



Showcasing strong processes and uniquely transparent culture that leads to superior Data Quality

Since 2004, GCD has continuously reinforced a framework that is used to measure and monitor Data Quality (DQ). The objective is to achieve high DQ and compliance for the GCD pooled data, as required by global regulations (BCBS 239, ECB Guide to internal models, Fed SR1107).

Data Quality Dimensions (BCBS 239 Compliant)

Timeliness	<1 YR.	More than half of data received by GCD is published within one year from the closure of the workout.*
Stability	97%	...of the data remains identical at each update (measured on 10 main LGD drivers).
Correctness	99%	...of the data is passing the latest validation rules. (1% legacy data only comply to former validation rules)
Completeness	92%	...of values for mandatory data fields are populated.^
Optional Completeness	49%	...of values for <i>optional</i> data fields are populated.

Freshness of 2020 Data

Total members active in the LGD Pool:	53
Full submissions performed:	33
Full submissions in part of Asset Classes:	5
No full submissions performed:	12
Members onboarding:	3

Substandard data submission not accepted for 3 out of 53 banks.

A full submission concerns a submission of all historical defaults from a member in all Facility Asset Classes a member is contributing to. The numbers reflect the refresh of default data over the last three years.

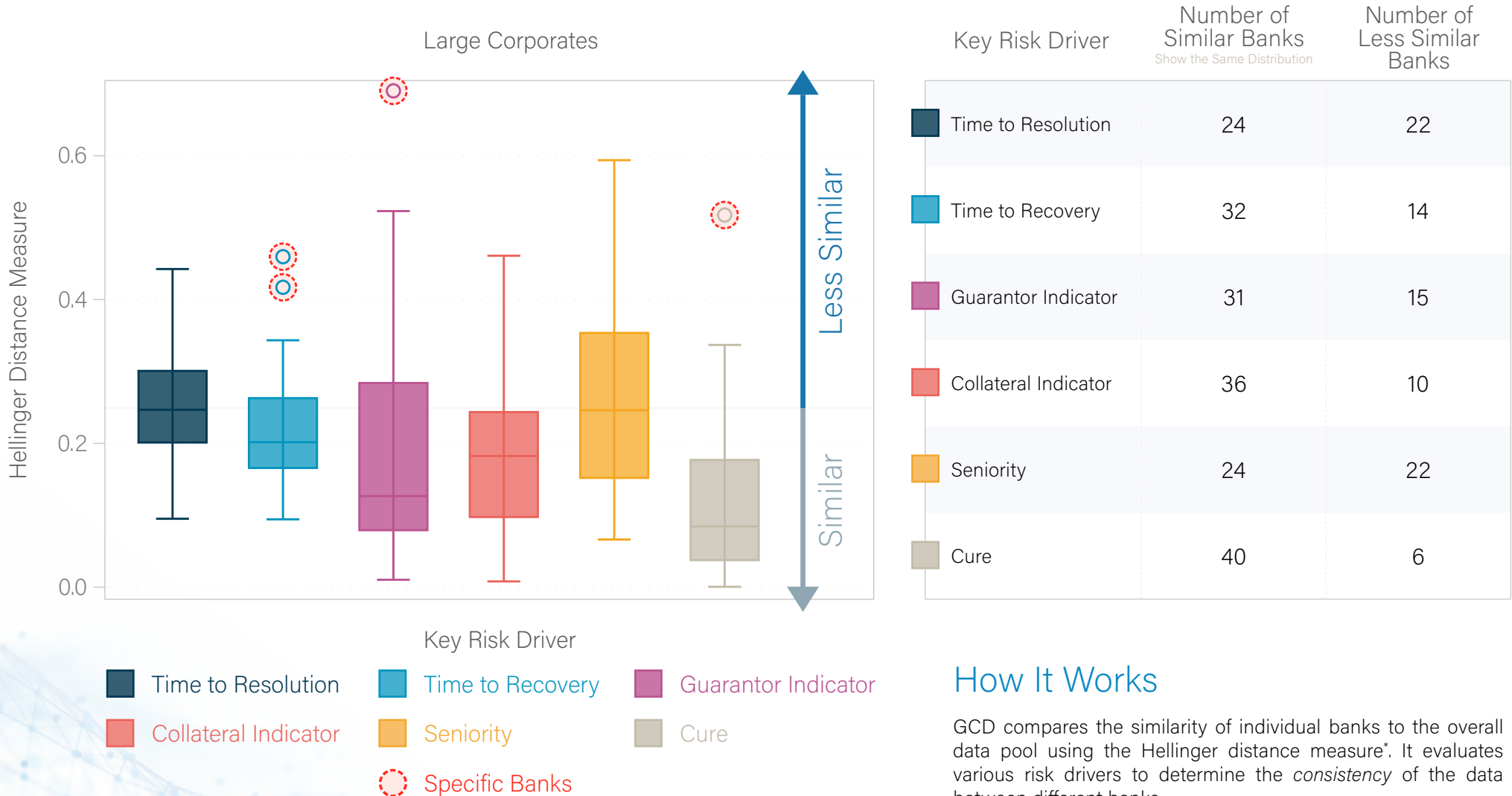
All dimensions are controlled via **450+** quality checks.

