Global Credit Data
by banks for banks

PD AND DEFAULT RATE REPORT 2026
BANKS & FINANCIAL INSTITUTIONS

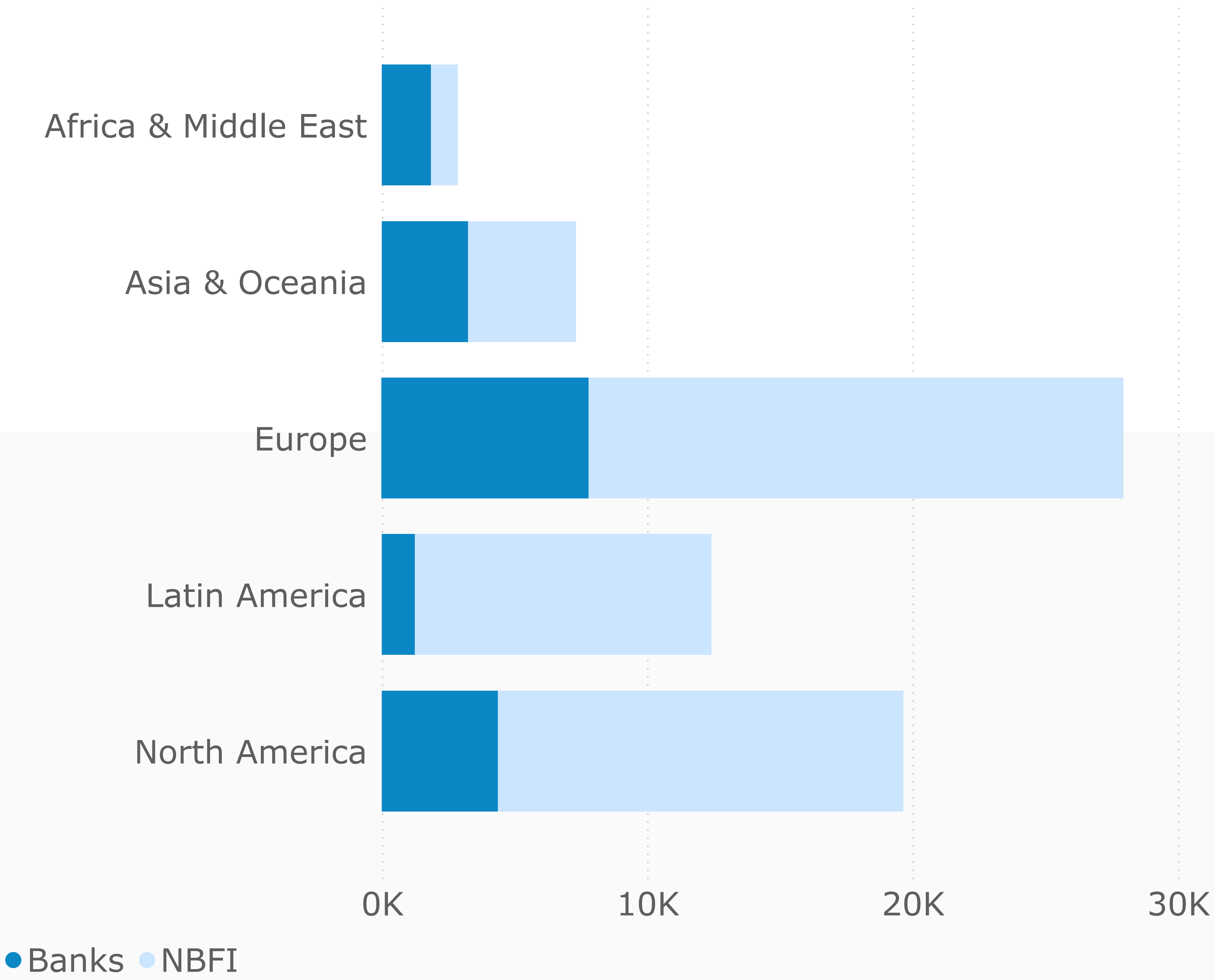
70.226	0,17%	2007-2024
Cohort size	Default rate	History Coverage

