

RECOVERY RATE REPORT 2026
SHIPPING FINANCE

2,189
Facilities

84%
Observed recovery rate

1.4
Time to peak recovery

Over 2.000 defaults in our LGD database

2026 Outlook

The global shipping sector is navigating a period of sustained disruption, marked by persistent geopolitical tensions, tighter environmental regulation, and volatile trade dynamics. Higher fuel costs, supply chain bottlenecks, and rerouting, linked to security risks in key corridors, are raising operating costs and earnings volatility.

The transition to greener fleets is accelerating, requiring significant capital investment and creating technology and regulatory risks for lenders.

The quieter concern is regulation. For European lenders, A-IRB models face pressure from higher input floors, while a move to the foundation approach may create a separate hurdle: satisfying CRR Art. 199 collateral-recognition rules

2,189 Ship defaults in the GCD loss database

We have collected bank internal loss and recovery data from 35 global banks since 2000. Historical observed recovery rates and time to peak recovery are shown here by common risk drivers: lending portfolio and region.

On the next page we investigate ship specifics, including ship types, size and security ranking, showing LTV and haircut analysis. GCD members receive raw data in many more categories.

Lending Portfolio

	Facilities	Observed recovery rate
Large Corporates	451	86%
Other	58	81%
Ship Finance	1394	85%
SME	286	75%

Region

	Facilities	Observed recovery rate
Africa & Middle East	111	92%
Asia & Oceania	218	88%
Europe	1562	83%
Latin America	51	80%
North America	247	84%

Observed recovery rate refers to the historical observed nominal average recovery cash flows divided by outstanding amount at default.

Time to peak recovery is calculated as the center point of recovered cash flow.

Recoveries and losses in crisis times

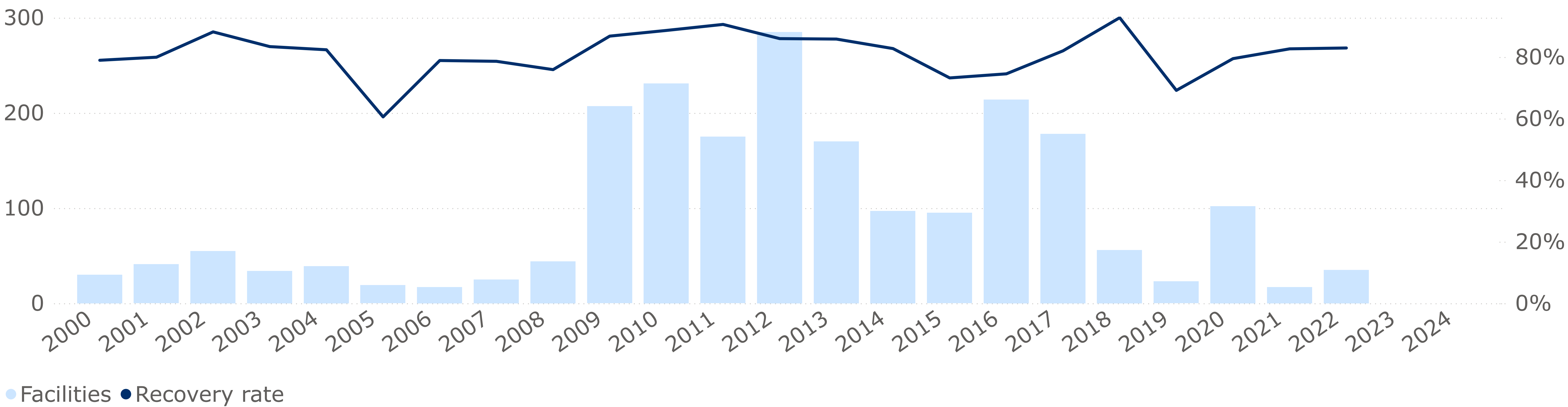
Shipping loan recoveries have remained resilient across market cycles, but outcome vary by stress type. The weakest recovery performance was recorded during the 2015-2016 oversupply era when low freight rates put pressure on borrower cash flow.

By contrast, the GFC and Covid showed higher recovery rates despite elevated number of defaults. No ship defaults are recorded after 2022, although the full credit impact of recent market conditions may only become visible as defaults resolve over time.

