European Banking Authority

EBA REPORT – ANALYSIS ON THE MARKET SHARE OF SUBSIDIARIES OF THIRD-COUNTRY BANKING GROUPS IN THE EU

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Abbreviations

COREP	Common Reporting
CfA	Call for Advice
CET 1	Common Equity Tier 1
EBA	European Banking Authority
ECB	European Central Bank
EU	European Union
EUR	Euro(s)
FINREP	Financial Reporting

Executive summary

The subsidiaries of third-country banking groups play an important and increasing role in the EU banking market. Although their overall market share remains relatively modest at around 10%, all asset categories saw increased market shares. The most significant growth was observed in derivatives, followed by equity instruments, reverse repos, debt securities, and loans. In certain areas, such as interest rate derivatives, fee income earned from commodity trading, corporate finance and collective investment and custody services, are in some cases indicative of the dominant role played by non-EU institutions in the EU banking market.

As of December 2025, the market share of subsidiaries of third-country banking groups in the EU was 10.22% of total EU banking sector assets (up from 9.8% as of December 2024), 9% of loans, 8% of equity instruments, 7% of debt securities and 31% of derivatives. This growth is attributed to subsidiaries of third-country banking groups increasing their total assets, loans, debt securities, and equity instruments at a higher rate than EU banks, while their derivatives exposures declined at a slower rate than those of EU banks. The market share increased compared to the level observed as of December 2024 for subsidiaries controlled by entities domiciled in the United States and the United Kingdom, while remaining stable for the rest of the countries.

Third-country banking groups operate in the EU through subsidiaries domiciled in their home countries, providing services to counterparties in other EU member states and third countries, either directly or via branches dependent on the parent subsidiary. Five out of the 9 most significant subsidiaries of third-country banking groups in the EU have 66 branches and dependent entities altogether across their domiciled countries and other EU member states. The branches are primarily concentrated in traditional banking and asset management sectors, followed by a few in investment banking, brokers, capital markets, and various other industries. The subsidiaries of third-country banking groups are mainly focused on lending and derivatives businesses. These two asset classes together represent 68% of the assets reported by subsidiaries of third-country banking groups. By counterparty, the market share is highest in assets towards credit institutions and other financial corporations. Exposures towards these two sectors represent 62% of banking assets reported by subsidiaries of third-country banking groups as of December 2025.

For the subsidiaries of third-country banking groups, 75% of their reported assets are located outside the country where the subsidiary is domiciled (35% of the reported assets are held towards counterparties located in other EU countries and 40% towards counterparties located outside the EU). On the contrary, EU banks concentrate their business more in their home country, as 46% of the reported assets as of December 2025 are towards home country counterparties.

For the subsidiaries of third-country banking groups, loans and derivatives are mostly granted to counterparties domiciled outside the home country (80% of loans and advances and 91% of derivatives are held towards foreign counterparties).

The assets located in third countries (i.e. outside of the EU), are mainly towards credit institutions and other financial corporations (68% of the assets towards credit institutions and 40% of the assets towards other financial corporations are held towards counterparties domiciled in third countries).

The EU market share of third-country subsidiaries in derivatives is 31% as of December 2025 (up from 29% as of December 2024), driven by the lower decline observed for subsidiaries than for EU banks. The decline observed for subsidiaries is primarily explained by foreign exchange derivatives that declined by 40% during 2025, as other derivative types increased during the period. The sharpest absolute increases were observed for commodity derivatives (47.8%), credit derivatives (27.6%) and equity derivatives (15.3%), with interest rate derivatives remaining stable. The high market share of third-country subsidiaries is attributable to entities domiciled in the United States which represent 80% of the derivative assets of third-country subsidiaries in the EU and hold a market share of 24.67%.

By product, the high market share in derivatives is driven by the market share in interest rate derivatives (36% market share of third-country subsidiaries). Indeed, 63% of all trading derivatives reported by subsidiaries are interest rate derivatives, while 19% are foreign exchange and gold derivatives, 12% are equity derivatives, 3% are credit derivatives and 2% are commodity derivatives.

On the liability side, the share of subsidiaries of third-country banking groups is 7% of total EU banking sector deposits, 28% of total derivative liabilities and 24% of total short positions, remaining stable for all since December 2024. Considering all liabilities, 86% of the reported liabilities by subsidiaries of third-country banking groups are located outside the country where the subsidiary is domiciled (55% of the liabilities are obtained from third-country entities and 32% from other EU member states). Derivative liabilities are the liabilities most concentrated towards third-country entities (only 7% of derivative liabilities are obtained from counterparties in the country where the subsidiary is domiciled).

In relation to the total EU banking sector P&L items, the market share of subsidiaries of third-country banking groups is 6% of interest income, 15% of dividend income, 11% of fee and commission income and 11% of other operating income. By counterparty, the interest income comes mainly from credit institutions and other financial corporations (57% of third-country subsidiaries' total interest income).

The market share in interest income increased due to a smaller decline in interest income for subsidiaries of third-country banking groups compared to EU banks. Meanwhile, the increases in the market shares in dividend and fee and commission income were driven by stronger growth in these segments for subsidiaries of third-country banking groups. In contrast, the market share in other operating income declined, as EU banks registered a more significant increase in this area.

The market share of third-country subsidiaries on all EU banking sector fee and commission income is 11% (up from 9.90% as of December 2024) and the market share in fee and commission expenses is 17% (up from 15.37% as of December 2024). The increase in the market shares is driven by driven by the higher growth in these segments for subsidiaries of third-country banking groups compared to EU banks. By service, subsidiaries of third-country banking groups are getting a high market share, which increased compared to a year earlier, in fee income coming from commodities (70.41%), corporate finance (33.03%), central bank administrative services for collective investment (32.47%) and custody (26.07%).

In terms of banking services provided, the market share of subsidiaries of third-country banking groups is high in central administrative services for collective investment (54%), fiduciary transactions (39%) and custody assets (23%), remaining stable since December 2024.

1. General remarks

1.1 Background and mandate

1. The European Commission mandated the EBA in June 2021[1] to study the dependence of the EU banking sector on non-EU banks and the reliance of EU banks in funding of foreign currencies. In that context, the European Banking Authority published in October 2022 a report[2] containing the analysis of the market share of non-EU entities in the EU banking sector and the funding structure of EU banks, with a special focus on foreign currency funding.
2. Building on this report, during the first quarter of 2024 DG FISMA designed a set of indicators based on supervisory reporting data and mandated the EBA to build these indicators at EU-level on an annual basis.
3. The mandate refers to the investigation of the market share of non-EU entities operating in the EU banking sector and the concentration of their business models in specific countries or sectors of activity. The mandate also requires the EBA to analyse EU banks' asset and liability exposures in foreign currency. The mandate was submitted to the EBA on May 2024.
4. Based on this mandate, the EBA published two reports in April 2025 based on data as of December 2023[3]. The first on EU banks' assets and liability exposures in foreign currency funding, and the second on the market share of non-EU entities operating in the EU banking sector and the concentration of their business models in specific countries or sectors of activity.
5. After the submission of the first iteration of the mandate, DG FISMA reiterated the mandate for the years 2025-2027[4]. The EBA is mandated to provide the available indicators (previous year-end data) and the related explanatory notes by mid-November of each of the next three years (2025-2027). The first iteration of this annual mandate, based on data as of December 2024, was published in November 2025[5].
6. This report, which forms part of the second iteration of the mandate based on data as of December 2025, addresses the market share of subsidiaries of third-country banking groups on several metrics as well as the concentration of their business models in specific countries or sectors of activity.

[1] Ares (2021) 4321397-Annex-.pdf (europa.eu)

[2] Report on EU dependence from non-EU entities_Publication.pdf (europa.eu)

[3] https://www.eba.europa.eu/publications-and-media/press-releases/eu-subsidiaries-third-country-players-account-10-total-eu-assets-their-presence-more-significant

[4] Request for submitting indicators on the interconnectedness of the EU financial sector with global markets for the next three years (2025-2027)

[5] https://www.eba.europa.eu/publications-and-media/press-releases/market-share-eu-subsidiaries-third-country-banking-groups-remains-stable-98-total-assets

1.2 Deliverables and timeline

7. The EBA will address the mandate by submitting two independent reports to the Commission. The first report will contain the analysis on EU banks' funding and exposures in foreign currencies while this second report focuses on the market share of non-EU entities operating in the EU banking sector and the concentration of their activity in specific countries or sectors.

8. The EBA will provide both analysis (market share of subsidiaries of non-EU undertakings and EU banks' funding and exposures in foreign currencies) in November of each year based on year-end data of the previous year (e.g., November 2026 based on year-end data as of December 2025).

1.3 Sources of information

9. The report is based on EBA supervisory reporting data. The investigation of the market share relies mainly on FINREP templates, available at the EBA for banking groups (i.e. institutions that report on a consolidated basis). However, only a limited number of subsidiaries of third-country banking groups have established a banking group in the EU and report on a consolidated basis, while the majority of the subsidiaries operate on a solo basis and report FINREP individual templates, which is not available at the EBA. For this reason, from a methodological perspective, and having regard to reaching a sufficient coverage of subsidiaries of third-country banking groups, the EBA FINREP individual data was retrieved from the ECB to address this shortcoming[6].

