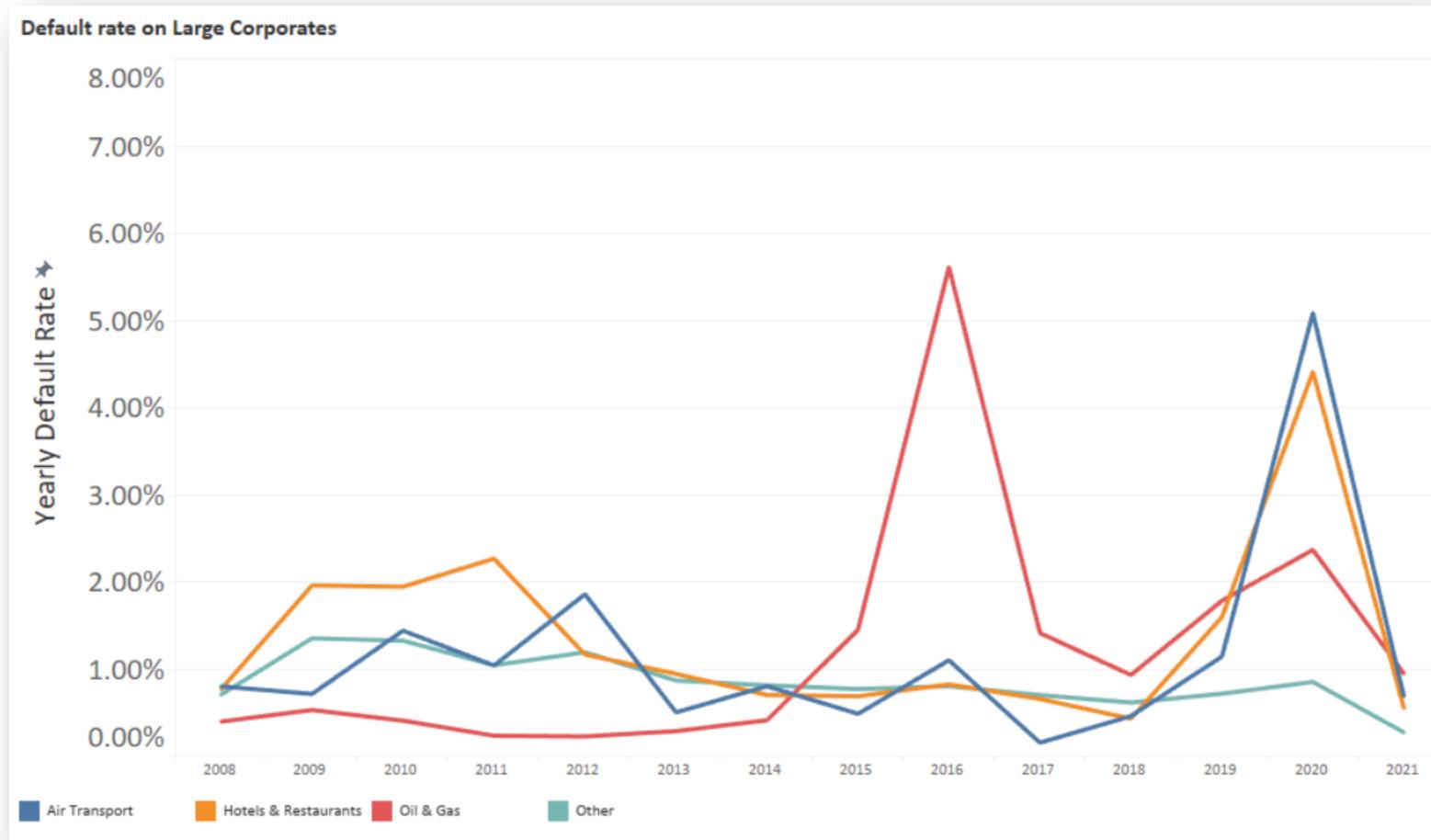
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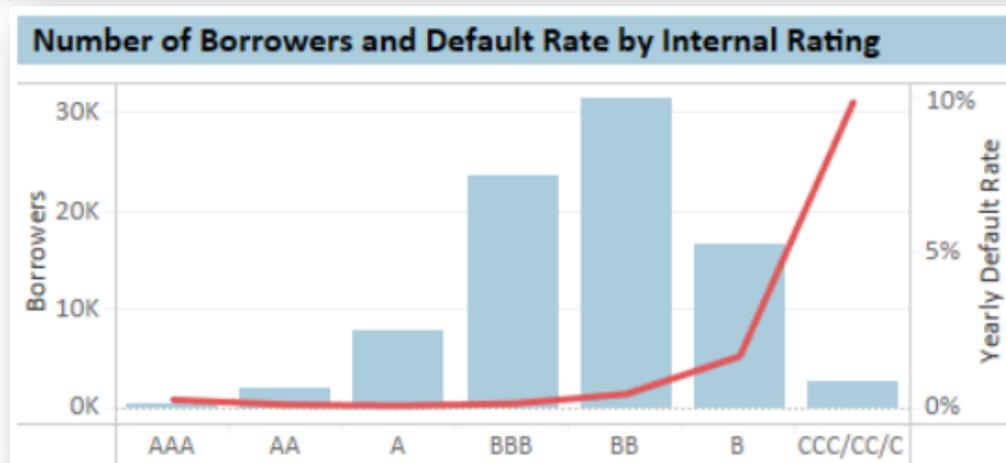