* 75% of all closed workouts are received and published within 2 years. ^ 8% of values for mandatory fields are populated with an escape clause.

Recovery Data is Consistent Across the Majority of Members.

Similar or Less Similar Banks

Recovery patterns for defaulted loans reported by banks are very similar. The key historical risk drivers for recovery outputs apply consistently for different banks. There are Specific Banks having very less similar profiles due to eg, different business profiles or recovery process specifics.



How It Works

GCD compares the similarity of individual banks to the overall data pool using the Hellinger distance measure*. It evaluates various risk drivers to determine the *consistency* of the data between different banks.

* When the Hellinger Distance Measure for a bank results below 0.25 it is considered as similar profile. This 0.25 threshold is in line with the industry best-practice usages of the measure.

Sharpe Ratio

GCD monitors global DQ variations by calculating a synthetic LGD distribution indicator based on the Sharpe Ratio. The metrics (averages and standard deviations) in the chart are calculated at loan level.

The chart clearly shows three distinct phases. There is strong volatility of the DQ indicator during the first years of GCD concepts/process alignment between contributing banks up until 2011, followed by the DQ stabilizing at its first plateau through 2016. Finally, the DQ moves into a third period with reinforced DQ management requirements. This shows a new higher, yet still stable, plateau.



Data Quality is a Long-Term Investment

GCD 2004 - Focus on accumulation of GCD pooled data and internal research

GCD 2014 - First publications of GCD Research as relevance of data is confirmed

GCD 2020 - Release of Public Dashboards based on GCD data, for better visibility and usability

Datapool Volumetrics

Global Credit Data has built up the world's largest non-retail bank loan loss database with over 250,000 defaulted facility observations, totaling over €600 billion in all non-retail Basel asset classes. The LGD/EAD platform, the largest of GCD's databases, was created in 2005 and has grown rapidly ever since. It now gathers detailed information on tens of thousands of defaulted counter parties, particularly data on cash flows and collateral.

LGD H2 2020 Datapool Overview by Facility Asset Class

Facility Asset Class	Number of Defaults	Number of Loans	Exposure [in mn EUR]
Small/Medium Enterprises (SME)	93,417	172,573	€124,285
Large Corporates	17,921	37,838	€286,054
Banks & Financial Companies	2,800	4,521	€87,093
Ship Finance	827	1,527	€15,650
Aircraft Finance	322	710	€5,266
Real Estate Finance	16,414	26,192	€77,909
Project Finance	463	949	€13,870
Commodities Finance	430	819	€9,120
Sovereigns, Central Banks	123	188	€11,590
Public Services	165	257	€858
Private Banking	5,509	8,857	€8,451
	138,391	254,431	€640,145