1.4 Samples

10. The analysis included in the report relies on a sample of 167 subsidiaries of third-country banking groups (41 banking groups and 126 solo entities). The sample is composed of banks operating in the EU with an ultimate parent domiciled in third countries and which are subject to the same reporting requirements as EU banks[7] (i.e. the reporting of the full set of FINREP/COREP templates). The report captures banking institutions operating in the EU that are controlled by non-EU undertakings regardless of the sector of activity, which includes banking organisations and other type of institutions. This implies that the sample comprises a diverse set of subsidiaries controlled either by banking groups or by non-bank undertakings. Differences in the nature of the ultimate parent may reflect different underlying motivations for the ownership structure. In particular, the use of a non-bank undertaking as the ultimate parent may be driven predominantly by capital-market, governance, and corporate-structuring considerations, rather than by banking, operational, or prudential considerations.

[6] The EBA collects COREP data for all institutions registered in the EU and FINREP data on a consolidated basis (excluding solo entities). The need to collect FINREP individual templates from the ECB applies to all iterations of the report.

[7] Source: S&P Capital IQ with data as of December 2024 and EBA supervisory reporting data.

11. The sample increased as of December 2025 compared to the sample as of December 2024 both in terms of amount of assets (EUR 3.3 trillion, up from EUR 3.1 trillion as of December 2024) and number of entities (167 subsidiaries of third-country banking groups, up from 165 subsidiaries as of December 2024). However, some banks were dropped from the sample as of December 2024 because they were not active anymore while new subsidiaries with their parent entities domiciled in third countries were identified and incorporated in the sample. Branches have been excluded because their reporting requirements differ from those applicable to subsidiaries. They are also not subject to the same reporting requirements across all member states. Additional information on subsidiaries of third-country banking groups by country is provided in Table 13 in the Annex.

12. The market share of subsidiaries of third-country banking groups is obtained by dividing the amounts reported by subsidiaries of third-country banking groups by the amounts reported by all banks operating in the EU banking sector. The denominator includes banks with the ultimate parent domiciled in the EU and the subsidiaries of third-country banking groups. In total, the denominator includes 421 banks with reported assets of EUR 32 trillion as of December 2025.

a. Methodology

13. All analyses presented across the report are based on data as of December 2025.

14. Results are generally shown at EU level. The mandate of the CfA requests for aggregate indicators at EU level on the market share of assets, liabilities and income items of subsidiaries of third-country banking groups.

15. Regarding the aggregation method used in this report, unless otherwise stated in the report:

- All averages are weighted.
- To avoid double counting, the EU averages exclude entities that report FINREP on an individual basis and belong to the same banking group as those subsidiaries of third-country banking groups that report FINREP on a consolidated basis to the EBA. This exclusion is done because entities reporting FINREP on an individual basis would be double counted in the FINREP consolidated templates of the parent entity.

b. Structure/Overview of the different analyses presented in the report

16. This report covers the area of market share of subsidiaries of third-country banking groups in several metrics:

    a. Market share of non-EU entities in balance sheet items:
        1. Market share in main asset items.
        2. Geographical breakdown of the assets reported by subsidiaries.

3. Geographical breakdown of the counterparties of the reported assets by subsidiaries.
4. Market share in derivatives.
5. Market share in the main liabilities reported by subsidiaries.
6. Geographical breakdown of liability products.
7. Geographical breakdown of the counterparties of the reported liabilities by subsidiaries.
8. Market share in main prudential indicators.

b. Market share in P&L items and the assets involved in the services provided:
    1. Market share in main P&L items.
    2. Market share in the components of interest income.
    3. Market share in the components of interest expense.
    4. Market share in fee and commission income and expenses.
    5. Market share in the assets involved in the services provided.

2 Market share of non-EU entities in balance sheet items

17. This chapter shows the market share of subsidiaries of third-country banking groups on the main balance sheet items with data as of December 2025 (section 2.1), with the geographical breakdown of assets reported by subsidiaries (section 2.2), the geographical breakdown of the counterparties of the reported assets by subsidiaries (section 2.3). Lastly, three specific sections are dedicated to the market share in derivatives (section 2.4), the market share in the main liabilities reported by subsidiaries (section 2.5) and the market share in the main capital items (section 2.6).

18. The business model of subsidiaries of third-country banking groups is concentrated in granting loans to wholesale clients (credit institutions and other financial corporations) and the derivative business. Most of their balance sheet is composed of cross-border operations, as domestic clients represent less than a third of total for all asset classes except for cash balances at central banks and other demand deposits. The exposures towards third countries are explained by the services provided to credit institutions and other financial corporations.

19. The derivatives business model is characterized by the high exposures to interest rate derivatives, which represent almost 63% of the amounts of reported derivative exposures. The market share of third-country banking groups in interest rate derivatives is 36.1%, up from 35.5% as of December 2024.

2.1 Market share in main asset items

20. Based on balance sheet data obtained from FINREP as of December 2025, the market share of subsidiaries of third-country banking groups is 10.22% of total assets, 8.56% of loans, 7.37% of debt securities and 30.55% of derivatives. The market share in percentage of assets increased from the level of 9.8% as of December 2024. All asset categories saw increased market shares for subsidiaries of third-country banking groups, with the most significant growth observed in derivatives, followed by equity instruments, reverse repos, debt securities, and loans. Notably, the market share of all asset items except loans increased by more than 1% since December 2024 (Table 1).

21. This growth is attributed to subsidiaries of third-country banking groups increasing their total assets, loans, debt securities, and equity instruments at a higher rate than EU banks, while their derivatives exposures declined at a slower rate than those of EU banks.

22. By country, the market share increased compared to the level observed as of December 2024 for subsidiaries controlled by entities domiciled in the United States and the United Kingdom, while remaining stable for the rest of the countries. Subsidiaries controlled by entities domiciled in the United States increased market shares across all asset items, with above-

average increases in derivatives, reverse repos, and debt securities while those domiciled in the United Kingdom increased market shares across all asset items, with above-average increases in reverse repos.

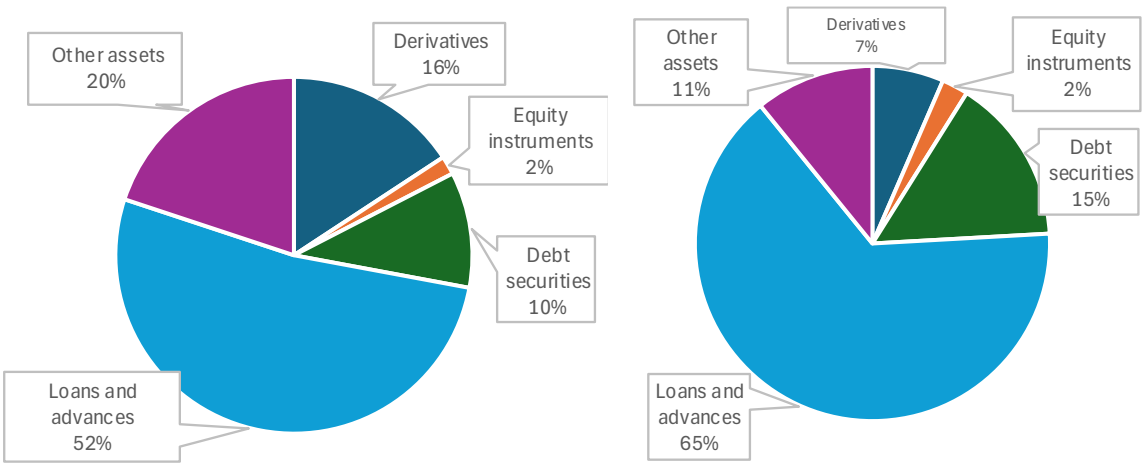
Table 1: Market share in main asset items, December 2025

Item	Total 2025	United States	United Kingdom	Switzerland	Japan	China	Other	Total 2024
Loans and advances	8.56%	2.65%	4.73%	0.24%	0.34%	0.18%	0.42%	8.03%
of which: Reverse repos	8.58%	4.62%	3.23%	0.57%	0.00%	0.14%	0.03%	7.50%
Debt securities	7.37%	3.90%	2.06%	0.39%	0.16%	0.33%	0.53%	6.34%
Equity instruments	7.79%	4.04%	1.36%	1.12%	0.00%	0.05%	1.22%	6.60%
Derivatives	30.55%	24.67%	4.98%	0.58%	0.15%	0.01%	0.15%	29.31%
Total assets Dec-25	**10.22%**	**4.72%**	**4.05%**	**0.38%**	**0.34%**	**0.19%**	**0.54%**	**9.8%**
Total assets Dec-24	**9.8%**	**4.58%**	**3.84%**	**0.36%**	**0.31%**	**0.19%**	**0.48%**	

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

23. In terms of asset composition, subsidiaries of third-country banking groups allocate 52% of their assets to loans (Figure 1). While derivatives (16%) decreased the share, debt securities (10%), equity instruments (2%) and loans (52%) experienced an increase in their respective shares. In the case of EU banks, loans remain the most important category (65% of total assets), followed by debt securities (15%), other assets (11%), derivatives (7%) and equity instruments (2%).

Figure 1: Asset composition of subsidiaries of third-country banking groups (left) and EU banks (right), December 2025



Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

24. By counterparty, assets towards credit institutions and other financial corporations represent 62% of total assets reported by subsidiaries of third-country banking groups as of December 2025 (32% for credit institutions and 30% for other financial corporations, Table 14). For EU banks, credit institutions and other financial corporations represent 27% of total assets reported as of December 2025 (13% for credit institutions and 14% for other financial corporations, Table 15).

25. The assets towards these two counterparties reported by subsidiaries of third-country banking groups remained relatively stable compared to data as of December 2024 when they represented 66% of total assets (35% for credit institutions and 31% for other financial corporations)[8].

26. The market share of subsidiaries of third-country banking groups in assets towards credit institutions is 18% of total assets, followed by other financial corporations (16% of total assets), Table 2. Compared to December 2024, the market share towards credit institutions increased by 1 percentage point, while the share towards other financial corporations remained stable.

