

Sovereigns, Central Banks and Municipalities

Annual observed recovery rate trends

June 2025

Sovereign Recoveries: What the data shows

Key Findings

Every sovereign default has its own unique story. Outcomes vary by borrower type, region and restructuring terms. Where defaults are restructured or replaced by new debt without any principal haircut then the loan is booked as a 100% recovery.

Many of the default cases here are states, provinces and municipalities, which may or may not benefit from sovereign guarantees. The largest number of defaults comes from North America which does not include direct sovereign defaults and therefore represents municipalities and provinces.

Sovereign Defaults in the Global Credit Data Loss Database

The GCD dataset includes 164 defaulted facilities, submitted by 50+ banks since 2000. These defaults represent both direct sovereign obligations as well as state and municipal obligations which are deemed sovereigns.

The 68 direct sovereign defaults represent 29 different defaults events from 21 different countries. Some countries defaulted several times consecutively, some defaults are reported by several lenders.

Both secured and unsecured instruments are included, with recorded information on collateral and seniority. We excluded unresolved defaults with ongoing recovery efforts.

Why this matters

Sovereign defaults are rare, but their impact is not. They play a role in provisioning, stress testing and credit valuation especially under IFRS9, CECL and in internal risk planning. Yet market benchmarks are limited, and historical references are often anecdotal.

GCD's dataset offers rare, observed evidence across sovereign types and regions, helping risk teams base their assumptions on actual outcomes rather than hypothetical scenarios.

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.

164

Number of Facilities

88%

Observed Recovery Rate

1.0

Time to Peak Recovery

Seniority & Collateral

		Number of Facilities	Observed Recovery Rate
Secured	Primary	6	87%
	Secondary	37	91%
	Total	43	91%
Unsecured	Senior	112	87%
	Other	9	86%
	Total	121	87%

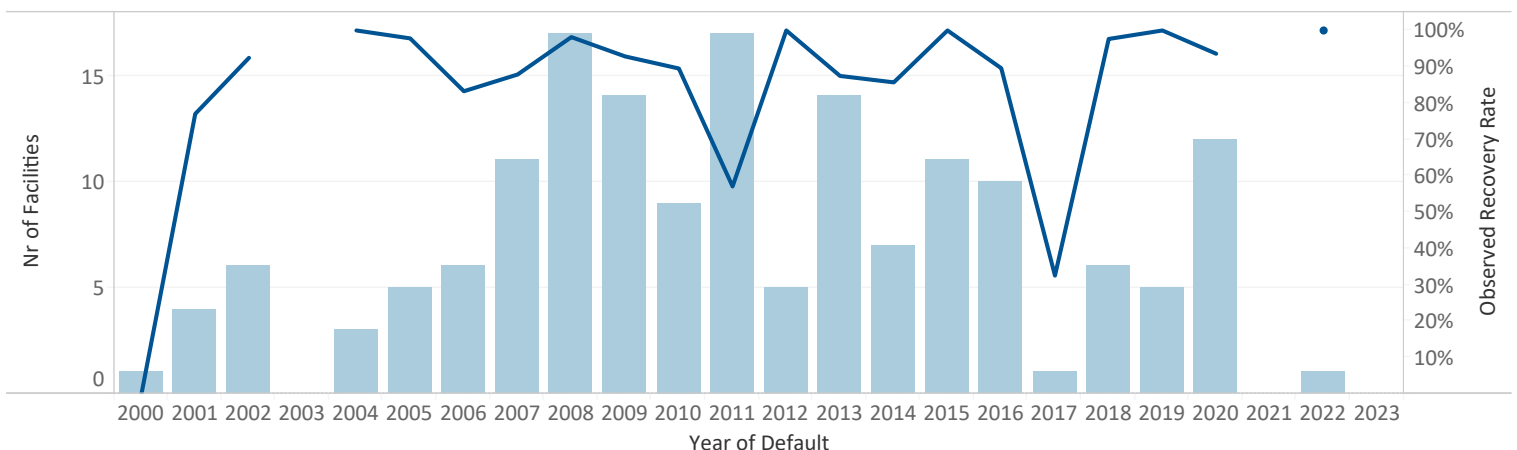
Region

Region	Number of Facilities	Observed Recovery Rate
Africa & Middle East	29	93%
Asia & Oceania	2	100%
Europe	43	78%
Latin America	32	93%
North America	58	89%

Sovereign Types

Sovereign Type	Number of Facilities	Observed Recovery Rate
Sovereigns	68	85%
Central Banks	1	100%
Federal States & Provin..	33	87%
Municipalities	57	91%
Other	5	95%

Recovery Rate by Year of Default



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



More from Global Credit Data

This report draws on verified information collected from 50+ global or regional banks over 20 years and covers over 300,000 defaulted facilities in total.

[Explore our other reports.](#) 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.

To meet the standards set by global regulations like BCBS239 or RDARR GCD has established a robust framework to continuously measure, monitor and improve [data quality](#).

About

At GCD we pool credit loss data directly from banks' books, providing vital insights into the financial industry since 2004. As a non-profit organization owned by over 50 member banks we focus on collecting detailed credit risk data, particularly for low default portfolios.

Beyond data pooling we offer a platform to exchange knowledge and foster research. We are actively engaged in understanding and assessing climate risk, demonstrating our commitment to addressing contemporary and future financial challenges.

Joining GCD grants you access to an exclusive community of banks and deep data insights. Gain market understanding and benchmark your performance.

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