Crisis period

	Facilities	Observed recovery rate	Time to peak recovery
2008-2009: GFC	251	85%	1.3
2015-2016: Oversupply era	309	74%	1.5
2020: Covid	102	86%	1.4
Other years	1527	86%	1.4

Recovery rate by year of default



RECOVERY RATE REPORT 2026

SHIPPING FINANCE

2,225

Total ships

23%

Observed haircut

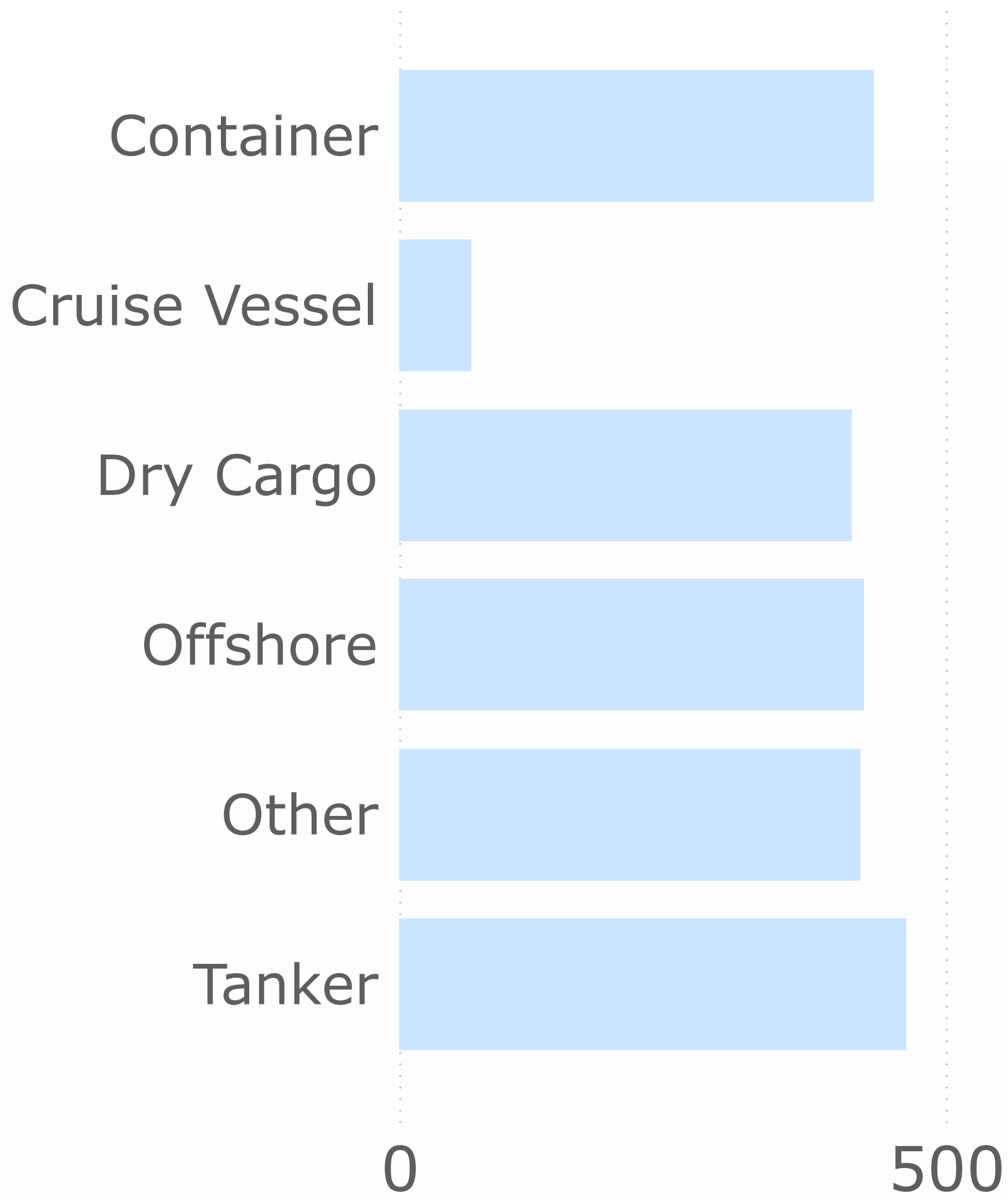
75%

Loan to value

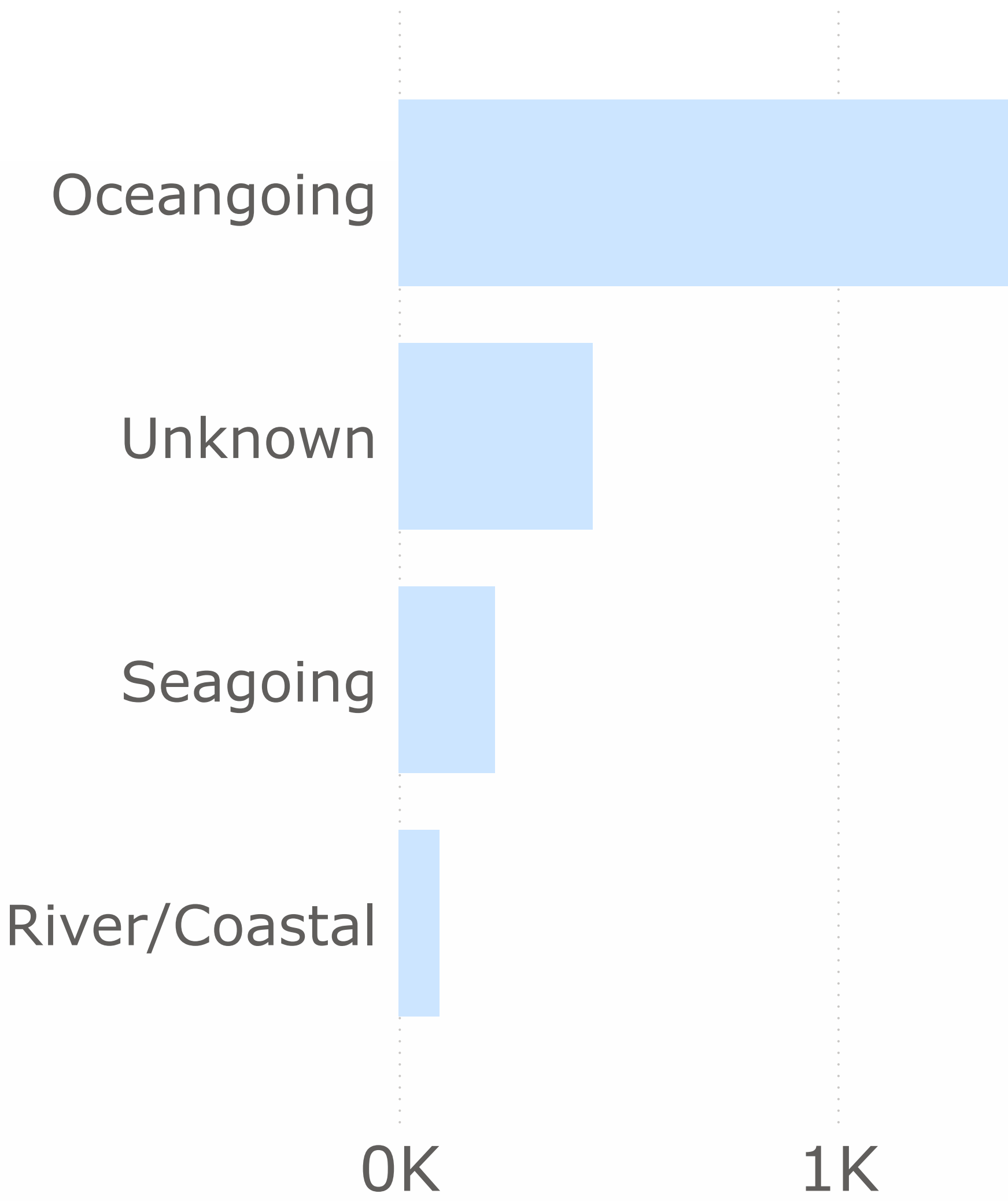
This section explores the collateral dimension of the defaulted facilities from the previous page. A single loan can be secured by multiple ships and a single ship can be used as collateral for multiple loans. Therefore, the number of ship collaterals and the number of loans will not be equal. At the same time, where there are shipping industry facilities without a ship collateral then these cases are excluded.