27. The rest of the counterparties (general governments, non-financial corporations, central banks and households) show market shares lower than 7% of total assets.

Table 2: Market share in main counterparties (% of assets), December 2025

Counterparty	Market share Dec-25	Market share Dec-24	Home country	Other EU	Non-EU
Credit institutions	18.07%	17.47%	1.27%	4.55%	12.25%
Other financial corporations	15.82%	15.90%	1.80%	7.70%	6.32%
General governments	6.79%	5.57%	0.92%	4.27%	1.60%
Non-financial corporations	3.75%	3.65%	0.92%	1.79%	1.04%
Central banks	3.65%	2.65%	0.27%	1.01%	2.37%
Households	2.32%	1.87%	1.06%	0.96%	0.30%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

[8] The assets by counterparty as of December 2024 and as of 2023 do not include the reported levels by a non-EU clearing house operating in the EU. This entity has not reported the breakdown by counterparty as of December 2024. For comparison, this entity has been excluded from the figures as of December 2023. Considering this entity as of December 2023, the assets towards credit institutions and other financial corporations represent 78% of total assets reported by subsidiaries of third-country banking groups as of December 2023 (48% for credit institutions and 29% for other financial corporations) and the market share towards these two counterparties stood at 30.79% and 22.44% of total assets, respectively. The figures as of December 2023 including the submission of the non-EU clearing house are disclosed in paragraph 21 and Table 2 of the EBA Report on the analysis on the market share of subsidiaries of third-country banking groups in the EU (April 2025).

2.2 Geographical breakdown of the assets reported by subsidiaries of third-country banking groups

28. This section investigates the distribution of the geographical location of counterparties of the main asset classes of subsidiaries of third-country banking groups (loans, debt securities, equity instruments, derivatives and cash balances at central banks). This distribution is useful to know if the business model of subsidiaries of third-country banking groups is mainly concentrated in the country where they are established in the EU (home country), or if they provide services throughout the EU by only using the subsidiary domiciled in one member state.

29. Most assets except cash balances at central banks are held towards counterparties located outside the home country.

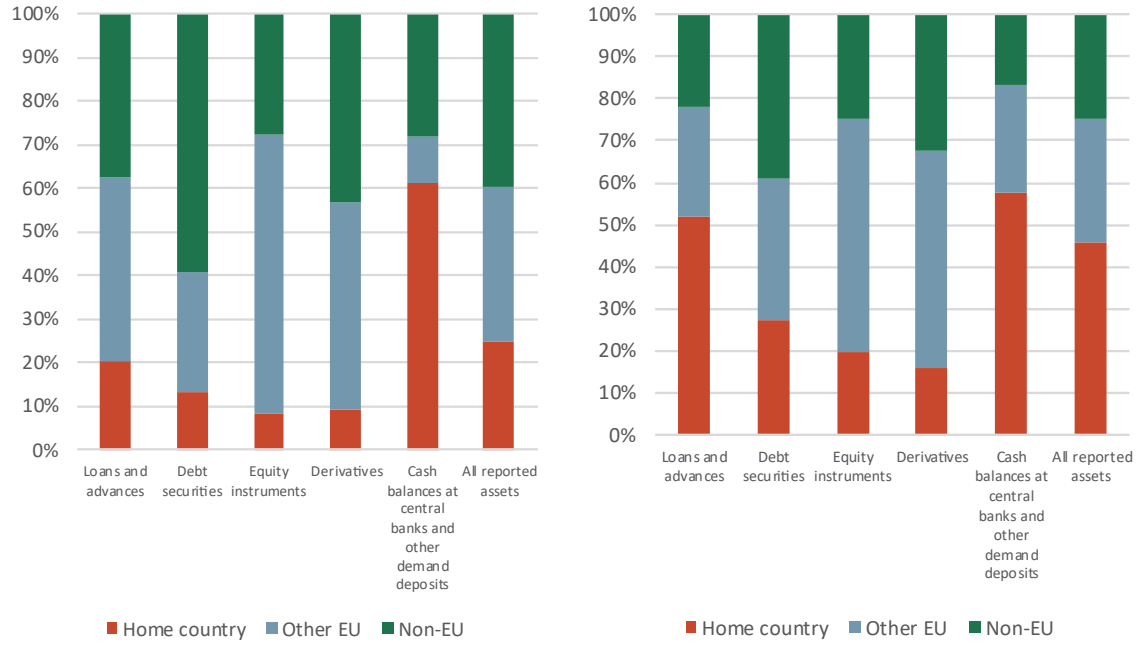
30. On average, 75% of the reported assets by subsidiaries of third-country banking groups are located outside the home country (Figure 2 and Table 16), remaining stable since December 2024. Only 20% of the loans are granted to home country counterparties, while 42% are granted to counterparties located in other EU countries and 37% to counterparties located outside the EU. In the case of derivatives, only 9% are towards home country counterparties, while other EU counterparties and third-country counterparties represent 47% and 43%, respectively. Lastly, the share of home country derivatives and equity instruments are the lowest among the five asset classes (9% and 8% of total, respectively), with high shares observed towards counterparties domiciled in other EU countries different than their domestic country. This shows the high cross- border activity of subsidiaries of third-country banking groups, driven by efficient business models focused on providing services to clients across the EU.

31. In terms of the reported assets, 43% of the assets located outside the home country are loans, followed by derivatives (27%), debt securities (17%), cash balances at central banks (11%) and equity instruments (3%), Table 16.

32. On the contrary, EU banks[9] concentrate their business mainly in the home country, as 46% of the reported assets as of December 2025 are towards home country counterparties, Table 17. Loan exposures towards home country counterparties represent 52% of total loans, while counterparties located in other EU countries represent 26% of total loans and counterparties located outside the EU represent 22%. EU banks also hold derivative exposures towards counterparties located outside the home country, but the share of home country counterparties is higher than for subsidiaries of third-country banking groups (16% of total), while other EU counterparties and third-country counterparties represent 52% and 33%, respectively.

[9] Banks domiciled in the EU and subsidiaries of third-country banking groups that report consolidated FINREP.

Figure 2: Geographical breakdown of the assets reported by subsidiaries (left) and EU banks (right), December 2025



Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups and EU banks.

2.3 Geographical breakdown of the counterparties of the reported assets by subsidiaries

33. This section investigates the geographical breakdown of the counterparties that receive services from subsidiaries of third-country banking groups. It is useful to know the location of the counterparties that are obtaining cross-border banking services from subsidiaries of third-country banking groups domiciled in the EU. These cross-border banking services can be provided to counterparties domiciled in other member states different from the home country of the subsidiary, or to counterparties domiciled in third countries.

34. With data as of December 2025, 85% of the assets[10] reported by subsidiaries of third-country banking groups are held towards counterparties domiciled outside the home country, remaining stable from the level of 86% as of December 2024 (43% towards counterparties domiciled in third-country entities and 42% from other member states), Figure 3 and Table 14. The remaining 15% are held towards domestic counterparties.

[10] This figure presents the breakdown by country of the counterparty for all products included in Figure 2, with the exception of cash balances held at central banks. For this reason, it differs from the figures reported in paragraph 30 for assets held towards counterparties domiciled outside the home country.

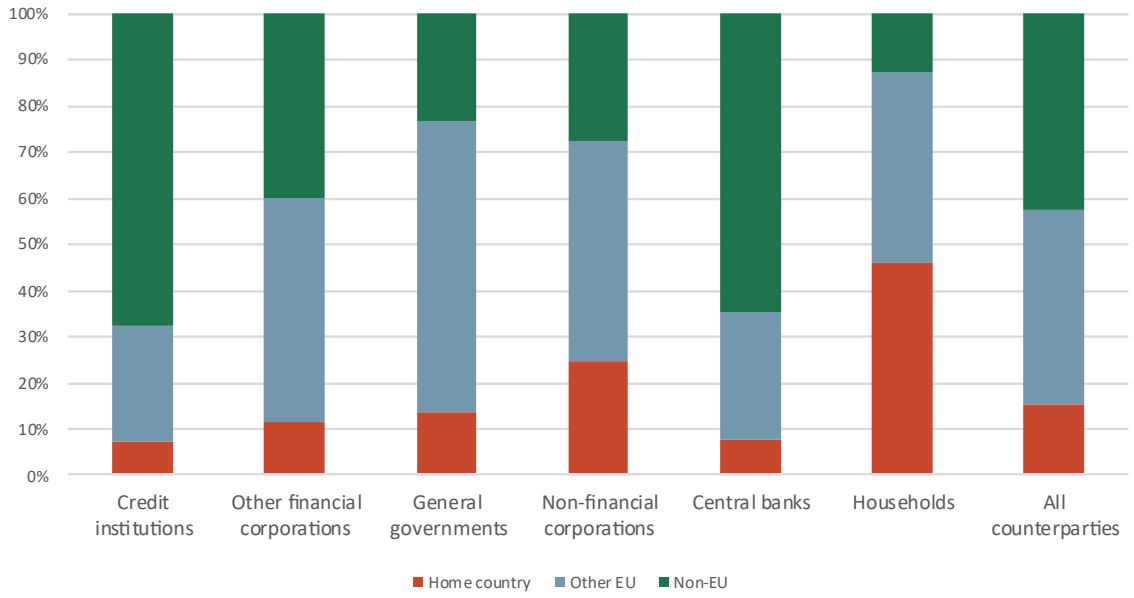
35. The exposures towards counterparties located outside of the home country are well above the level observed for EU banks[11], which stood at 56% of the assets as of December 2025 (up from 53% observed as of December 2024, Table 15) reflecting increased cross-border activity. However, this level remains well below the activity observed for subsidiaries of third-country banking groups.

