

Observed Recovery Rate Dashboard Sovereigns, Central Banks and Municipalities

May 2022

Banks recover 94% from Sovereign, Central Banks and Municipality defaults

Key Findings

- Every sovereign default has its own unique story. Where a sovereign default gets restructured or replaced by new debt without any principal haircut then the loan is booked as a 100% recovery.

Seniority and Collateral

Very few loans to this category of borrower have collateral. The small number of secured cases all repaid in full.

Region

All regions appear to have similar rates of recovery. GCD members receive country level data for deeper analysis.

Sovereign Types

Many of the default cases here are States, Provinces and Municipalities, which may or may not benefit from Sovereign guarantees. The 43 Sovereign defaults represent 24 different defaults events from 18 different countries. Some countries default several times consecutively, some defaults are reported by several lenders.

Recoveries and Losses in Crisis Times

Higher numbers of defaults are observed during the financial crisis starting in 2008. However, this segment is characterized by particularly few defaults which is even more evident in recent years. Cases which are still incomplete and the ultimate recoveries are unknown are not included here. Recoveries will be reported as the defaults resolve over time.

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.

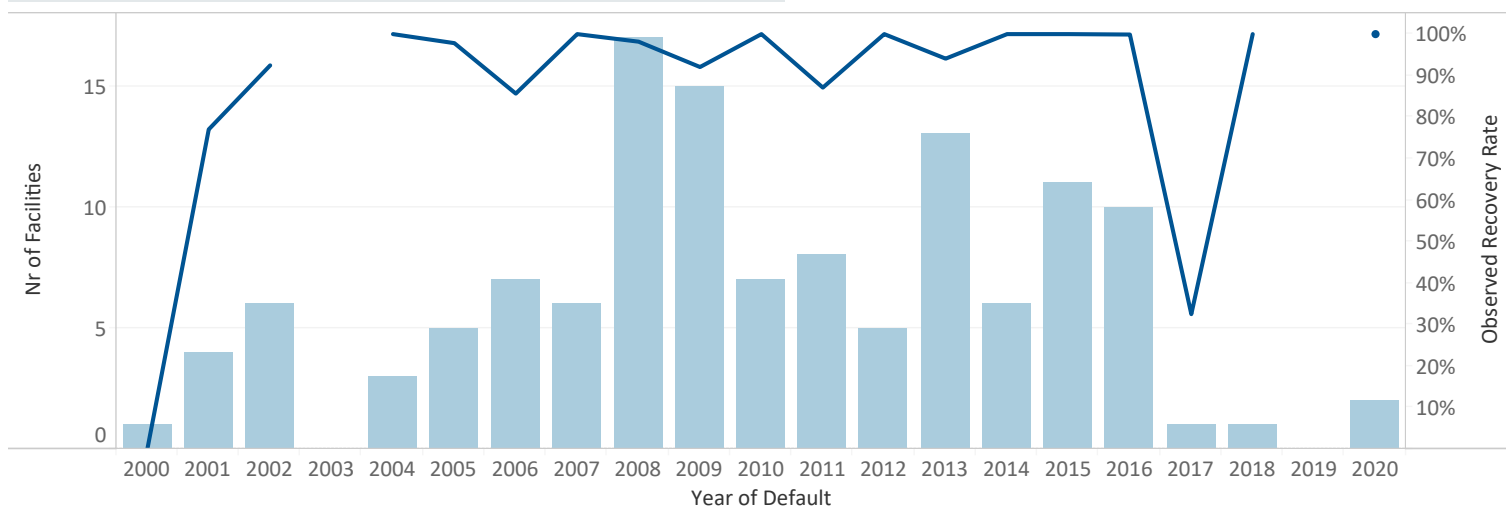
Primary Collateral is Cash, Marketable Securities, Ships, Airplanes, Real Estate and Other Objects. **Secondary Collateral** is all other collaterals.

	Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Grand Total	126	94%	1.2

		Nr of Facilities	Observed Recovery Rate	Time to Peak Recovery
Secured	Primary	4	100%	1.3
	Secondary	26	99%	1.2
	Total	30	99%	1.2
Unsecured	Senior	90	92%	1.3
	Other	6	96%	0.5
	Total	96	92%	1.2

Africa & Middle East	21	90%	1.1
Asia & Oceania	2	100%	4.3
Europe	35	91%	1.2
Latin America	24	95%	1.6
North America	44	97%	0.9

Sovereigns	43	93%	1.6
Central Banks	5	100%	0.8
Federal States/Provinces	25	94%	0.9
Municipalities	51	94%	1.1
Other	2	88%	0.1



■ Observed Recovery Rate ■ Nr of Facilities

Global Credit Data maintains the world's highest quality, most exhaustive member-bank contributed data source for credit risk.



More from Global Credit Data

This dashboard draws on verified information collected from 50+ global or regional banks over 20 years and covers over 300,000 defaulted facilities in total. Find [more information](#) on our website.

[Explore our other dashboards.](#) 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.

GCD has continuously reinforced a framework that is used to measure and monitor [data quality](#) as required by global regulations (BCBS239).

About

Established in 2004 as a non-profit association, GCD's Mission is to help banks understand and model credit risks. Membership has grown to 50+ member banks across Europe, Africa, North America, Asia and Australia. Activities include pool credit loss data, directly from banks' books.

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 helps place the GCD databases as the global standard for credit risk data pooling.

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