

Banks recover 79% from Corporate defaults

Key Findings

- When corporates default lenders eventually recover on average almost 80% of the amount lent.
- Recovery Rates were 6% 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. 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

The long timespan of the GCD database and the detailed cash flow data allow for dedicated analysis by year of default. 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. The final result of the defaults from the current Covid-19 economic crisis will be reported by banks in the years 2021 to 2025.

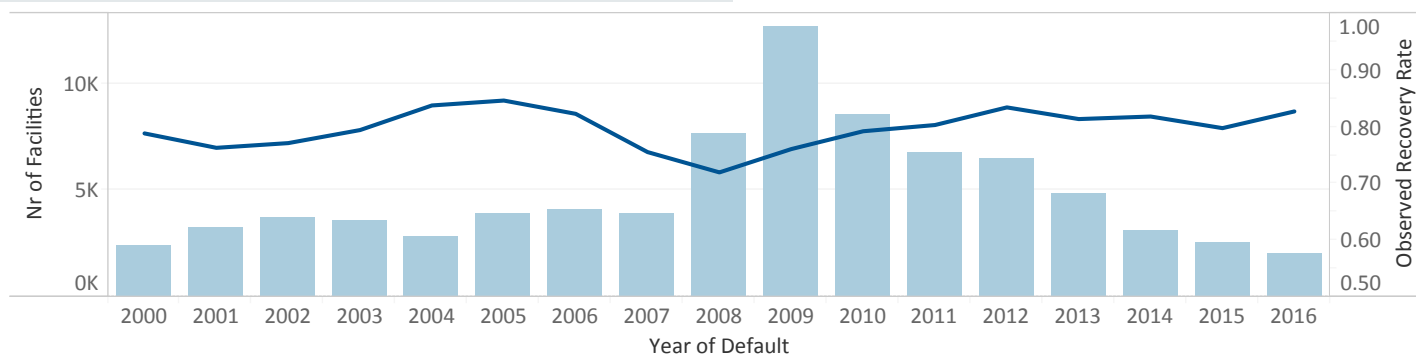
Note on Terms Used (see [Appendix](#) for more details)

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	82,167	79%	1.2
Secured	Primary	85%	1.3
	Secondary	76%	1.1
	Total	80%	1.2
Unsecured	Senior	76%	1.2
	Subordinated	59%	1.7
	Other	81%	1.4
Total	26,451	76%	1.2
Africa & Middle East	1,693	88%	1.4
Asia & Oceania	5,896	78%	0.8
Europe	39,509	81%	1.3
Latin America	3,978	69%	1.6
North America	30,895	77%	1.1
Other	196	62%	1.5
Agriculture	4,936	82%	1.2
Communications	2,249	74%	1.3
Construction	8,198	79%	1.4
Hotels and Restaurants	2,386	83%	1.3
Manufacturing	18,609	78%	1.1
Mining	1,310	82%	1.0
Real Estate	8,519	84%	1.3
Social/Health Services	2,777	74%	1.1
Other Services	10,897	78%	1.1
Transportation	3,364	80%	1.1
Utilities	821	80%	1.3
Wholesale/Retail Trade	13,370	77%	1.1
Other	4,731	80%	1.8
Downturn 2007-2009	24,239	75%	1.4
Non Downturn	57,928	81%	1.1



About Global Credit Data

Global Credit Data (GCD) is a non-profit association owned by 50+ member banks. 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 place the GCD databases as the global standard for credit risk data pooling.

About this report

This report summarizes Recovery Rates for Corporates, in which numerical evidence of recoveries and losses is presented. See other GCD Reports for Banks and Sovereigns.

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