

Q2 2025 Pillar 3 ESG reporting

Pillar 3 disclosures on ESG risks

Introduction

This report provides a comprehensive analysis of the Pillar 3 ESG risk reporting for 37 European banks, focusing on the Q2 2025 disclosures. This benchmark includes six Dutch banks, which are anonymised as Bank 1 to Bank 6 throughout this report. The reported figures for the banks in scope are benchmarked against one another, with an observation of trends and changes across reporting periods. While minor variations in the scope of banks across the reporting periods may occur due to data availability, these slight differences do not affect the overall findings.

All banks included in this benchmark are large institutions under the supervision of the European Central Bank (ECB) and have issued securities traded on regulated markets within EU Member States. The included banks have been selected based on their size and geographic presence throughout Europe to provide a balanced comparison with the Dutch banks.

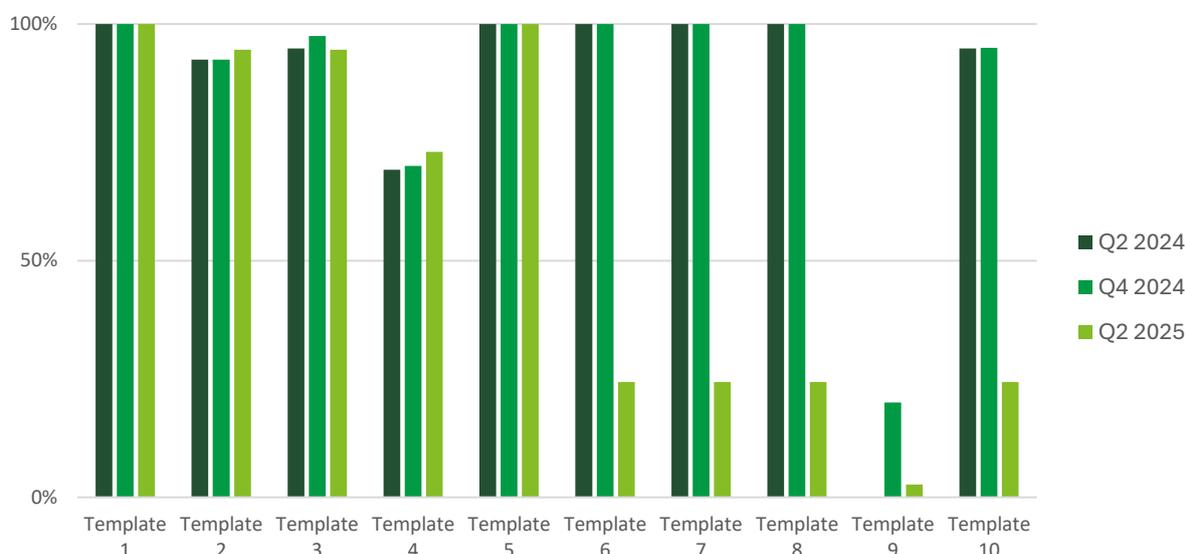
The Pillar 3 ESG templates are currently being revised to make reporting more practical, proportionate and better aligned with wider regulatory initiatives. To ease the transition, the European Banking Authority (EBA) has introduced transitional measures and supervisory flexibility: institutions may continue to use existing templates through 2026 while new requirements are phased in when they are finalised. In line with this, the EBA has suspended EU Taxonomy templates (Templates 6-10) from Q2 2025 disclosures until the end of 2026. The reporting start date for banks in the extended scope, including small and non-complex institutions (SNCl) and other non-listed institutions, has also been postponed to December 2026, and these banks will report fewer templates under a proportionality approach.

Figure 1 shows the percentage of banks in the benchmark disclosing the ESG templates, comparing reporting periods from Q2 2024 to Q2 2025. Disclosure rates for Templates 1-5 are broadly stable across the periods. Some banks omit Templates 2 and 4 because those templates are not universally applicable and a few banks do not publish Template 3 due to methodological mismatches with their internal approaches. Notably, despite the EBA suspension of Templates 6-10, a handful of banks continue to publish these taxonomy templates.

Pillar 3 ESG reporting is now in a transition period as the templates are being revised, and the full impact of these changes is yet to be seen. These regulatory moves come at a time when efforts to embed ESG into business-as-usual are accelerating. With the ECB making climate and environmental risk a supervisory priority, we expect banks to embed Pillar 3 ESG reporting outputs into broader ESG risk frameworks and business processes as well. Instead of treating the report as a standalone compliance exercise, we expect banks to use Pillar 3 data more widely and integrate it with day-to-day risk management. If done well, integrating those data streams improves consistency and comparability across risk, finance and business functions,

reducing duplication, and delivering efficiency gains by bringing sustainability and banking expertise together to make better-informed business decisions.

