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# Modelling Recovery Rates of Corporate Defaulted Bonds in Developed and Developing Countries

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**Abstract.** This paper examines the determinants of recovery rates of corporate defaulted bonds in the emerging markets. We use data on defaulted bonds from Moody's ultimate recovery database over the period 2005-2015 to experiment the impact of the borrower characteristics added to the macroeconomic and the bond market conditions on recovery rates. We find evidence that bond recovery rates in emerging and developed countries do not depend on the same factors. Our results show that bond recovery rates in developing countries seem to depend much more on specific characteristics of firms. The financial crisis has affected more significantly subordinated bond recovery rates than secured bonds in emerging markets.

**Keywords:** credit risk, recovery rate, corporate bonds, Emerging markets,

*JEL:* G12, G33.

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