

Banks recover 76% from Banks and Financial Institutions defaults

Key Findings

- When banks and other financial companies default lenders eventually recover on average three quarters of the amount lent.
- Recovery Rates were 8% lower in the last downturn compared to non downturn times.

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.

Registered Banks vs Non Bank Financial Companies (NBFIs)

Most of the default cases here are NBFIs, which mainly include Asset Management, Credit Companies and Funds.

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.

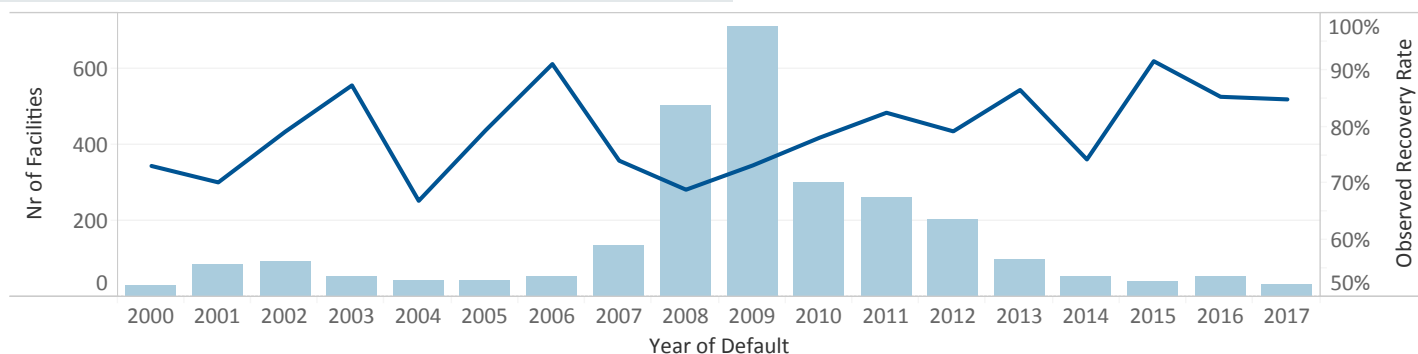
Note on Terms Used (see [Appendix](#) for more details)

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		2,788	76%	1.3
Secured	Primary	719	82%	1.4
	Secondary	710	78%	1.2
	Total	1,429	80%	1.3
Unsecured	Senior	1,133	72%	1.3
	Subordinated	61	74%	1.5
	Other	165	69%	1.3
Total		1,359	72%	1.3
Africa & Middle East		98	78%	1.4
Asia & Oceania		240	76%	1.2
Europe		1,071	75%	1.5
Latin America		239	75%	1.0
North America		1,134	77%	1.2
Other		6	79%	1.7
Registered Banks		775	73%	1.4
NBFIs		2,013	77%	1.2
Downturn 2007-2009		1,353	72%	1.5
Non Downturn		1,435	80%	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 Banks, in which numerical evidence of recoveries and losses is presented. See other GCD Reports for Corporates and Sovereigns.

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