Global Credit Data
by banks for banks

RECOVERY RATE REPORT 2026
SOVEREIGNS, CENTRAL BANKS, MUNICIPALITIES

172 Facilities	**88%** Observed recovery rate	**1.1** Time to peak recovery

Sovereign recoveries: What the data shows

Key findings

Each sovereign has its own story. Outcomes vary by borrower type, region and restructuring terms. Where defaulted debt is restructured or replaced without any principal haircut, the loan is recorded as a 100% recovery.

Many defaults in the dataset are states, provinces and municipalities, which may or may not benefit from sovereign guarantees. North America accounts for the larges number of defaults, reflecting municipal and sub-sovereign entities.

Sovereign defaults in the GCD Loss Database

The GCD database includes 172 defaulted facilities reported by 50+ banks since 2000. These cover both direct sovereign obligations state and municipal obligations classified as sovereign exposure.

The 76 recorded sovereign default cases represent 32 distinct default events across 23 countries. Some countries defaulted repeatedly, and some events were reported by multiple lenders.

The dataset includes both secured and unsecured instruments, with detailed 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 particularly under IFRS9, CECL and in internal risk planning. Yet market benchmarks are scarce, and historical references are often anecdotal.

Our dataset offers rare, evidence-based insights across sovereign types and regions, helping risk teams to base assumptions on observed outcomes rather than hypothetical scenarios.

Seniority and collateral

	Facilities	Observed recovery rate
Secured	**45**	**91%**
Primary	6	87%
Secondary	39	92%
Unsecured	**127**	**86%**
Other	9	86%
Senior	118	86%
Total	**172**	**88%**

Sovereign type

	Facilities	Observed recovery rate
Central Banks	1	100%
Federal States & Provinces	35	88%
Municipalities	55	91%
Other	5	95%
Sovereigns	76	84%

Region

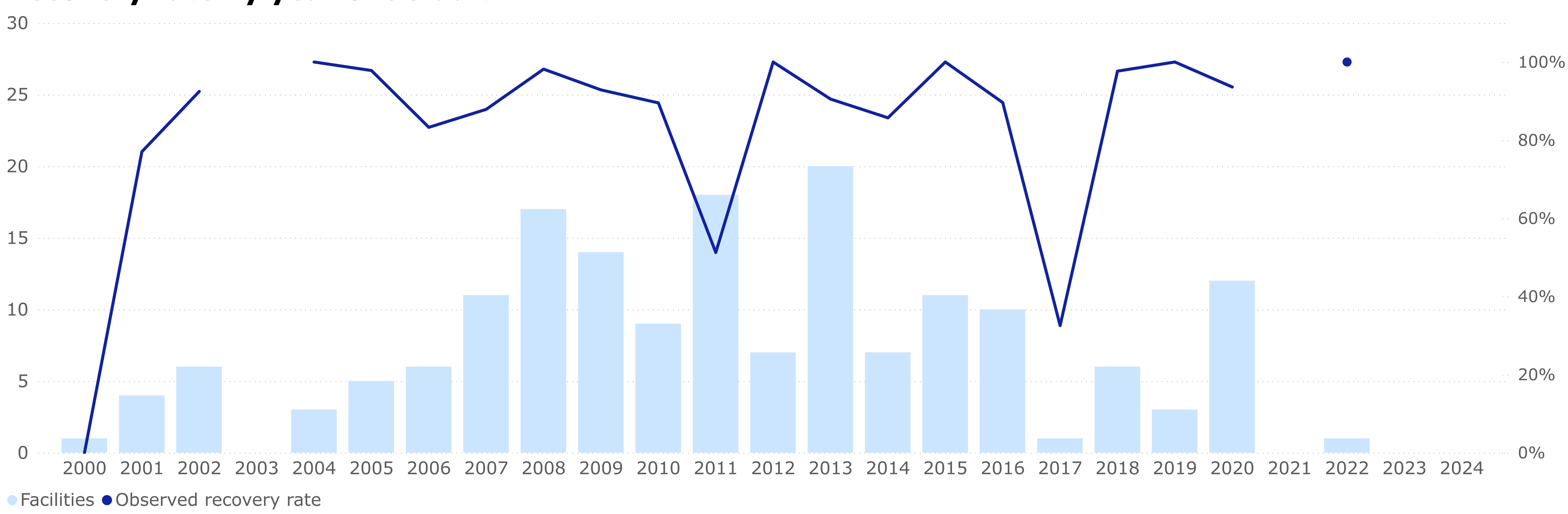
	Facilities	Observed recovery rate
Africa & Middle East	23	89%
Asia & Oceania	2	100%
Europe	51	80%
Latin America	36	94%
North America	60	90%

Observed recovery rate refers to the historically 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

Recovery rate by year of default



MORE FROM GLOBAL CREDIT DATA

Based on internal ratings from 50+ member banks, Global Credit Data monitors the rating migrations on the basis of more than 300,000 facilities over the last 20+ years.

This report is based on the LGD Platform, find more information on our website.

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, GCD has established a robust framework to measure, monitor and improve data quality.

ABOUT GCD

At GCD, our mission since 2004 has been to empower banks and the financial industry with a deep understanding of credit risk through a unique data source. As a non-profit organisation owned by 50+ member banks, we collect valuable data directly from banks' books.

Our activities revolve around pooling credit data, particularly from low default portfolios. Beyond data pooling we foster knowledge exchange, facilitate research and information sharing services, creating a dynamic environment for insights and collaboration.

Join our community to access exclusive data insights, gain market understanding, and benchmark your performance against industry peers.

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