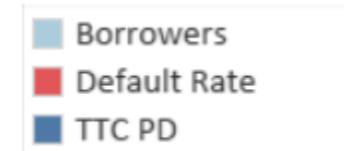
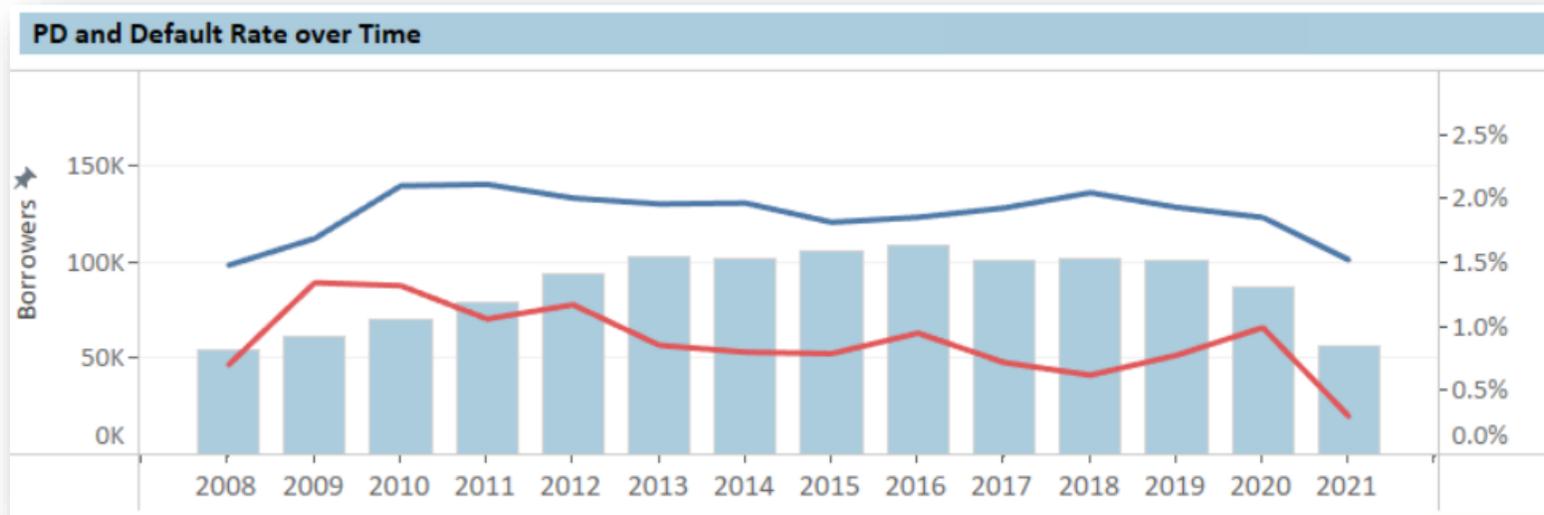
2021 update: Migration Drift over impacted industries



