

Observed Recovery Rates Dashboard Banks and Financial Institutions

May 2022

Banks recover 77% from Banks and Financial Institutions defaults

Key Findings

- When banks and other financial companies default lenders eventually recover on average 77% of the amount lent.
- Recovery Rates were 8% lower in the last downturn compared to non downturn times.

Seniority and Collateral

Seniority and collateral are observed as affecting recoveries. Secured recovery is higher than unsecured, particularly where a strong (primary) collateral is held.

Region

GCD data has its strongest database in Europe and North America, which register similar figures. GCD members receive country level data for deeper analysis.

Registered Banks vs Non Bank Financial Companies (NBFIs)

Most of the default cases here are NBFIs, which mainly include Asset Management, Credit Companies and Funds.

Recoveries and Losses in Crisis Times

Higher numbers of defaults and lower recoveries are observed during the financial crisis starting in 2008. The peak of defaults was in 2009 which was the worst year of the crisis. As workouts take more than one year the 2008 defaults were being recovered in that worst year and hence show the lowest recovery. In the time series graph below the most recent years are displayed in a dashed line as short workout periods with higher recovery are naturally overrepresented (resolution bias). Cases which are still incomplete and the ultimate recoveries are unknown are not included here. Recoveries will be reported as the defaults resolve over time.

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.

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.

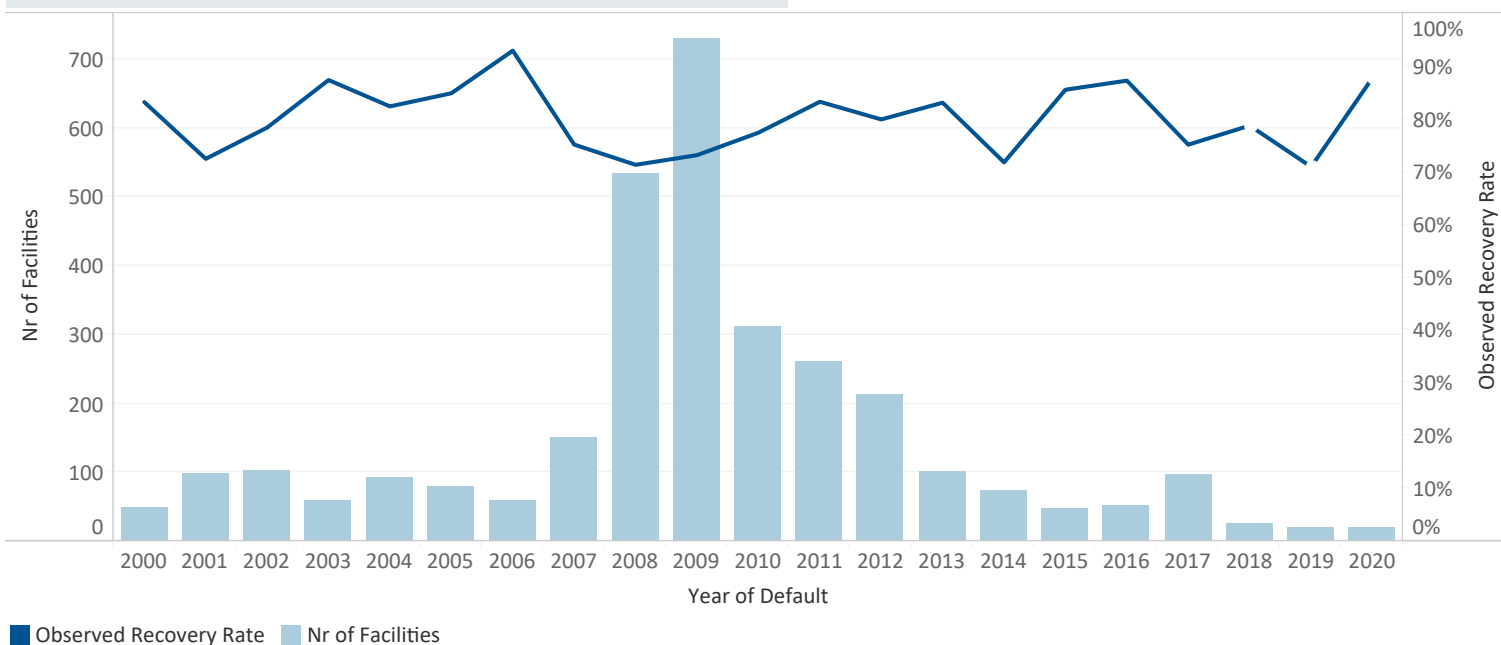
	Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Grand Total	3,133	77%	1.3

Secured	Primary	800	83%	1.3
	Secondary	850	77%	1.1
Total		1,650	80%	1.2
Unsecured	Senior	1,068	72%	1.3
	Subordinated	43	75%	1.9
	Other	372	78%	1.3
Total		1,483	74%	1.3

Africa & Middle East	126	75%	1.4
Asia & Oceania	251	74%	1.2
Europe	1,113	77%	1.4
Latin America	249	77%	1.2
North America	1,388	78%	1.2
Unknown	6	79%	1.7

Registered Banks	864	74%	1.4
NBFIs	2,269	78%	1.2

Downturn 2007-2009	1,415	73%	1.4
Non Downturn	1,718	81%	1.1



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



More from Global Credit Data

This dashboard draws on verified information collected from 50+ global or regional banks over 20 years and covers over 300,000 defaulted facilities in total. Find [more information](#) on our website.

[Explore our other dashboards.](#) 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.

GCD has continuously reinforced a framework that is used to measure and monitor [data quality](#) as required by global regulations (BCBS239).

About

Established in 2004 as a non-profit association, GCD's Mission is to help banks understand and model credit risks. Membership has grown to 50+ member banks across Europe, Africa, North America, Asia and Australia. Activities include pool credit loss data, directly from banks' books.

GCD operates pooled databases on a "give to get" basis, meaning that members who supply high quality data and receive detailed data in return. The robustness of GCD's data collection infrastructure helps place the GCD databases as the global standard for credit risk data pooling.

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