Close to 70,000 borrowers in our PD database

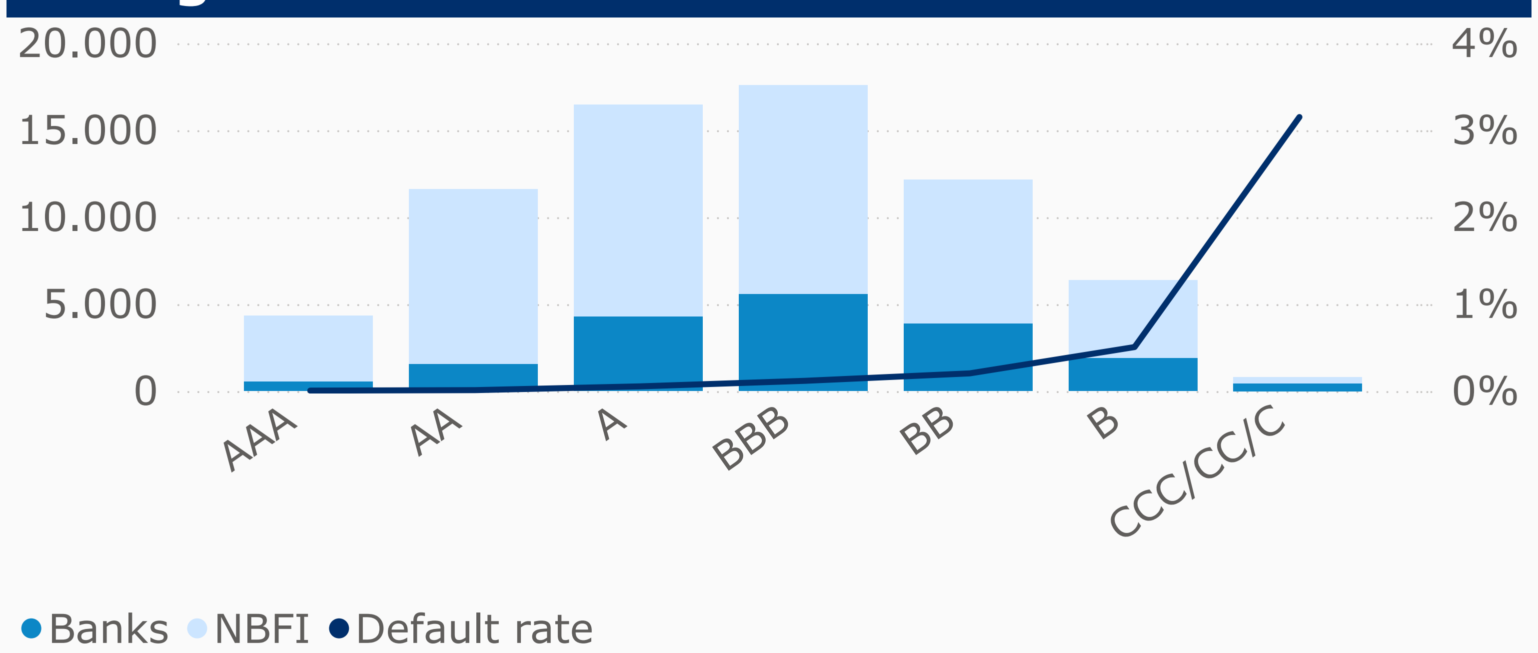
Banks and financial institutions continue to report a strong credit performance on the back of higher interest rates which has resulted in an uptick in profits and a build of capital cushions while maintaining robust underwriting standards. Drawing on data from more than 50 global banks since 2007, our analysis finds that default rates have remained low. There were only brief peaks during the global financial crisis and Russia-related defaults in 2022. The findings point to the sector's resilience and the impact of new Basel regulations.

The dataset is built from internal PD and defaults provided by member banks. It covers both banks and non-bank financial institutions (NBFI), enabling a detailed view of how default dynamics have evolved over time. Member banks have access to granular data by country and institution type to support their risk modelling and interactions with regulators.