2021 update: Default Rates over impacted industries



2021 update: TTC PD & DR historically, by rating



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Migration Drift of: Hotels/Restaurants

Member-only:

Contact

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to get access to the full slide.

Migration Drift of: Air Transport

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Migration Drift of: Oil & Gas

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Upstream is more impacted than downstream

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Migration Drift over the pool

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Migration Drift over manufacturing industries

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Migration Drift over LC vs SMEs

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Participation, Volumetrics and Platform

- ❑ 30 members have participated in the PD & Rating platform.
- ❑ > 15 active members with recent contributions.

- ❑ 85k obligor basis for Large Corporate asset class.
- ❑ >350k obligor basis for SME asset class.

- ❑ Yearly submission of quarterly data points.
- ❑ Obligor characteristics: asset class, country, industry
- ❑ Credit information: TTC PD, Internal Ratings, Default information.

Migration Drift formula

$$\mathbf{Migration\ Drift} = \frac{\mathit{Upgrades} - \mathit{Downgrades}}{\mathit{Performing\ rated\ obligors}} = \mathit{Upgrade\ \%} - \mathit{Downgrade\ \%}$$

- ❑ Note: Number of notches downgraded/upgraded is not included in the calculation.
- ❑ Note: Defaults are not included in the calculation.
- ❑ Comparability of different portfolio sizes is possible.
- ❑ Migration drift of each participant is averaged to obtain a consensus.

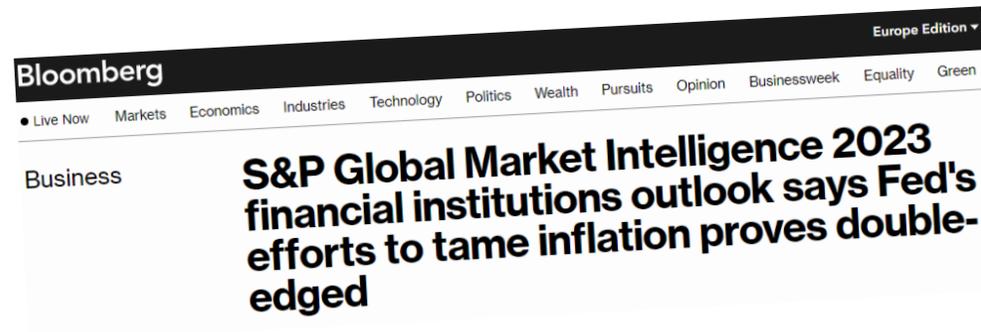
- ❑ Graphs with boxplots presented before show the dispersion of lenders migration drifts for the selected scope/portfolio.

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2022 inflation

- ❑ Evaluation of 2021 data shows:
 - Positive migration drift (recovery with upgrades).
 - Hotel/Restaurants and Airlines still with negative migration drift (still partly downgrading).
- ❑ Expectations for 2022 & 2023, knowing:
 - Rising inflation worldwide
 - Energy crunch in Europe
 - Lowest Consumer Confidence Index in OCDE



Behind the scene considerations

- ❑ Which perspective to take:
 - Pool
 - Average of each lender
- ❑ Stability of the dataset
 - Reality is that all participating members cannot submit every time. How to avoid having
- ❑ Frequency of the refresh
 - Data refresh is once per year, should we increase the frequency for some use case?