Ship collateral characteristics

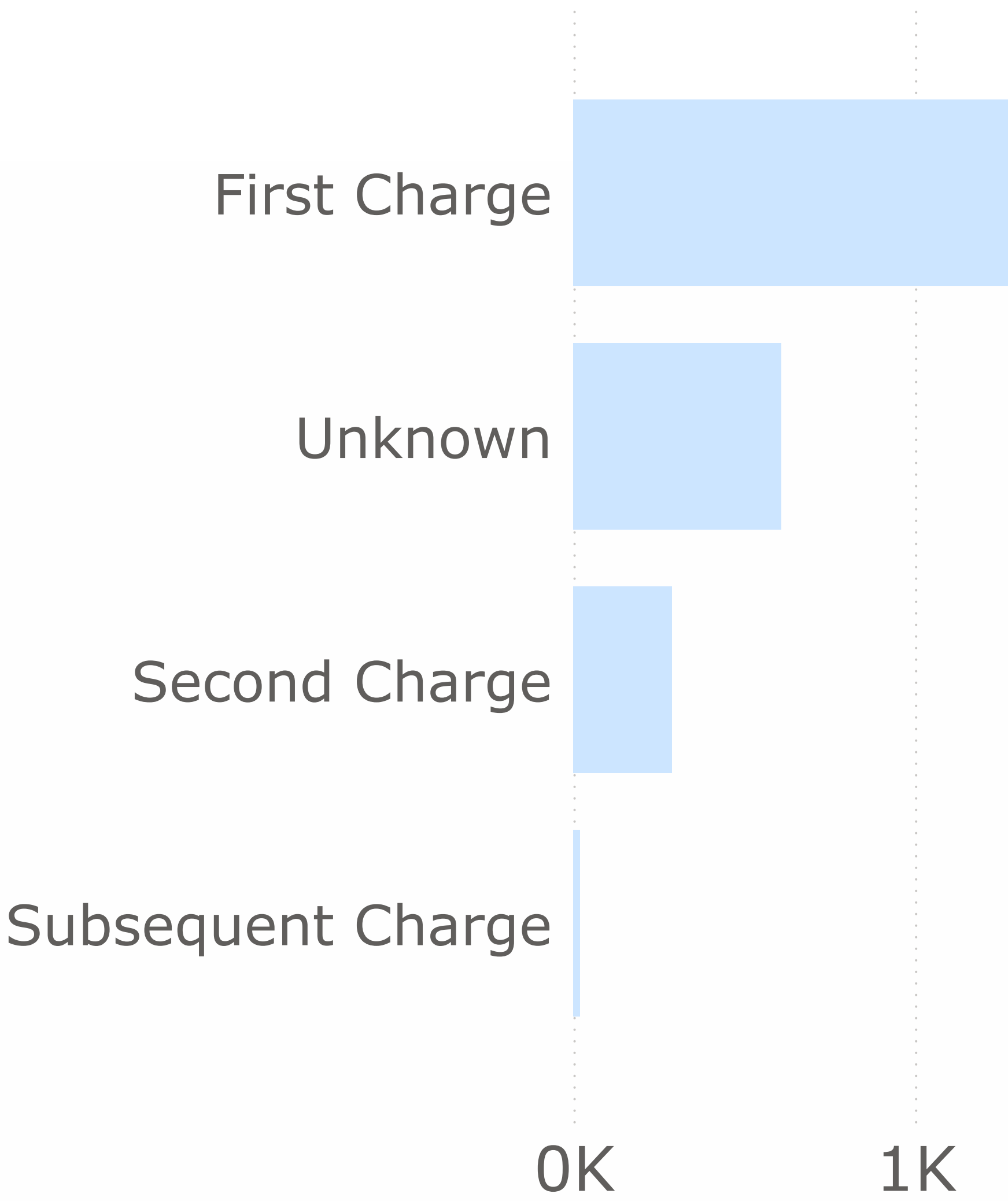
Ship type



Ship size



Rank of security



Haircut and loan-to-value

Haircut

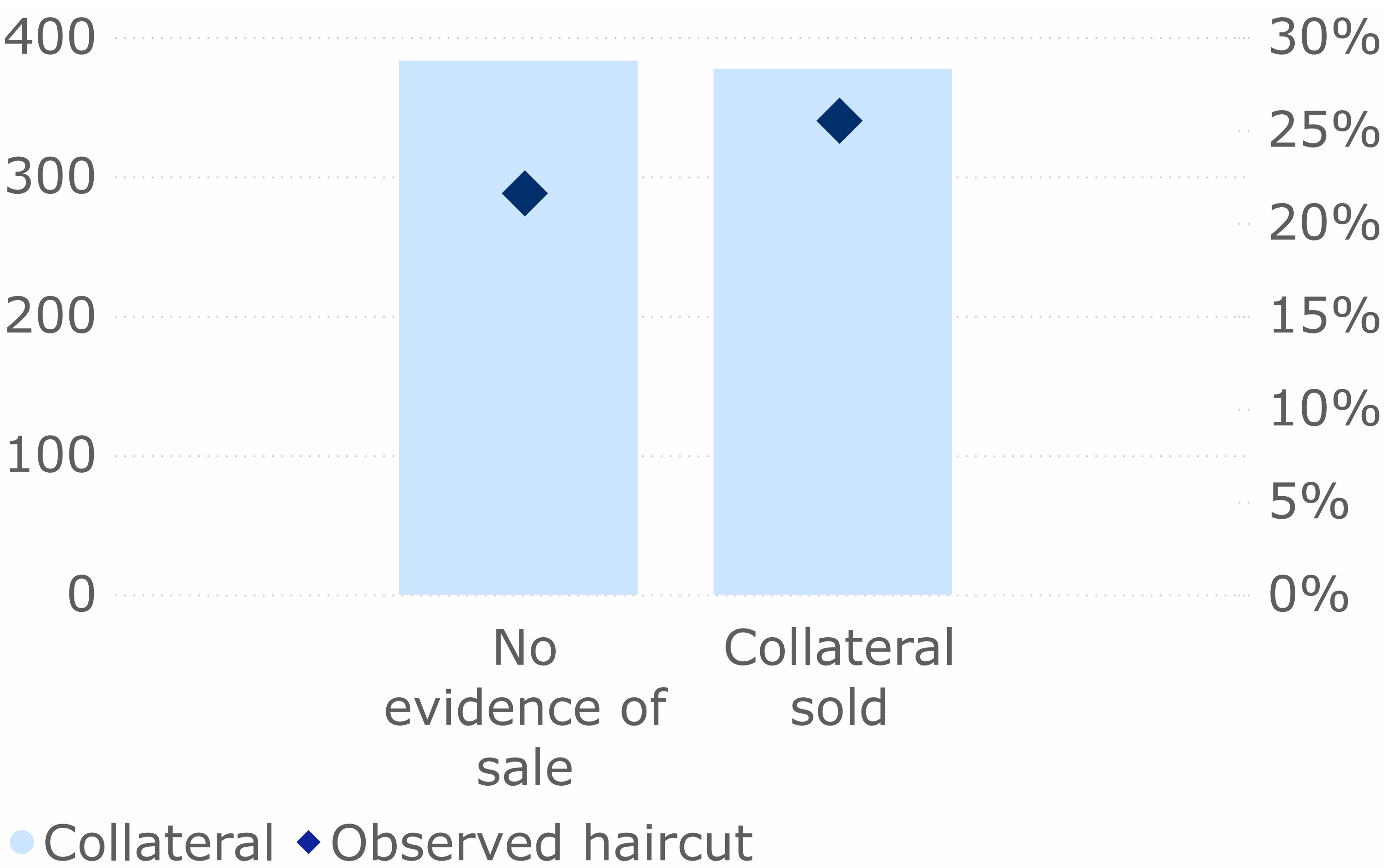
Typically the value of collateral declines during the default and workout process. On average, this decline (haircut) is observed as 23%. When the ship is not sold, this decline is seen in lower valuations after default representing the general market decline for second-hand ships due to age depreciation and market circumstances e.g. downturn. The low number of sold collaterals indicates that a sale is not the most likely workout scenario. Banks tend to not sell the collateral at the bottom of the market but wait for better market conditions.

Loan-to-Value

A typical ship financing case involves a long-term loan which amortizes as the value of the ship financed declines with depreciation and a final balloon payment. The data indicates that cases with high loan-to-value prior to default produce lower recovery rates. Ships are recognized as high quality collateral with a liquid second hand market despite some volatility. For lenders, this results in generally high recovery rates after default even when lending at approximately 75% loan-to-value.

GCD members receive data in many more categories. They use this to create LTV and haircut-based ship financing models.

Collateral haircut



Observed haircut is the collateral value prior to default (max. 2 years prior) minus the collateral value after default (e.g. data of sale or resolution) divided by the collateral value prior to default.

Loan-to-Value (LTV) refers to the ratio of the outstanding amount of a loan to the value of the collateral at the default date. Where collateral supports multiple exposures, values are allocated to avoid double counting.

MORE FROM GLOBAL CREDIT DATA

Based on internal ratings from 50+ member banks, Global Credit Data monitors the rating migrations on the basis of more than 300,000 facilities over the last 20+ years.

This report is based on the LGD Platform, find more information on our [website](#).

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 measure, monitor and improve data quality.

ABOUT GCD

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.

Our activities revolve around pooling credit 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

SOTIRIS LOUSTAS

Analytics Executive

sotiris.loustas@globalcreditdata.org

ERIK RUSTENBURG

Operations Executive

erik.rustenburg@globalcreditdata.org

NINA BRUMMA

Head of Analytics & Research

nina.brumma@globalcreditdata.org