36. The business model of EU banks towards credit institutions and other financial corporations is more concentrated in the home country compared to subsidiaries of third-country banking groups, as around 23% of the assets towards these two counterparties of EU banks are domiciled in the home country (9% for subsidiaries of third-country banking groups).

37. The assets reported by subsidiaries that are located outside the home country are mostly towards credit institutions and other financial corporations. These two counterparties represent 67% of subsidiaries' total assets located outside the home country (35% for credit institutions and 32% for other financial corporations), Table 14.

38. Credit institutions and other financial corporations are the counterparties with more than 90% of the assets located outside of the home country (93% for credit institutions and 89% for other financial corporations), Table 14. Out of those assets domiciled outside the home country (including other EU countries and third countries), more than half are towards third-country counterparties. Thus, 68% of the assets towards credit institutions are held towards counterparties domiciled in third countries (40% for other financial corporations).

Figure 3: Geographical breakdown of the counterparties of the reported assets by subsidiaries, December 2025



Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

[11] Banks domiciled in the EU and subsidiaries of third-country banking groups that report consolidated FINREP.

Box 1: The business models of subsidiaries of third-country banking groups

Third-country banking groups establish subsidiaries in the EU to provide services through entities domiciled in their home countries. These services are delivered to counterparties in other EU member states and third countries, either directly or through branches dependent on the subsidiary acting as the parent entity.

Third-country banking groups typically establish a single and well-capitalized Intermediate Parent Undertaking (IPU) or subsidiary in one strategic EU financial hub. Once authorized, this single subsidiary obtains full EU passporting rights and operate in other member states through a network of localized EU branches that are used to deliver services to counterparties in other EU member states and third countries.

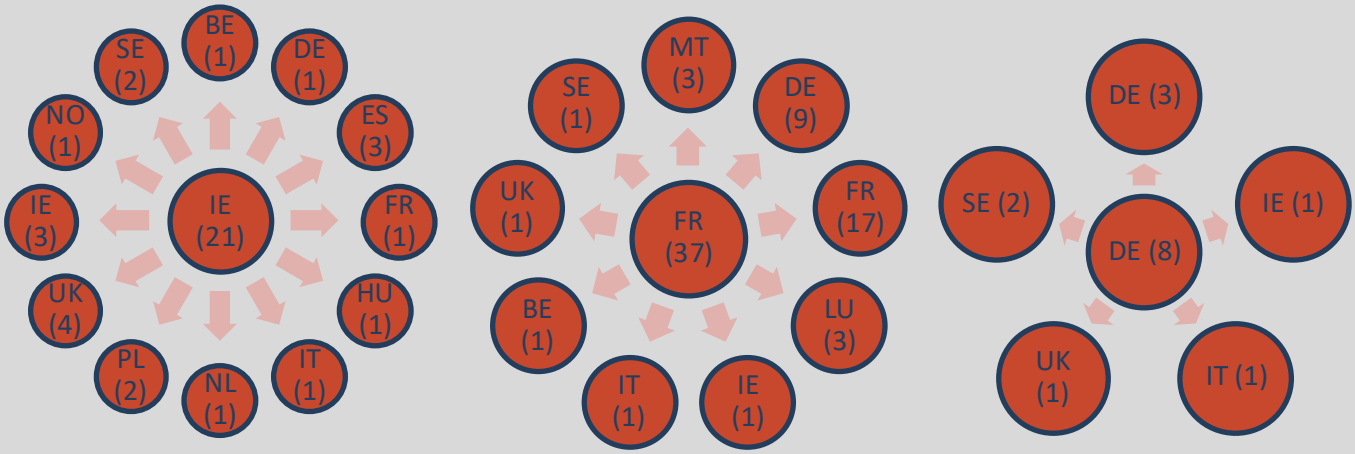
Most third-country banks in the EU operate under business models that include wholesale and investment banking, corporate finance and unsecured lending activities. This has allowed them to effectively take advantage of the existing rules for cross-border branches that can operate under relatively lighter regulatory structure. In contrast, collateralised lending often faces more significant non-prudential barriers that has made domestic consolidation a more appealing alternative for many EU banks.

Data obtained from S&P Capital IQ reveals the corporate structure of the 9 most relevant third-country banking group subsidiaries operating in the EU (6 controlled by U.S. entities and 3 controlled by UK entities), operating in France, Germany, and Ireland. These 9 entities represent 70% of the assets of all third-country banking group subsidiaries in the EU. Among these, 5 subsidiaries have 66 branches and dependent entities located in both their domiciled country and other EU member states[12].

Subsidiaries domiciled in Ireland account for 21 branches across 12 countries, including 10 EU member states, Norway and the United Kingdom. Subsidiaries domiciled in France have 37 branches in 8 EU member states and the United Kingdom, while those domiciled in Germany have 8 branches in 4 EU member states and the United Kingdom.

[12] The branches shown here are those that form part of the corporate structure of the focus company, rather than that of the ultimate parent. In this case, the focus company is the subsidiary domiciled in the EU. The relationship type is also based on the principal assumption of control, namely that the subsidiary domiciled in the EU holds a majority interest, meaning more than 50% ownership.

Figure 4: Geographical breakdown of the branches of EU subsidiaries of third-country banking groups domiciled in Ireland and France, December 2025



Source: S&P and EBA calculations.

2.4 Market share in derivatives

39. The substantive market share of subsidiaries of third-country banking groups is mainly driven by loans and derivatives. These asset classes represent 68% of the assets reported by subsidiaries of third-country banking groups, Figure 1. As shown in paragraph 20, the market share in derivatives is 30.55% as of December 2025, up from 29.31% as of December 2024.

40. The increase in market share is attributed to derivatives on the asset side of the balance sheet declining less for third-country banking group subsidiaries than for EU banks. This trend is primarily explained by foreign exchange derivatives that declined by 40% during 2025, as other derivative types increased during the period. The sharpest absolute increases were observed for commodity derivatives (47.8%), credit derivatives (27.6%) and equity derivatives (15.3%), with interest rate derivatives remaining stable.

41. The market share of trading derivatives is above 30% for all types except for foreign exchange and credit derivatives (Table 3). Since December 2024, the market shares increased for all subcategories except for foreign exchange and equity derivatives.

42. In terms of the reported value for derivatives, trading derivatives represent 99% of the amount of total derivatives reported by subsidiaries of third-country banking groups, of which 63% are interest rate derivatives, 19% are foreign exchange and gold derivatives, 12% are equity derivatives, 3% are credit derivatives and 2% are commodity derivatives.

43. By counterparty, 41% of trading derivatives are towards credit institutions, 46% to other financial corporations and the remaining to other counterparties.

44. In conclusion, the business model of subsidiaries of third-country banking groups is concentrated in interest rate derivatives towards credit institutions and other financial corporations.

Table 3: Market share in the different types of trading derivatives, December 2025

Item	% of total trading derivatives	Market share 2025	Market share 2024	YoY
Interest rate	63%	36.15%	35.46%	0.68%
Equity	12%	33.67%	35.08%	-1.40%
Foreign exchange and gold	19%	19.39%	21.06%	-1.68%
Credit	3%	27.78%	27.59%	0.20%
Commodity	2%	38.39%	31.57%	6.83%
Total derivatives		**30.55%**	**29.31%**	**1.25%**

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

45. Hedging derivatives represent only 1% of total derivative assets reported by subsidiaries of third-country banking groups as of December 2025. The market share of hedging derivatives is low and remained stable since December 2024, with only interest rate, fair value and cash flow hedging derivatives with market shares above 2% (Table 4).

Table 4: Market share in the different types of hedging derivatives, December 2025

Item	Market share 2025	Market share 2024	YoY
Interest rate	2.7%	1.9%	0.8%
Foreign exchange	0.18%	0.1%	0.1%
Fair value hedges	2.7%	1.9%	0.8%
Cash flow hedges	2.8%	1.0%	1.8%
Hedge of net investments in foreign operations	0.11%	0.4%	-0.3%
Portfolio fair value hedges of interest rate risk	0.25%	0.4%	-0.1%

Item	Market share 2025	Market share 2024	YoY
Portfolio cash flow hedges of interest rate risk	0.02%	0.1%	0.0%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

2.5 Market share in the main liabilities reported by subsidiaries

46. This section shows the market share in the main liabilities (deposits, derivatives and short positions)[13]. For subsidiaries of third-country banking groups, these liability items represent most of their reported liabilities and 79% of their balance sheet (54% for deposits, 22% for derivatives and 3% for short positions).

47. For these liabilities, banks report the sector of the counterparty and the geographical location of that counterparty. These elements help shed light on the type of business model that subsidiaries of non-EU entities undertake in the EU.

48. Based on balance sheet data obtained from FINREP as of December 2025, the market share of subsidiaries of third-country banking groups is 7.1% of deposits, 27.9% of derivative liabilities and 24.4% of short positions (Table 5). The market share in deposits, which is below the market share in total assets, shows that subsidiaries of third-country banking groups undertake a business model focused on derivative business and market making activities and less focused on activities related to a retail business model. Lastly, the high market share in short positions on the liability side mirrors the market share of equity instruments and debt securities on the asset side (Table 1).

Table 5: Market share in main liability items, December 2025

Item	Market share 2025	Market share 2024	YoY
Deposits	7.1%	6.6%	0.5%
Derivatives	27.9%	27.6%	0.3%
Short positions	24.4%	26.3%	-1.9%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

[13] This section is based on FINREP 20.06, which includes the geographical breakdown of the main liabilities (deposits, derivatives and short positions).

