

Observed Recovery Rates Dashboard Corporates

May 2022

Banks recover 76% from Corporate defaults

Key Findings

- When corporates default lenders eventually recover on average 76% of the amount lent.
- Recovery Rates were 8% lower in the last downturn compared to non downturn times.
- It takes between 1 and 2 years to recover the cash flows.

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. Africa & Middle East shows relatively low recoveries. GCD members receive country level data for deeper analysis.

Industry

Granular industry groups are available to GCD member banks and are condensed here into key industry groupings. The differences are mainly explained by the availability of real estate collateral.

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 were in year 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. For recent years estimated recoveries for yet unresolved defaults have been included (green curve) providing first insights into the Covid-19 crisis impact.

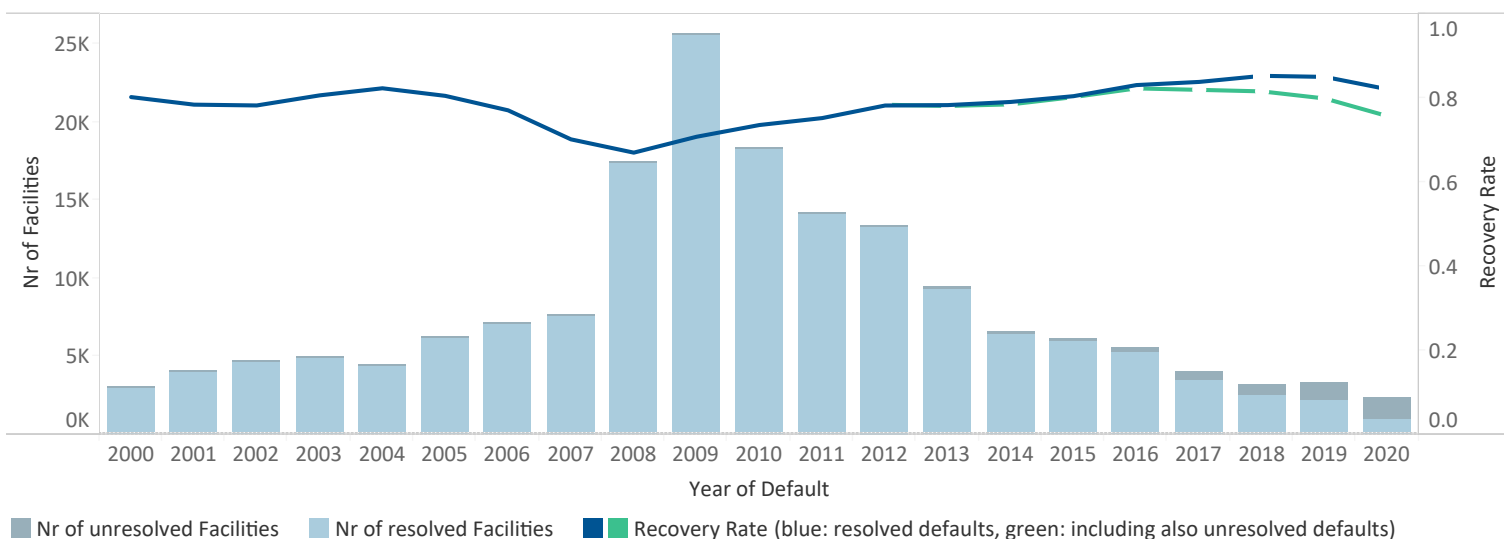
Note on Terms Used (see [Appendix](#) for more details)

Observed Recovery Rate refers to the historically observed nominal average recovery cash flows divided by outstanding at default. In the time series graph below the blue line includes resolved defaults only. In the most recent years short workout periods with higher recovery are naturally overrepresented (resolution bias). The green line includes estimated recoveries for unresolved defaults and is therefore providing a more comprehensive picture of recent developments.

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	164,126	76%	1.3
Secured	Primary	82%	1.4
	Secondary	73%	1.3
	Total	78%	1.3
Unsecured	Senior	74%	1.1
	Subordinated	59%	1.8
	Other	68%	1.9
Total	59,319	72%	1.3
Region			
Africa & Middle East	4,398	67%	1.2
Asia & Oceania	8,491	80%	0.8
Europe	102,223	75%	1.4
Latin America	5,093	70%	1.5
North America	43,865	77%	1.2
Unknown	56	68%	1.4
Industry			
Agriculture	6,120	83%	1.2
Communications	4,058	73%	1.4
Construction	16,376	75%	1.4
Hotels and Restaurants	6,221	74%	1.4
Manufacturing	32,401	78%	1.1
Mining	2,074	82%	1.0
Real Estate	14,640	82%	1.5
Social/Health Services	5,372	74%	1.7
Other Services	23,702	72%	1.3
Transportation	8,098	76%	1.1
Utilities	1,466	79%	1.2
Wholesale/Retail Trade	31,707	73%	1.2
Other	11,891	74%	2.0
Downturn vs Non Downturn			
Downturn 2007-2009	50,697	70%	1.6
Non Downturn	113,429	78%	1.2



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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