Figure 1: Templates on ESG risks disclosed by the banks in scope between Q2 2024 and Q2 2025



JBRC paper

The Joint Bank Reporting Committee’s (JBRC) Expert Group on Semantic Integration has published a paper, “JBRC recommendations on the semantic integration of ESG Pillar 3 disclosures” containing recommendations to harmonise the semantics used in Pillar 3 ESG disclosures. It reviews the Draft EBA ITS on ESG disclosures (EBA/CP/2025/07) and provides targeted guidance across the Pillar 3 templates. The recommendations have the aim to reduce ambiguity, lower implementation costs and improve comparability.

According to the paper, Pillar 3 ESG disclosures are currently constrained by three interlinked issues: scope for inconsistent interpretation, measurement ambiguity and operational weaknesses. Inconsistent terminology and missing formal definitions are often seen within the required Pillar 3 reporting figures. For example, the term “residential maturity” in Template 1 can be interpreted differently across COREP, Asset Encumbrance, IReF, and ESG disclosures. This can produce divergent interpretations, resulting in inconsistent reporting across banks. Therefore, the paper recommends aligning definitions and standardising calculation across all relevant reports.

The paper also recommends the European Commission to develop an estimation methodology guidance and standardisation to avoid missing ESG data. For example in Template 2, incomplete EPC data can use the estimation guidance to guide that estimations can use comparable property data, proxy variables, and machine learning models. It is also important to maintain data quality controls and documentation to ensure accuracy and traceable sources to support audit trail.

In addition, template-specific clarification or providing information on how to report a certain topic would help to understand the required information. For example, Template 5, should set out the level physical risk is measured (counterparty, immovable collateral or both), and

provide allocation rules for loans secured by multiple properties and align collateral valuation with FinRep.

The recommendation to provide disclosure instructions also brings clarity on what should be disclosed. For example, Template 9 needs clearer instructions linking rows in Template 9.1 to percentages in Template 9.2, explicit guidance on how to populate flow versus stock columns, and classify activity to GAR numerator eligibility using NACE codes/LEI while reconciling treatments of repossessed or held-for-sale assets.

In Template 10 there is a recommendation to allow an additional “not taxonomy-aligned” dimension to capture gross carrying amounts financing activities that materially contribute to sustainable use and protection of water and marine resources but do not meet the Delegated Regulation’s technical screening criteria.

In summary, the paper advocates pragmatic, operational measures: with a stronger focus on legally anchored, centralised definitions and measurement conventions, but also emphasizes the need for mandated estimation methodologies that document data sources and include measures of reliability and uncertainty, as well as stronger governance to manage regulatory scope changes and maintain alignment across data models and taxonomies. Collectively, these recommendations indicate a clear shift from emphasising mere availability to prioritising the overall quality of sustainability data.

Template 1

Template 1 requires banks to disclose their exposure to sectors that highly contribute to climate change.

Figure 2 presents the distribution of Gross Carrying Amount (GCA) by sector for six Dutch banks. The banks show distinct sector concentration profiles. Bank 2 and Bank 4 demonstrate the highest GCA concentration, with approximately 83% of their GCA portfolios respectively allocated in a single sector. Bank 5 is also dominated by one sector, primarily in finance and insurance activities as these exposures have been reported for the first time following a new interpretation on the requirements. In contrast, Bank 1 and 3 are more diversified with a dispersed spread across several sectors including manufacturing and wholesale and retail trade. Bank 6 displays a moderate concentration profile with fewer sectors.