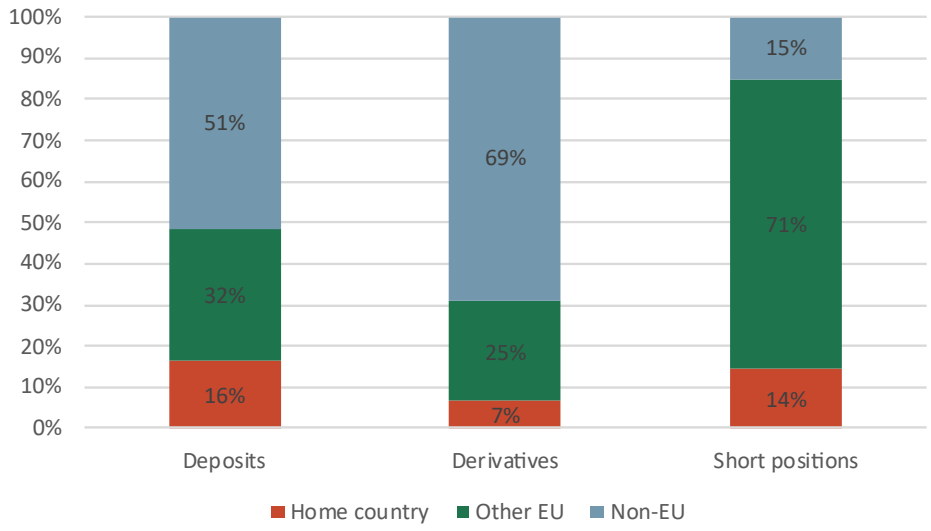
2.5.1 Geographical breakdown of liability products

49. This section focuses on the geographical breakdown of the main liability items by home country (if the subsidiary is getting funding from entities domiciled in the country of its domicile), other EU (if the subsidiary is getting funding from entities domiciled in other member states) and non-EU (if the subsidiary is getting funding from third countries).

50. Deposits obtained from counterparties domiciled in third countries increased since December 2024. As of December 2025, only 16% of the deposits are obtained from home country counterparties, while 32% are obtained from counterparties located in other EU countries and 51% from counterparties located outside the EU (50% as of December 2024), Figure 5.

51. In the case of derivatives, the positions towards third-country counterparties declined but cross-border positions towards other EU counterparties increased. As of December 2025, only 7% are towards home country counterparties, while other EU counterparties and third-country counterparties represent 25% and 69%, respectively (21% and 74% as of December 2024, respectively). The high share of cross-border derivative liabilities mirrors the cross-border share of derivative assets.

Figure 5: Geographical breakdown of the main liabilities reported by subsidiaries, December 2025



Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

2.5.2 Geographical breakdown of the liability counterparties of the subsidiaries

52. This section investigates the geographical breakdown by type of counterparty of the main liability items, which is useful to know the type of counterparty that is providing funding to subsidiaries of third-country banking groups domiciled in the EU.

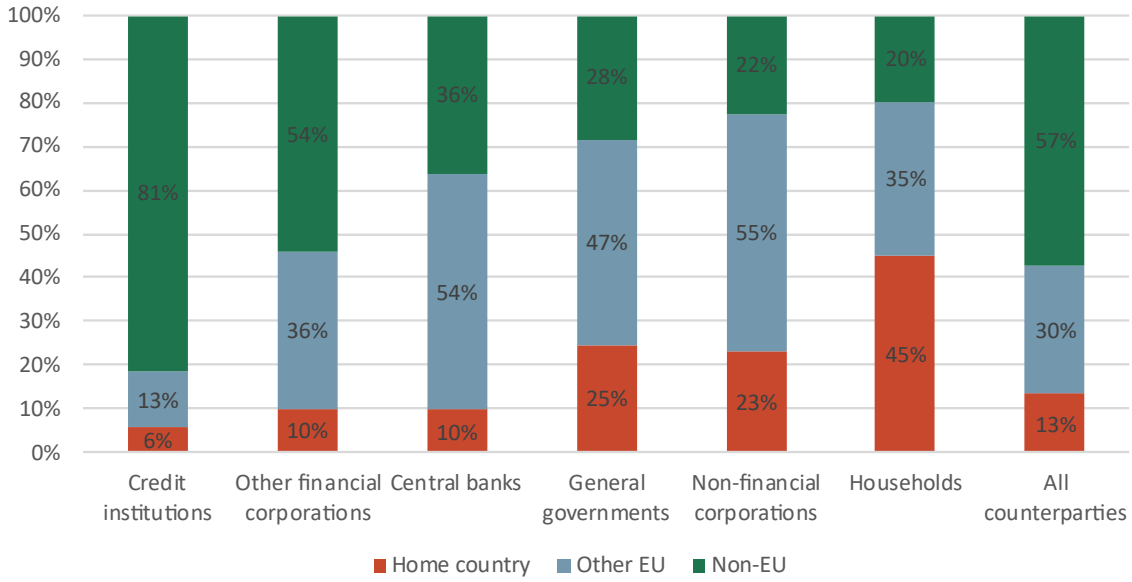
53. With data as of December 2025, 57% of the main liabilities reported by subsidiaries of third-country banking groups are obtained from third-country entities, 30% from other member states and 13% from domestic counterparties (Figure 6).

54. The high share of third-country counterparties comes from the funding obtained from credit institutions and other financial corporations. The main liabilities reported by subsidiaries of third-country banking groups are mainly obtained from credit institutions and other financial corporations. These two counterparties represent 76% of subsidiaries' total main liabilities (39% for credit institutions and 37% for other financial corporations). This figure is higher than for the assets held towards those two counterparties, meaning that subsidiaries of third-country banking groups are net borrowers of credit institutions and other financial corporations. The rest of the counterparties represent a lower share in subsidiaries' total main liabilities (12% for non-financial corporations, 10% for households, 2% for general governments and 1% for central banks).

55. Credit institutions and other financial corporations are the counterparties that are mainly concentrated in third countries, as 81% of the liabilities obtained from credit institutions are obtained from counterparties domiciled in third countries (54% for other financial corporations), Figure 6.

56. In conclusion, subsidiaries of third-country banking groups mostly obtain funding from third-country credit institutions and other financial corporations. Third-country credit institutions and EU households, general governments, non-financial corporations and central banks represent 70% of their total funding.

Figure 6: Geographical breakdown of the counterparties of the main liabilities reported by subsidiaries, December 2025



Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

2.6 Market share in main prudential indicators

57. This section shows the market share in the main prudential indicators for the calculation of capital requirements (Common Equity Tier 1 capital, total own funds and total risk exposure amount). The first two are the numerator of CET 1 ratio and total capital ratio while the third is the denominator of those ratios.

Table 6: Market share in main capital indicators, December 2025

Item	Market share 2025	Market share 2024	YoY
Total risk exposure amount	8.79%	7.75%	1%
Own funds	11.21%	10.64%	0.6%
Common equity Tier 1 capital	11.55%	11.17%	0.4%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

3 Market share in P&L items

58. This chapter shows the market share of subsidiaries of third-country banking groups in the main P&L items (section 3.1), in the main items and counterparties of interest income (section 3.2) and interest expense (section 3.3), the main items of fees and commission income and expense (section 3.4) and in the asset involved in the services provided (section 3.5).
59. The main sources of income of subsidiaries of third-country banking groups are interest income, followed by fees and commission income and other operating income. In terms of income composition, 58% of total income comes from interest income, followed by fees and commission income (31%), other operating income (10%) and dividend income (1%). This indicates a more diversified income structure compared to EU banks, which derive 73% of their income from interest income, with significantly lower shares from fees and commission income (20%), other operating income (6%), and dividend income (1%).

3.1 Market share in main P&L items

60. This chapter investigates the market share in the main P&L items (both income and expenses). Based on FINREP data on the profit and loss statement as of December 2025, the market share of subsidiaries of third-country banking groups is 5.84% of interest income, 15.11% of dividend income, 11.48% of fee and commission income and 11.29% of other operating income (Table 7). The market share by country of the parent entity of the subsidiary is included in Table 18.
61. The market share in interest income increased due to a smaller decline in interest income for subsidiaries of third-country banking groups compared to EU banks. Meanwhile, dividend and fee and commission income market shares increased since December 2024, driven by stronger growth in these segments for subsidiaries of third-country banking groups. In contrast, the market share in other operating income declined, as EU banks registered a more significant increase in this area. Table 7 discloses the annual variations in the market share by P&L item.
62. In terms of income composition, 58% of total income comes from interest income, followed by fees and commission income (31%), other operating income (10%) and dividend income (1%). The total income of subsidiaries of third-country banking groups declined by 3%, primarily due to a reduction in interest income consistent with the monetary policy easing cycle undertaken by the ECB. This decline could not be offset by increases in dividend income, fees and commission income, and other operating income.

Table 7: Market share in the main P&L items, December 2025

P&L item	Market share 2025	Market share 2024	YoY
Interest income	5.84%	5.63%	0.21%
(Interest expense)	6.63%	6.17%	0.46%
Dividend income	15.11%	2.10%	13.01%
Fee and commission income	11.48%	9.90%	1.57%
(Fee and commission expenses)	16.70%	15.39%	1.31%
Other operating income	11.29%	11.89%	-0.60%
(Other operating expenses)	7.83%	7.47%	0.36%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

3.2 Market share in the components of interest income

63. As observed in Table 7, the market share in interest income is 5.84% as of December 2025, up from 5.63% as of December 2024. The market share in interest income coming from debt securities stood at 6.58% as of December 2025, up from 5.75% a year earlier. The increase is driven by interest income coming from debt securities issued by credit institutions and non-financial corporations (the category with the largest growth). Meanwhile, the market share in interest income from debt securities issued by other financial corporations remained stable and from central banks declined.
64. The market share in interest income coming from loans and advances stood at 5.49% as of December 2025, stable since December 2024, with high market shares observed in the market share in interest income from loans towards credit institutions (22.03%), which increased compared to a year earlier while the market share in interest income from loans towards other financial corporations remained stable, Table 8.

