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Regulatory Blog

By PwC Deutschland | 16. März 2026

The Third Country Branches (TCBs) framework continues to take shape: EBA publishes final ITS on supervisory reporting

Further steps towards a harmonised supervisory framework for TCBs

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The revised Capital Requirements Directive (CRD VI) introduces a new, harmonised prudential framework for third country branches (TCBs) operating in the European Union. A key element of this framework is the establishment of consistent supervisory reporting requirements, enabling competent authorities (CAs) to gain a clearer and more comparable view of third country banking activity across Member States.

Against this background, on 05 March 2026 the European Banking Authority (EBA) has published its Final Report on the Implementing Technical Standards (ITS) on supervisory reporting for TCBs (**EBA/ITS/2026/01**), specifying the regulatory and financial information that TCBs must periodically submit in accordance with Article 48k CRD VI.

As highlighted in a previous blog post, the CRD VI framework for TCBs is now taking shape (**Link**). In particular, we outlined how the EBA's final RTS on booking arrangements clarifies the identification and recording of assets, liabilities and risk positions within EU branches of Non-EU banks (**Link**). More recently, the EBA also issued final Guidelines on the capital endowment of TCBs, providing further detail on the instruments that may be used to meet the minimum capital endowment requirement (**Link**).

These initiatives form the core building blocks of the emerging prudential framework for third country branches under CRD VI. At the same time, effective supervision does not rely on prudential requirements alone, but also on a consistent, transparent and harmonised supervisory reporting framework.

The latest step in this process therefore focuses on the introduction of uniform supervisory reporting requirements for TCBs. This blog post takes a closer look at the new ITS on TCB supervisory reporting, outlining its scope, structure, and highlighting the key practical implications for third country banking groups and their EU branches.

Background

For the first time, non-EU branches operating in the EU will be subject to consistent prudential oversight. Under Article 48k CRD VI, third country branches must periodically report regulatory and financial information to their competent authorities. To operationalise these legislative requirements, the EBA published its Final Report ITS (EBA/ITS/2026/01) on 05 March 2026 (**Link**). The ITS proposes standardised formats, definitions and reporting frequencies for supervisory reporting by third country branches.

While certain reporting elements already existed under previous regulatory frameworks, CRD VI introduces several new components. In particular, TCBs will now be required to report additional information relating to their head undertakings (HU), as well as data on assets and liabilities originated by the branch.
The initiative aims to introduce a consistent and harmonised reporting framework across the EU, thereby strengthening transparency and supervisory convergence regarding the activities of third-country institutions operating within the Union.

Objective and structure of the ITS

The draft ITS, issued pursuant to Article 48l CRD VI, sets out common formats, definitions, and reporting frequencies for both TCBs and their HUs.

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Two annexes define the scope and structure of the reporting obligations:

- **Annex I** – Templates for Third country branches, covering detailed information on assets, liabilities, transactions, sectoral and counterparty breakdowns, as well as intra-group exposures.
- **Annex II** – Templates for Head Undertakings, including data on services provided through *reverse solicitation* and aggregated prudential metrics.

The ITS differentiates between Class 1 TCBs, which are systemically important and subject to full reporting scope and Class 2 TCBs, which are smaller and less complex with reduced reporting requirements.

Reporting frequency

Depending on the data type, reporting frequencies range from **monthly to annual** for TCBs and **quarterly to semi-annual** for HUs.

Financial and Regulatory Information addressed to Class 1 and Class 2 TCBs in Annex I

Template code
Financialinformation
E01.01
E01.02
E02.00
E03.01

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E03.01
E04.02
E05.01
E05.02
E06.01
E06.02
Regulatoryinformation
E07.01
E07.02

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E08.01
E08.02
E09.01
E09.02
E10.00

Quantitative and Qualitative Information addressed to Class 1 and Class 2 in Annex II

emplatecode
Quantitativeinformation
H01.00
H02.00
H03.01

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H03.02
Qualitativeinformation
H03.02
H05.00
H06.00
H07.00

While several reporting elements build on existing regulatory concepts, the ITS introduce several new and operationally challenging requirements for third country branches and their head undertakings.

In particular, TCBs will need to address the following key implications:

- **Concept of originated assets and liabilities**: The reporting framework places renewed emphasis on distinguishing between assets and liabilities that are booked and those that are originated by the branch, a concept already introduced under the RTS on booking arrangements.
- **Enhanced concentration risk disclosures, including on the liability side**: TCBs are required to provide more granular information on concentration risks, covering both assets and liabilities.
- **Income and expense information from intragroup transactions**: The ITS requires specific disclosures on income and expenses arising from transactions within the third country group.
- **Reverse solicitation reporting at head undertaking level**: Reverse solicitation refers to situations where a client located in the EU approaches a third-country institution on their own initiative. In such cases, the institution may provide services without obtaining a local licence. The ITS introduce new reporting requirements requiring head undertakings to disclose services provided under reverse solicitation. These disclosures increase supervisory transparency around a regime designed as an exception and allow supervisors to identify institutions that rely extensively on this mechanism. From

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an operational perspective, however, aggregating all relevant transactions between third-country entities and EU clients represents a significant data challenge.

- **Streamlined liquidity reporting for TCBs**: While the ITS introduce a notably simplified LCR reporting template for TCBs compared to CRR-based reporting, institutions will still need to ensure consistency with internal liquidity monitoring and group-level liquidity metrics.

Beyond quantitative data, institutions should also be mindful that qualitative reporting elements, particularly at head undertaking level, may be time-consuming to compile and validate, as they often rely on information not centrally captured in regulatory reporting systems.

From a proportionality perspective, the ITS reflect the CRD VI's intention to differentiate reporting requirements based on the size and risk profile of third country branches. In particular, Class 2 TCBs are required to report only their five largest exposures, compared with the ten largest exposures applicable to Class 1 TCBs. In its Final Report, the EBA explicitly considers this differentiation to represent a meaningful application of the proportionality principle.

In practice, however, these requirements still constitute an additional reporting burden for many TCBs, including Class 2 branches. Even the reduced scope necessitates the establishment of new data aggregation processes, exposure ranking logic and governance controls that may not have existed previously. As a result, while proportionality is clearly embedded in the design of the ITS, TCBs should not underestimate the operational effort required to implement the new concentration risk reporting requirements.

Next steps and recommended actions

The final technical package is expected to be published in Q2 2026. Following the public consultation conducted by the EBA in Q4/2025, the Final Report also reflects a limited number of targeted adjustments compared to the draft ITS. Most notably, the EBA decided to postpone the first reporting reference date from December 2026 to March 2027, thereby granting TCBs additional time to adapt their internal systems, processes and governance arrangements.

TCBs have approximately one year to implement the new requirements. Given the reliance on head-undertaking information and the interaction with other CRD VI building blocks such as booking arrangements and capital endowment, early preparation will be essential to avoid operational complexity and inefficient manual solutions.

PwC can support institutions throughout the entire implementation lifecycle of the new TCB framework. This ranges from end-to-end implementation projects including impact assessments, target operating model design and reporting architecture to ongoing managed services for the preparation and submission of TCB

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supervisory reports.

You have questions regarding the consultation paper or want to discuss your views? Please reach out to us. Our team of accounting and regulation experts is happy to support you!

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Schlagwörter

Bankenaufsicht (Europäische und Internationale Organisationen), Capital Requirements Directive (CRD VI), Risk Management Banking, Single Supervisory Mechanism (SSM), Zweigstellen

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