Borrowers by region

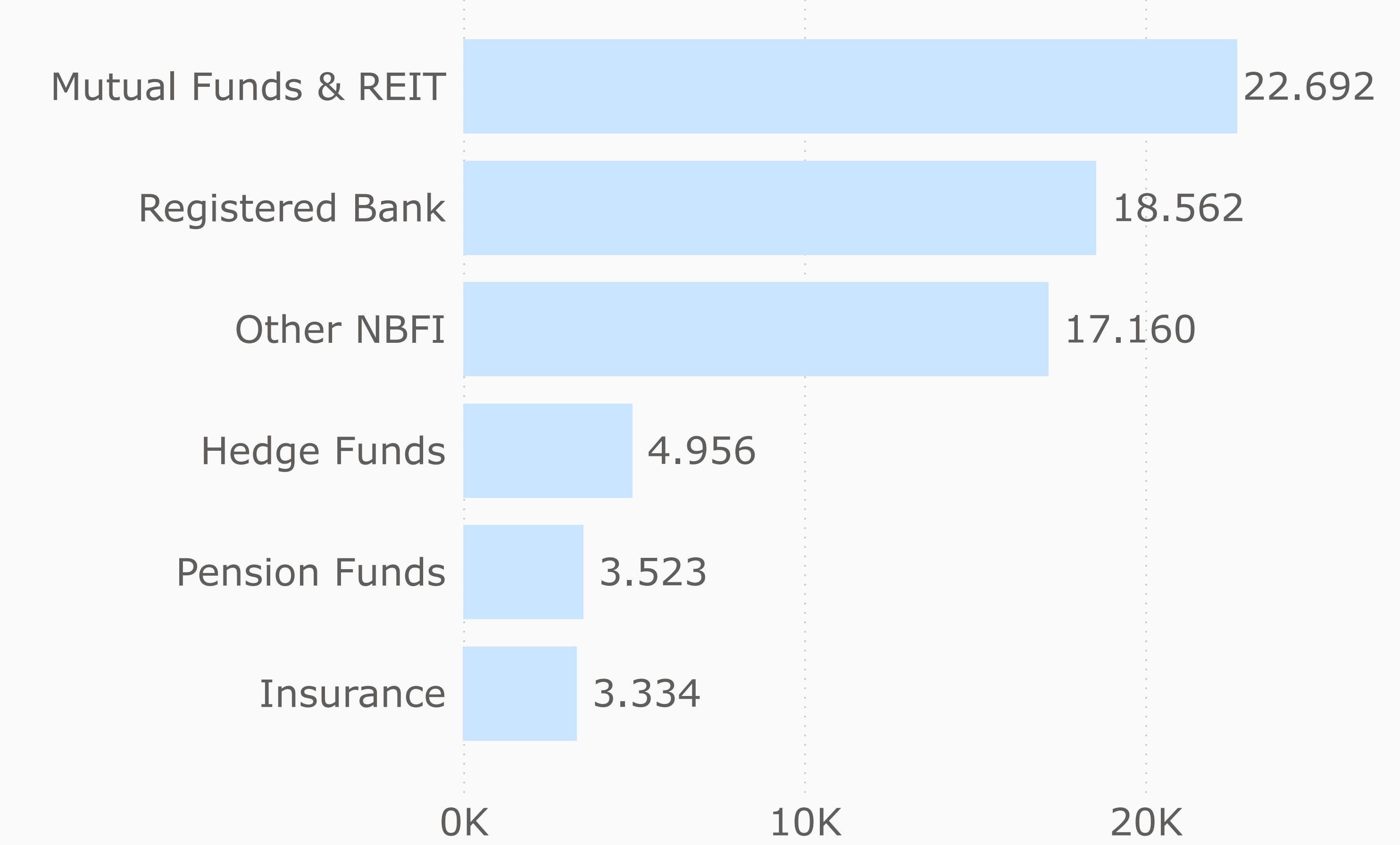


Rating Grade and Default Rate



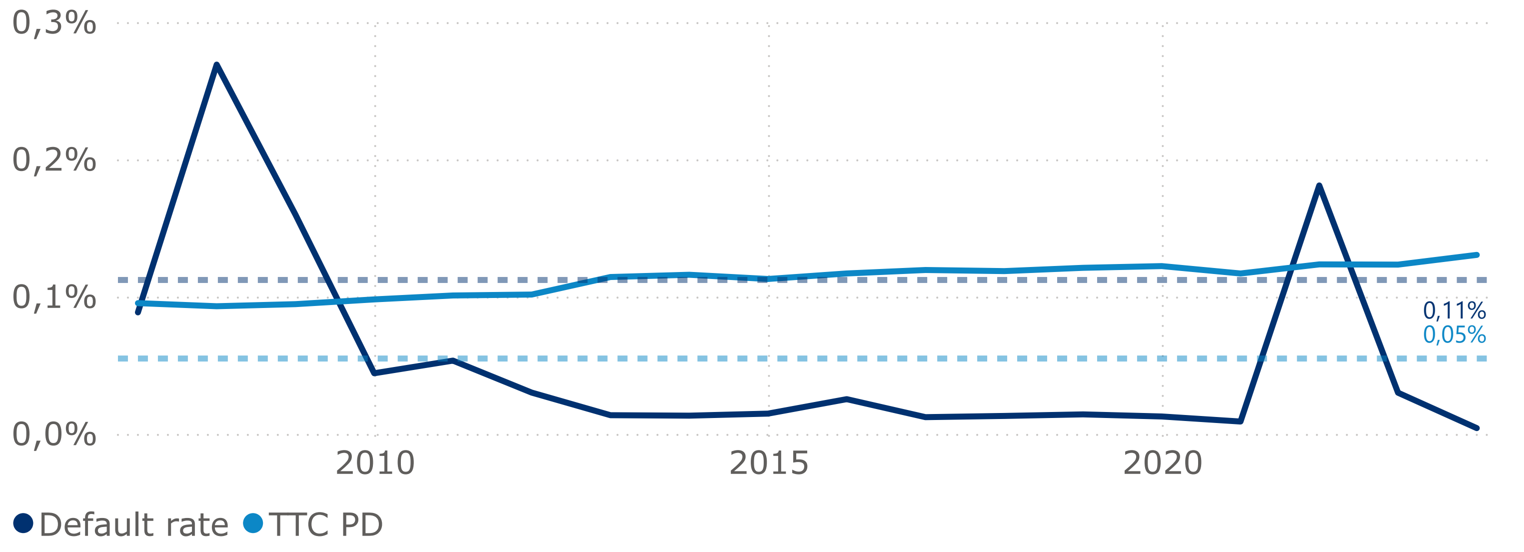
The chart shows the typical distribution of borrowers across rating classes, with the majority concentrated in the mid-grades (A to BBB). The curve shows the expected exponential rise in default rates as credit quality deteriorates.