Table 8: Market share in the components of interest income, December 2025

P&L item	Market share 2025	Market share 2024	YoY
Derivatives - trading	**0.96%**	**1.30%**	**-0.3%**
Debt securities	**6.58%**	**5.75%**	**0.8%**
Central banks	3.52%	4.88%	-1.4%
General governments	6.56%	5.68%	0.9%
Credit institutions	7.11%	6.51%	0.6%
Other financial corporations	6.65%	6.86%	-0.2%
Non-financial corporations	6.63%	2.58%	4.0%
Loans and advances	**5.49%**	**5.40%**	**0.1%**
Central banks	6.90%	7.63%	-0.7%
General governments	1.46%	1.13%	0.3%
Credit institutions	22.03%	18.39%	3.6%
Other financial corporations	11.71%	12.69%	-1.0%
Non-financial corporations	3.45%	3.47%	0.0%
Households	2.48%	1.76%	0.7%
Other assets	**13.77%**	**15.22%**	**-1.5%**
Total interest income	**5.84%**	**5.63%**	**0.2%**

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

65. In terms of the counterparties of the reported income, 32% of the total interest income of subsidiaries of third-country banking groups comes from credit institutions, 24% from other financial corporations, 24% from non-financial corporations, 7% from central banks and 13% from general governments (Table 9). The interest income coming from general governments increased by 31% since December 2024, declining for the rest of counterparties. Overall, the

interest income of subsidiaries of third-country banking groups declined by 13% over the past year, a smaller reduction than the 15% decrease observed among EU banks, contributing to an increase in their market share.

66. For EU banks, 48% of the total interest income comes from products towards the non-financial sector. Thus, while subsidiaries of third-country banking groups have credit institutions and other financial corporations as the main sources of interest income, the business model of EU banks is more oriented towards the non-financial sector.
67. By counterparty, considering all products (loans and debt securities) the market share in the interest income coming from credit institutions is 17.94% of interest income (up from 15.51% as of December 2024). With regards to the other counterparties, the market share in interest income coming from other financial corporations stood at 11.29%, 6.60% for central banks, 5.43% for general governments and 3.52% for non-financial corporations).
68. The market share in interest income coming from credit institutions has increased since December 2024 and remained as the main source of income of subsidiaries of third-country banking groups in the EU. This growth is driven by a smaller decline in interest income from these counterparties for third-country banking groups compared to EU banks.

Table 9: Market share in interest income, breakdown by counterparty, December 2025

Counterparty	% of total interest income 2025	Market share 2025	Market share 2024	YoY
Central banks	6.57%	6.60%	7.41%	-0.80%
General governments	12.59%	5.43%	4.48%	0.95%
Credit institutions	32.31%	17.94%	15.51%	2.43%
Other financial corporations	24.43%	11.29%	12.15%	-0.86%
Non-financial corporations	24.10%	3.52%	3.45%	0.08%
Total interest income	**100%**	**5.84%**	**5.63%**	**0.21%**

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

3.3 Market share in the components of interest expense

69. As observed in Table 7, the market share in interest expense is 6.63%, up from 6.17% as of December 2024. When looking at the market share in the main components of interest expense (Table 10), it can be observed that the market share in interest expense on deposits (9.24%)

and other financial liabilities (25.09%) are above the overall market share in interest expense and increased since December 2024.

70. By counterparty, subsidiaries of third-country banking groups increased deposit funding from credit institutions while declining it from other financial corporations. The market share in interest expense on deposits increased the most for credit institutions, while it increased more moderately for central banks and general governments and declined for other financial corporations and non-financial corporations. Thus, the market share in the interest expense of deposits from credit institutions amounted to 18.02%, up from 16.37% as of December 2024, while the market share in the interest expense of deposits from other financial corporations is 15.16%, down from 16.05% as of December 2024.

Table 10: Market share in the main components of interest expense, December 2025

P&L item	Market share 2025	Market share 2024	YoY
Deposits	9.24%	9.03%	0.21%
Central banks	4.15%	3.58%	0.57%
General governments	5.88%	4.93%	0.95%
Credit institutions	18.02%	16.37%	1.66%
Other financial corporations	15.16%	16.05%	-0.89%
Non-financial corporations	5.90%	5.91%	-0.01%
Households	3.52%	3.16%	0.36%
Debt securities issued	2.29%	2.32%	-0.04%
Other financial liabilities	25.09%	21.71%	3.38%
Derivatives - hedge accounting, interest rate risk	1.87%	0.78%	1.08%
Other liabilities	9.10%	8.84%	0.25%
Total interest expense	**6.63%**	**6.17%**	**0.46%**

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

3.4 Market share in fee and commission income and expenses

71. As observed in Table 7, the market share in fee and commission income is 11.48% (up from 9.90% as of December 2024) and the market share in fee and commission expense is 16.70% (up from 15.37% as of December 2024). The increase in the market shares is driven by the higher growth in these segments for subsidiaries of third-country banking groups compared to EU banks.
72. Subsidiaries of third-country banking groups are getting a particularly high market share, which increased compared to a year earlier, in fee income coming from commodities (70.41%), corporate finance (33.03%), central bank administrative services for collective investment (32.47%) and custody (26.07%), Table 11. The market share by country of the parent entity of the subsidiary is included in Table 21.

Table 11: Market share in fee and commission income and expenses, December 2025

P&L item	Market share 2025	Market share 2024	YoY
Fee and commission income	11.48%	9.90%	1.57%
Securities	11.98%	11.60%	0.39%
Corporate finance	33.03%	29.38%	3.65%
Clearing and settlement	7.32%	7.00%	0.31%
Asset management	3.02%	2.99%	0.03%
Custody	26.07%	23.70%	2.37%
Central bank administrative services for collective investment	32.47%	30.00%	2.47%
Fiduciary transactions	19.27%	49.88%	-30.61%
Payment services	5.68%	2.76%	2.92%
Customer resources distributed by but not managed	2.69%	1.21%	1.48%
Structured finance	4.65%	5.22%	-0.57%
Loans servicing activities	12.17%	4.43%	7.74%
Loans commitments given	11.10%	10.70%	0.41%

P&L item	Market share 2025	Market share 2024	YoY
Financial guarantees given	4.15%	3.61%	0.54%
Loans granted	3.78%	2.32%	1.46%
Foreign exchange	16.50%	18.52%	-2.02%
Commodities	70.41%	65.09%	5.32%
Other	32.30%	29.72%	2.58%
(Fee and commission expenses)	16.70%	15.37%	1.33%
(Clearing and settlement)	13.06%	12.12%	0.94%
(Custody)	19.28%	21.59%	-2.31%
(Loan servicing activities)	4.57%	7.87%	-3.29%
(Loan commitments received)	12.11%	4.33%	7.79%
(Other)	32.22%	31.06%	1.16%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

3.5 Market share in the assets involved in the service provided

73. The EBA supervisory reporting also collects data on the breakdown of assets by the service provided. This data shows the market share in the assets involved in the different services provided to the EU single market. This section shows the market share of subsidiaries of third-country banking groups on the services provided from another angle. Namely, in this reporting template, banks report the assets involved in the services provided either if they belong to the bank or if they belong to clients but are assets under management (or in custody) in the reporting bank. For some services, the market share is concentrated in a few banks with ultimate parent in one or two countries.
74. As observed in Table 12, the market share of subsidiaries of third-country banking groups is high in assets involved in central administrative services for collective investment (54.48%), fiduciary transactions (38.57%) and custody services (22.67%).
75. Within the categories with market shares above 20% the evolution since December 2024 is uneven. The market share in central administrative services for collective investment

decreased by 0.9%. The market share in fiduciary transactions declined by 1.6%. Conversely, the market share in custody assets increased by 0.8%.

76. Among the categories with market shares below 10%, the market share in customer resources distributed but not managed rose by 4.8%, remaining limited at 7.66%. The other categories experienced a decrease which is the case of the market share in payment services and in asset management.
77. The market share in services provided on fiduciary transactions (38.57%) is driven by one bank that operates in Ireland and represents more than 85% of the reported assets for this particular service, with its ultimate parent domiciled in the United States.
78. In the case of the market share in assets involved in collective investment services (54.48%), more than 89% comes from three banks whose ultimate parent is domiciled in the United States and that operate in Belgium and Germany. The market share of these three banks increased compared to the previous year, when they represented 85% of the assets involved in collective investment services.
79. Regarding custody services, more than 80% of the market share in assets involved in custody services (22.67%) is driven by four banks whose ultimate parent is domiciled in the United States and one whose ultimate parent is domiciled in the United Kingdom; these five banks operate in Ireland, Belgium, Germany and France.

