

Banks and Financial Institutions

Annual observed recovery rate trends

June 2025

GFC and Covid: Two crises, two recovery patterns

2025 Outlook

Tightening financial conditions and heightened market volatility continue to elevate global financial stability risks. The rise of private credit and non-bank exposures are reshaping where credit resides. Our data indicates that despite all the uncertainty bank lending remains resilient with an overall recovery of 78%.

4,000 bank defaults in the GCD loss database

We have collected bank internal loss and recovery data 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 bank type. GCD members receive data in many more categories including country level and granular bank types for deeper analysis.

Drivers of Loss

Registered banks account for nearly 1,000 defaults in the database, providing a substantial base for recovery analysis. Funds and insurance companies show highest recovery rate at 85%.

On average secured facilities recover more than unsecured, particularly when backed by primary collateral. GCD has its strongest database in Europe and North America, which register similar figures.

Observed Recovery Rate is 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 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.

4,012

Number of
Facilities

78%

Observed
Recovery Rate

1.3

Time to Peak
Recovery

Registered Banks vs Non Bank Financial Companies (NBFIs)

	Number of Facilities	Observed Recovery Rate
Registered Banks	932	75%
Funds	716	85%
Insurance	35	85%
Other NBFIs	2,268	77%

Seniority & Collateral

Secured	Primary	954	84%
	Secondary	1,141	76%
	Total	2,095	80%
Unsecured	Senior	1,154	72%
	Subordinated	45	75%
	Other	657	84%
	Total	1,856	76%

Region

Africa & Middle East	138	76%
Asia & Oceania	299	78%
Asia and Oceania	1	35%
Europe	1,369	79%
Latin America	279	79%
North America	1,861	77%
Unknown	4	88%

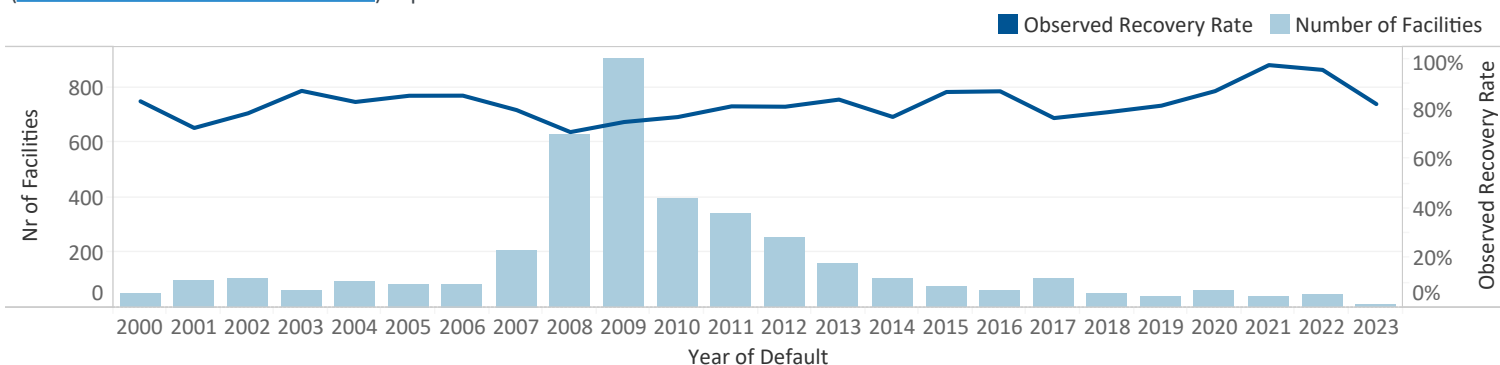
Recoveries by year of default: Covid-19 impact appears minimal

The global financial crisis (GFC) originated within the financial system itself and resulted in a high number of defaults and lower recoveries. In contrast Covid was an external shock with limited direct impact on banks. Default volumes remained low and the observed recovery rate stands at 87%.

These results provide a rare empirical view of how recoveries behave under stress across two very different global crises. Banks use this data to model downturn scenarios, conduct regulatory stress tests and understand the broader macrofinancial forces that influence losses. A recent joint study by GCD and ECB ([LGD and macroeconomic conditions](#)) explores this further.

	Number of Facilities	Observed Recovery Rate	Time to Peak Recovery
Covid 2020	59	87%	0.6
GFC 2008-2009	1,517	73%	1.5
Other Years	2,436	81%	1.2

Due to the resolution bias the dataset has few defaults for recent years. Impact of the pandemic will materialize over the next few years.



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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.

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