Borrowers by financial institution type

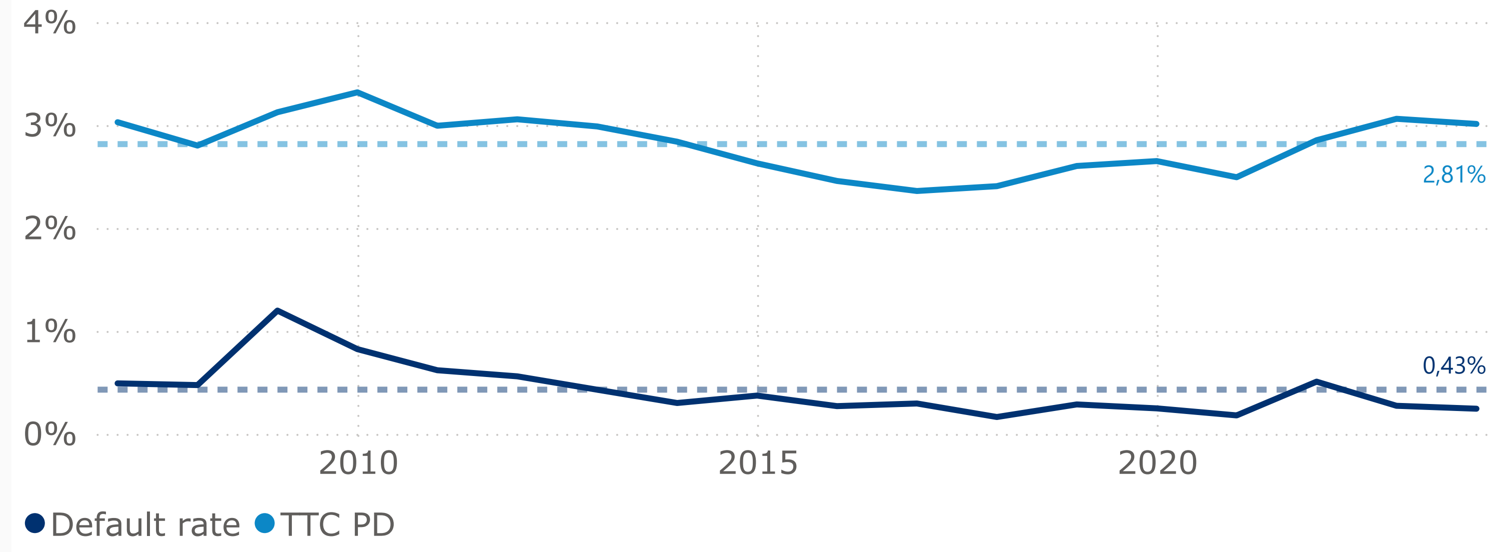


PD and default rate over time in investment and sub-investment grades

Investment grade



Sub-investment grade



Our data highlights the resilience of investment grade borrowers over the past two decades. Default rates and through-the-cycle probabilities of default (TTC PD) remained low. There were spikes only during the global financial crisis and again in 2020, when Russian defaults caused a short-lived uptick.

By contrast, sub-investment grade borrowers continue to exhibit higher volatility: TTC PDs hover near 3%, while realised defaults average around 0.4%. The figures suggest that banks are modelling risk conservatively and underscore the structural stability of high-grade credit, even through geopolitical shocks.

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 borrowers over the last 20+ years.

This report is based on the PD & Rating Platform, find more information on our website.

Explore our other reports. They provide an instant insight into PD's, observed Default Rates and other key benchmarks for various exposure classes and industry sectors: Corporates, Banks and Financial Institutions, Real Estate 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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