Table 12: Market share in the assets involved in the service provided, December 2025

Item	Market share 2025	Market share 2024	YoY
Asset management	**2.66%**	**4.25%**	**-1.6%**
Collective investment	1.65%	3.06%	-1.4%
Pension funds	9.75%	8.27%	1.5%
Customer portfolios managed on a discretionary basis	3.78%	3.22%	0.6%
Other investment vehicles	3.75%	12.66%	-8.9%
Custody assets	**22.67%**	**21.86%**	**0.8%**
Collective investment	48.59%	45.94%	2.7%
Other	16.47%	16.14%	0.3%
Other entrusted to other entities	31.39%	32.34%	-1.0%

Item	Market share 2025	Market share 2024	YoY
Central administrative services for collective investment	54.48%	55.37%	-0.9%
Fiduciary transactions	38.57%	40.16%	-1.6%
Payment services	0.35%	0.70%	-0.3%
Customer resources distributed but not managed	7.66%	2.83%	4.8%

Source: FINREP and EBA calculations based on a sample of 167 subsidiaries of third-country banking groups.

Conclusions

80. **Subsidiaries of third-country banking groups expanded their business activities in the EU, increasing their market share in total assets, loans, debt securities, derivatives and equity instruments.** As of December 2025, the market share of subsidiaries of third-country banking groups is 10.22% of total assets (up from 9.8% with data as of December 2024), 8.56% of loans, 7.37% of debt securities and 30.55% in derivatives. The increase in the market shares is driven by the higher growth in assets, loans, debt securities, and equity instruments for subsidiaries of third-country banking groups compared to EU banks, while their derivatives exposures declined at a slower rate than those of EU banks.
81. **Subsidiaries of third-country entities increased their market share in services towards credit institutions and the non-financial sector, remaining stable in services towards other financial corporations.** Their business models are typically oriented to providing services to clients throughout the EU (outside their home country) and to counterparties domiciled in third countries. The reliance of third-country banking groups on credit institutions and other financial corporations in their business is particularly high. These two counterparties represent 62% of their reported assets (for the EU banks, the share of these counterparties is 27% of reported assets). More than 90% of the assets towards credit institutions and other financial corporations are located outside the country of domicile of the subsidiary, making it difficult to allocate risks stemming from distress coming from subsidiaries of third-country groups. Risks from these sources could crystallise in the event of market disruptions or cross-border business continuity issues.
82. **Of the individual asset items, the findings of this report confirm that subsidiaries of third-country banking groups enjoy a high and increasing market shares in the derivative business** (30.55% of derivatives as of December 2025, up from 29.31% as of December 2024). Subsidiaries of third-country banking groups increased their market share in commodity derivatives, credit derivatives and equity derivatives, while interest rate derivatives remained stable and foreign exchange derivatives declined. The market share of trading derivatives is above 30% for all types except for foreign exchange and credit derivatives, for which the market share stood at 19% and 28% as of December 2025, respectively. The high market share of subsidiaries of third-country banking groups in derivatives is mostly driven by the US entities.
83. **While EU banks' cross border activities also represent around half of their assets, most assets reported by subsidiaries of third-country banking groups are located outside of the EU country where the subsidiary is domiciled.** Indeed, 75% of the reported assets are towards counterparties domiciled outside the subsidiary's home country, remaining stable since December 2024. On the contrary, EU banks concentrate their business in the home country, as around half of the reported assets as of December 2025 are towards home country

counterparties. In terms of the reported assets outside the home country for subsidiaries of third-country banking groups, 43% of the assets located outside of the home country are loans (including reverse repos), followed by derivatives (27%) and debt securities (17%).

84. **Cross border activities of subsidiaries are targeted to credit institutions and other financial corporations while those of EU banks are focused on non-financial corporations.** By counterparty, 67% of subsidiaries' assets located outside of the home country are towards credit institutions and other financial corporations (for the EU banks, the share of these counterparties is 37% for assets outside of the home country). EU banks show stronger cross-border activities in services towards non-financial corporations compared to subsidiaries of third-country banking groups, representing 27% of the assets outside the home country (13% for subsidiaries of third-country banking groups).
85. **The income of subsidiaries of third-country banking groups declined by 3%, primarily due to a reduction in interest income that could not be offset by increases in dividend income, fees and commission income, and other operating income.** The market share in interest income nonetheless increased due to a smaller decline in interest income for subsidiaries of third-country banking groups compared to EU banks. Meanwhile, dividend and fee and commission income market shares increased since December 2024, driven by stronger growth in these segments for subsidiaries of third-country banking groups.
86. **Subsidiaries of third-country banking groups show a more diversified income structure than EU banks.** The main sources of income for subsidiaries of third-country banking groups are interest income from services towards credit institutions and other financial corporations, fee and commission income, and other operating income. In terms of the reported income, 58% of total income comes from interest income, followed by fees and commission income (31%), other operating income (10%) and dividend income (1%). This indicates a more diversified income structure compared to EU banks, which derive 73% of their income from interest income, with significantly lower shares from fees and commission income (20%), other operating income (6%), and dividend income (1%).
87. **On the liabilities side, the share of subsidiaries of third-country banking groups in the EU is 7.1% of deposits, 27.9% of derivative liabilities and 24.4% of short positions**. This corroborates the finding that subsidiaries of third-country banking groups favour business models that are focused on derivative business and market making activities, and less on retail business activities. Most liabilities reported by subsidiaries of third-country banking groups are towards counterparties outside of the EU country where the subsidiary is domiciled. Indeed, 86% of the reported liabilities are towards counterparties domiciled outside the subsidiary's home country.
88. **The interest income from business with credit institutions and other financial corporations represents 57% of non-EU subsidiaries' total interest income**, followed by interest income from business with non-financial corporations (24%), general governments (13%) and central

banks (7%). For EU banks, non-financial corporations are the dominant source of interest income (48% of total).

89. **The market share of subsidiaries of third-country banking groups (in terms of assets involved in the service provided) is high also in central administrative services for collective investment (54%), fiduciary transactions (39%) and custody assets (23%),** mainly concentrated on a small number of third-country subsidiaries and decreasing for central administrative services for collective investment and fiduciary transactions and increasing for custody assets since December 2024.
90. In summary, third-country banks tend to establish subsidiaries that extend services across member states and third countries, either directly or through branches located in other member states. These branches are concentrated in the traditional banking and asset management sectors, but they are also dedicated to investment banking, brokerage services and capital markets. With a substantial presence in key EU markets such as Germany, Luxembourg, France and Ireland, these subsidiaries not only entail strong cross-border financial connectivity but also highlight the importance of harmonised regulation and oversight to ensure financial stability.

Annex

Table 13: Subsidiaries of third-country banking groups, December 2025

Ctry	United States	Switzerland	United Kingdom	Japan	China	Turkey	Lebanon	Andorra	Australia	Brazil	Cayman Islands	Canada	Other countries	Total sample
AT		3	1		1	1				1			3	10
BE	1						1						1	3
CY							1						0	1
DE	9	6	2	4		5			1		2		8	37
EE			1										0	1
ES	1		1					3					4	9
FR	4	3	2	1			5		1				7	23
HR						1							1	2
IE	7		1						1			2	0	11
IT	1	2										1	2	6
LT			1										0	1
LU	4	7		4	8			1		2		1	4	31
LV	1												0	1
MT		1	1								1		3	6
NL	2		1	4		3			1		1		1	13
PL			1	1									0	2
PT	1				2					1			2	6
SE	1		2										0	3
SI		1											0	1
Total Dec-25	**32**	**23**	**14**	**14**	**11**	**10**	**7**	**4**	**4**	**4**	**4**	**4**	**36**	**167**
Total Dec-24	**32**	**25**	**14**	**15**	**10**	**10**	**7**	**4**	**4**	**0**	**0**	**4**	**40**	**165**

Note: FINREP and EBA calculations. The sample contains all subsidiaries of third-country banking groups that report consolidated FINREP data to the EBA and subsidiaries of third-country banking groups domiciled in the euro area that report FINREP data on an individual basis to the ECB.

Table 14: Exposures of subsidiaries of third-country banking groups by counterparty (A), exposures by counterparty located outside the home country (B) and geographical distribution of total exposures by counterparty (C, D and E), December 2025

Counterparty	Exposure by counterparty / Total assets (A)	Exposure by counterparty outside the home country / Total assets (B)	Home country / Total assets (C)	Other EU / Total assets (D)	Third-country / Total assets (E)
Credit institutions	32%	35%	7%	25%	68%
Other financial corporations	30%	32%	11%	49%	40%
Non-financial corporations	15%	13%	25%	48%	28%
Central banks	1%	1%	7%	28%	65%
General governments	14%	14%	14%	63%	24%
Households	9%	6%	46%	41%	13%
All counterparties	100%	100%	15%	42%	43%

Note: FINREP and EBA calculations. This table shows the exposures by counterparty for all products included in Table 16 except cash balances at central banks.

Table 15: Exposures of EU banks by counterparty (A), exposures by counterparty located outside the home country (B) and geographical distribution of total exposures by counterparty (C, D and E), December 2025

Counterparty	Exposure by counterparty / Total assets (A)	Exposure by counterparty outside the home country / Total assets (B)	Home country / Total assets (C)	Other EU / Total assets (D)	Third-country / Total assets (E)
Credit institutions	13%	17%	28%	31%	42%
Other financial corporations	14%	21%	19%	29%	52%
Non-financial corporations	29%	27%	48%	24%	28%
Central banks	1%	2%	11%	12%	77%
General governments	15%	17%	38%	32%	30%
Households	28%	17%	66%	20%	14%
All counterparties	100%	100%	44%	25%	30%

Note: FINREP and EBA calculations. This table shows the exposures by counterparty for all products included in Table 17 except cash balances at central banks.

