First COVID Year Recoveries now visible

168,022	76%	1.3
Number of Facilities	**Observed Recovery Rate**	**Time to Peak Recovery**

2023 Outlook

The global outlook is once again uncertain amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID. This report includes for the first time defaulted loans from 2020, the year the pandemic began. However, there is considerable ambiguity about the final outcome with only 60% of the defaults finalized and the remainder subject to future turbulence.

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.

		Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Secured	Primary	50,855	82%	1.4
Secured	Secondary	56,676	73%	1.3
Secured	Total	107,531	77%	1.3
Unsecured	Senior	45,919	74%	1.1
Unsecured	Subordinated	831	58%	1.8
Unsecured	Other	13,741	69%	1.9
Unsecured	Total	60,491	73%	1.3

	Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Africa & Middle East	4,418	67%	1.2
Asia & Oceania	8,628	80%	0.8
Europe	104,411	75%	1.4
Latin America	5,176	70%	1.5
North America	45,331	77%	1.2
Unknown	58	70%	1.4

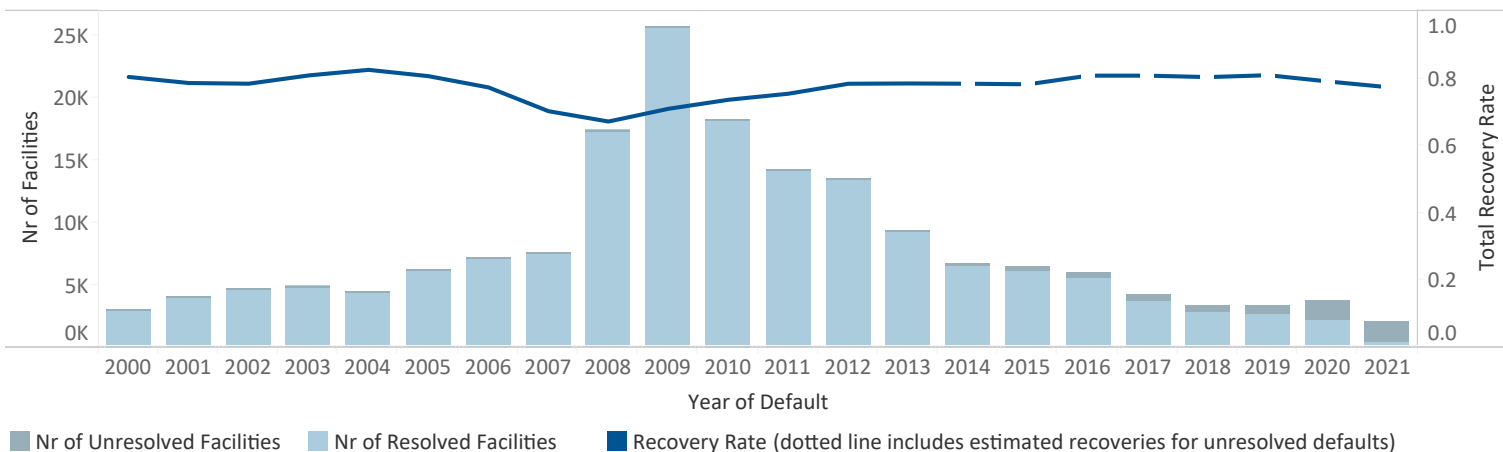|	Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Agriculture	6,311	84%	1.2
Communications	4,130	73%	1.4
Construction	16,657	75%	1.4
Hotels and Restaurants	6,407	74%	1.4
Manufacturing	32,931	78%	1.1
Mining	2,168	82%	1.0
Real Estate	14,821	82%	1.5
Social/Health Services	5,657	75%	1.7
Other Services	24,232	72%	1.3
Transportation	8,323	76%	1.1
Utilities	1,539	79%	1.2
Wholesale/Retail Trade	32,520	73%	1.2
Other	12,326	75%	2.1

Recoveries and Losses in COVID and other Crisis Times

This report shows historical observed recovery rates. 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 79% (84% 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 the governments' stimulus packages and financial institutions' loan forbearance programs.

As it takes up to 5 years or even longer for a defaulted loan to resolve, the 40% of unresolved loans will be exposed to future events which will impact their final outcome.

	Total Recovery Rate	Observed Recovery Rate	Time to Peak Recovery
COVID 2020	79%	84%	0.5
GFC 2008-2009	69%	69%	1.6
Other Years	78%	78%	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.

Nr of Unresolved Facilities · Nr of Resolved Facilities · Recovery Rate (dotted line includes estimated recoveries for unresolved defaults)

Global Credit Data

by banks for banks

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 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, GCD has established a robust framework to continuously measure, monitor and improve data quality.

About

At GCD, our mission since 2004 has been to empower banks and the financial industry with a deep understanding of credit risk through a unique data source. As a non-profit organisation owned by 50+ member banks, we collect valuable data directly from banks' books.

GCD's activities revolve around pooling credit loss data, particularly from low default portfolios. Beyond data pooling we foster knowledge exchange, facilitate research and information sharing services, creating a dynamic environment for insights and collaboration.

Join our community to access exclusive data insights gain market understanding, and benchmark your performance against industry peers.

www.globalcreditdata.org

Contact

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

Membership Inquiries

secretary@globalcreditdata.org