Table 16: Exposures of subsidiaries of third-country banking groups by asset item (A), exposures by counterparty located outside the home country (B) and geographical distribution of total exposures by counterparty (C, D and E), December 2025

Asset item	Exposure by product / Total assets (A)	Exposure by counterparty outside the home country / Total assets (B)	Home country (C)	Other EU (D)	Non-EU (E)
Loans and advances	40%	43%	20%	42%	37%
Debt securities	14%	17%	13%	27%	59%
Equity instruments	2%	3%	8%	64%	28%
Derivatives	22%	27%	9%	47%	43%
Cash balances at central banks and other demand deposits	21%	11%	61%	11%	28%
EU Avg	100%	100%	25%	35%	40%

Note: FINREP and EBA calculations.

Table 17: Exposures of EU banks by asset item (A), exposures by counterparty located outside the home country (B) and geographical distribution of total exposures by counterparty (C, D and E), December 2025

Asset item	Exposure by product / Total assets (A)	Exposure by counterparty outside the home country / Total assets (B)	Home country (C)	Other EU (D)	Non-EU (E)
Loans and advances	65%	58%	52%	26%	22%
Debt securities	15%	20%	27%	34%	39%
Equity instruments	2%	4%	20%	55%	25%
Derivatives	7%	10%	16%	52%	33%
Cash balances at central banks and other demand deposits	11%	8%	58%	25%	17%
EU Avg	100%	100%	46%	30%	25%

Note: FINREP and EBA calculations.

Table 18: Market share in the main P&L items, breakdown by country of domicile of the parent entity of the subsidiaries of third-country banking groups operating in the EU, December 2025

P&L item	Market share 2025	United States	United Kingdom	Switzerland	Japan	China	Türkiye	All Other
Interest income	5.84%	3.16%	1.23%	0.33%	0.28%	0.22%	0.15%	0.47%
(Interest expense)	6.63%	3.75%	1.37%	0.39%	0.29%	0.25%	0.16%	0.41%
Dividend income	15.11%	0.40%	0.80%	0.90%	0.01%	0.01%	0.01%	12.98%
Fee and commission income	11.48%	6.38%	2.81%	1.11%	0.26%	0.11%	0.04%	0.76%
(Fee and commission expenses)	16.70%	11.13%	2.57%	1.12%	0.50%	0.06%	0.02%	1.28%
Other operating income	11.29%	8.51%	0.60%	0.37%	1.45%	0.11%	0.02%	0.24%
(Other operating expenses)	7.83%	4.25%	2.56%	0.36%	0.40%	0.04%	0.06%	0.17%

Note: FINREP and EBA calculations.

Table 19: Market share in the main P&L items, breakdown by country of domicile of the parent entity of the subsidiaries of third-country banking groups operating in the EU, December 2024

P&L item	Market share 2024	United States	United Kingdom	Switzerland	Japan	China	Türkiye	All Other
Interest income	5.63%	2.99%	1.20%	0.32%	0.26%	0.21%	0.12%	0.53%
(Interest expense)	6.17%	3.32%	1.37%	0.38%	0.27%	0.24%	0.11%	0.49%
Dividend income	2.10%	0.48%	0.47%	1.04%	0.00%	0.01%	0.01%	0.09%
Fee and commission income	9.90%	6.18%	1.86%	0.98%	0.25%	0.13%	0.04%	0.46%
(Fee and commission expenses)	15.37%	11.36%	1.90%	1.01%	0.45%	0.09%	0.02%	0.54%
Other operating income	11.89%	9.16%	0.36%	0.38%	1.41%	0.10%	0.03%	0.45%
(Other operating expenses)	7.47%	4.43%	2.05%	0.27%	0.28%	0.03%	0.01%	0.39%

Note: FINREP and EBA calculations.

Table 20: Market share in fee and commission income and expenses, breakdown by country of domicile of the parent entity of the subsidiaries of third-country banking groups operating in the EU December 2025

P&L item	Market share 2025	United States	United Kingdom	Switzerland	Japan	China	Turkey	Other
Fee and commission income	11.48%	6.38%	2.81%	1.11%	0.26%	0.11%	0.04%	0.76%
Securities	11.98%	6.36%	2.51%	2.37%	0.29%	0.24%	0.00%	0.22%
Corporate finance	33.03%	29.18%	1.29%	2.27%	0.00%	0.26%	0.00%	0.03%
Clearing and settlement	7.32%	5.75%	0.68%	0.10%		0.26%	0.00%	0.52%
Asset management	3.02%	1.09%	0.52%	1.18%	0.01%	0.02%	0.00%	0.22%
Custody	26.07%	20.82%	1.34%	1.79%	0.92%	0.38%	0.02%	0.80%
Central bank administrative services for collective investment	32.47%	23.12%	4.00%	2.66%	1.30%	0.00%	0.00%	1.39%
Fiduciary transactions	19.27%	17.70%	0.00%	0.90%	0.65%	0.00%	0.01%	0.00%
Payment services	5.68%	1.52%	3.88%	0.11%	0.03%	0.06%	0.03%	0.06%
Customer resources distributed by but not managed	2.69%	0.25%	1.34%	0.82%	0.03%	0.01%	0.00%	0.23%
Structured finance	4.65%	2.39%	1.04%	0.95%	0.00%	0.01%	0.09%	0.18%
Loans servicing activities	12.17%	1.28%	7.08%	0.11%	2.62%	0.87%	0.00%	0.21%
Loans commitments given	11.10%	5.44%	3.74%	0.02%	1.03%	0.22%	0.17%	0.48%
Financial guarantees given	4.15%	0.63%	2.51%	0.18%	0.37%	0.16%	0.20%	0.09%
Loans granted	3.78%	1.61%	0.87%	0.06%	0.68%	0.44%	0.00%	0.11%
Foreign exchange	16.50%	13.39%	2.52%	0.20%	0.07%	0.00%	0.16%	0.16%
Commodities	70.41%	70.41%	0.00%			0.00%	0.00%	0.00%
Other	32.30%	24.33%	6.29%	0.53%	0.19%	0.09%	0.01%	0.86%
(Fee and commission expenses)	16.70%	11.13%	2.57%	1.12%	0.50%	0.06%	0.02%	1.28%
(Clearing and settlement)	13.06%	11.28%	0.88%	0.32%	0.20%	0.04%	0.01%	0.33%
(Custody)	19.28%	13.88%	1.53%	2.13%	0.83%	0.32%	0.02%	0.57%
(Loan servicing activities)	4.57%	0.01%	0.81%	0.01%	3.03%	0.65%	0.00%	0.06%
(Loan commitments received)	12.11%	4.29%	0.00%	0.03%	6.55%	0.01%	0.00%	1.23%
(Other)	32.22%	26.93%	4.06%	0.56%	0.08%	0.05%	0.00%	0.54%

Note: FINREP and EBA calculations.

Table 21: Market share in fee and commission income and expenses, breakdown by country of domicile of the parent entity of the subsidiaries of third-country banking groups operating in the EU December 2024

P&L item	Market share 2024	United States	United Kingdom	Switzerland	Japan	China	Turkey	Other
Fee and commission income	9.90%	6.18%	1.86%	0.98%	0.25%	0.13%	0.04%	0.46%
Securities	11.60%	6.07%	2.30%	2.51%	0.26%	0.28%	0.00%	0.17%
Corporate finance	29.38%	26.09%	1.99%	1.02%	0.00%	0.28%	0.00%	0.01%
Clearing and settlement	7.00%	5.60%	0.49%	0.12%		0.28%	0.00%	0.53%
Asset management	2.99%	1.04%	0.44%	1.30%	0.01%	0.06%	0.00%	0.15%
Custody	23.70%	18.39%	1.00%	1.62%	1.65%	0.37%	0.03%	0.64%
Central bank administrative services for collective investment	30.00%	20.53%	4.02%	2.77%	1.47%	0.00%	0.00%	1.21%
Fiduciary transactions	49.88%	48.93%	0.01%	0.49%	0.43%	0.00%	0.01%	0.00%
Payment services	2.76%	1.43%	1.00%	0.09%	0.10%	0.06%	0.02%	0.06%
Customer resources distributed by but not managed	1.21%	0.18%	0.04%	0.70%	0.04%	0.02%	0.00%	0.24%
Structured finance	5.22%	2.34%	1.20%	1.17%	0.00%	0.20%	0.08%	0.22%
Loans servicing activities	4.43%	1.53%	0.32%	0.03%	1.97%	0.55%	0.00%	0.03%
Loans commitments given	10.70%	5.10%	3.91%	0.02%	0.36%	0.58%	0.19%	0.53%
Financial guarantees given	3.61%	0.33%	2.36%	0.19%	0.23%	0.16%	0.22%	0.11%
Loans granted	2.32%	0.61%	0.95%	0.08%	0.38%	0.19%	0.02%	0.09%
Foreign exchange	18.52%	15.71%	2.16%	0.20%	0.09%	0.00%	0.22%	0.15%
Commodities	65.09%	65.09%	0.00%	0.00%		0.00%	0.00%	0.00%
Other	29.72%	23.06%	5.20%	0.80%	0.25%	0.10%	0.01%	0.30%
(Fee and commission expenses)	15.37%	11.36%	1.90%	1.01%	0.45%	0.09%	0.02%	0.54%
(Clearing and settlement)	12.12%	10.64%	0.72%	0.31%	0.16%	0.06%	0.01%	0.21%
(Custody)	21.59%	16.14%	1.33%	1.89%	1.57%	0.23%	0.01%	0.42%
(Loan servicing activities)	7.87%	0.10%	0.96%	0.06%	6.03%	0.66%	0.00%	0.05%
(Loan commitments received)	4.33%	3.84%	0.02%	0.02%		0.00%	0.00%	0.45%
(Other)	31.06%	27.42%	2.43%	0.79%	0.17%	0.07%	0.00%	0.17%

Note: FINREP and EBA calculations.

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