Figure 2: Distribution of GCA of Dutch Banks by Sector

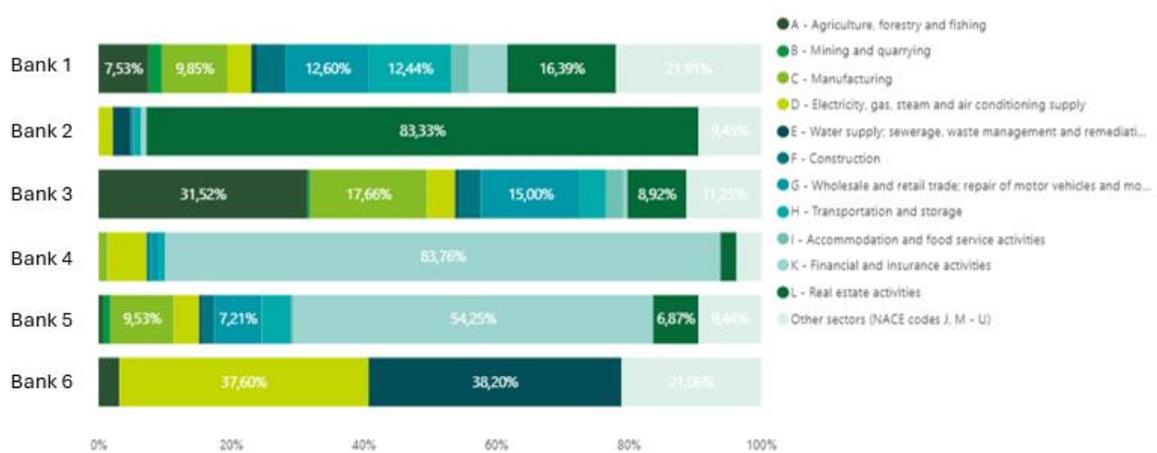


Figure 3 compares the sectoral distribution of GCA in the Netherlands and the Rest of EU. The Netherlands is heavily concentrated in finance and insurance activities (33.28% of GCA), with real estate and manufacturing representing the next largest exposures. The change of concentration from the prior quarter stems from one bank having significant portfolios over time. The Rest of EU shows a more even sectoral distribution with a comparable portion of finance and insurance activities and real estate (24.18% and 20.77%). Agriculture represents a larger share of total GCA in the Netherlands compared with the rest of the EU. Few smaller sectors exhibit similar shares in both regions but generally represent smaller portions of total GCA.

Figure 3 Distribution of GCA of NL vs Rest of EU



Template 2

Template 2 discloses information on the loans collateralised with real estate based on the energy efficiency of the collateral.

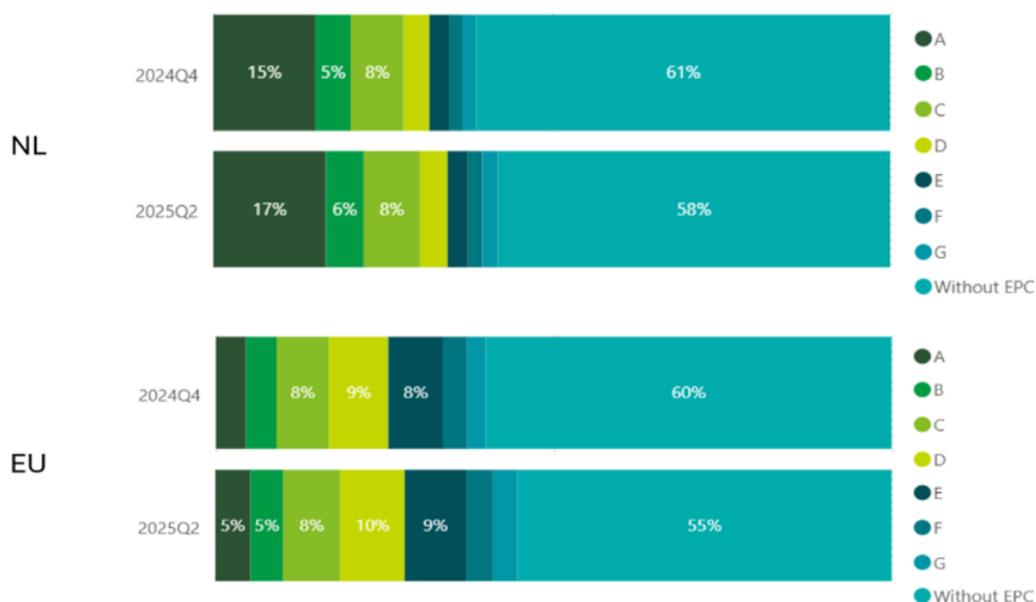
The distribution of GCA by level of energy efficiency differs materially between the Dutch banks and the other European banks in scope of this benchmark. On average, the Dutch banks have a larger share of GCA with less energy efficient collateral compared to the other European banks. Specifically, the aggregated Dutch banks report 42% of GCA in the >200 kWh/m² band, whereas the other European banks report only 20% of GCA in this range of energy efficiency levels. This suggests that the Dutch banks' portfolios carry relatively greater transition risk, while the EU profile points to a larger share of more energy efficient collateral, however, cross-country differences may also be present due to different energy mixes available per country and should be taken into account when interpreting the comparison.

Figure 6: Distribution of GCA by level of energy efficiency (kWh/m²) in the EU area (%)



Coverage of EPC labels has increased modestly but meaningfully, whereas a number of assets previously recorded as “Without EPC” have now been assigned a label. This reduces the proportion of unknowns and supplies actionable data to assess the portfolio’s vulnerability with respect to energy performance. The Dutch banks in scope disclose a relatively larger share of collateral with A-rated EPC labels, compared to the other European banks, although differences in EPC measurement and labelling methodologies across countries can affect comparability.

Figure 7: Distribution of GCA by EPC label in the EU Area as disclosed by Dutch banks and European banks



Template 3

Template 3 provides an overview of the distance to the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (NZE), focusing on GCA by sector. The EBA’s recent consultation paper proposes changing the reporting cadence for this template from semi-annual to annual.

Template 3 shows the bank’s alignment to the International Energy Agency (IEA) Sustainable Development NZE2050 scenario. Alignment is shown by reporting how far the bank’s financed emissions in each sector are from the related 2030 target. Banks give a distance to target as a percentage: a positive figure means the target has not been met; a negative figure means it has been exceeded.

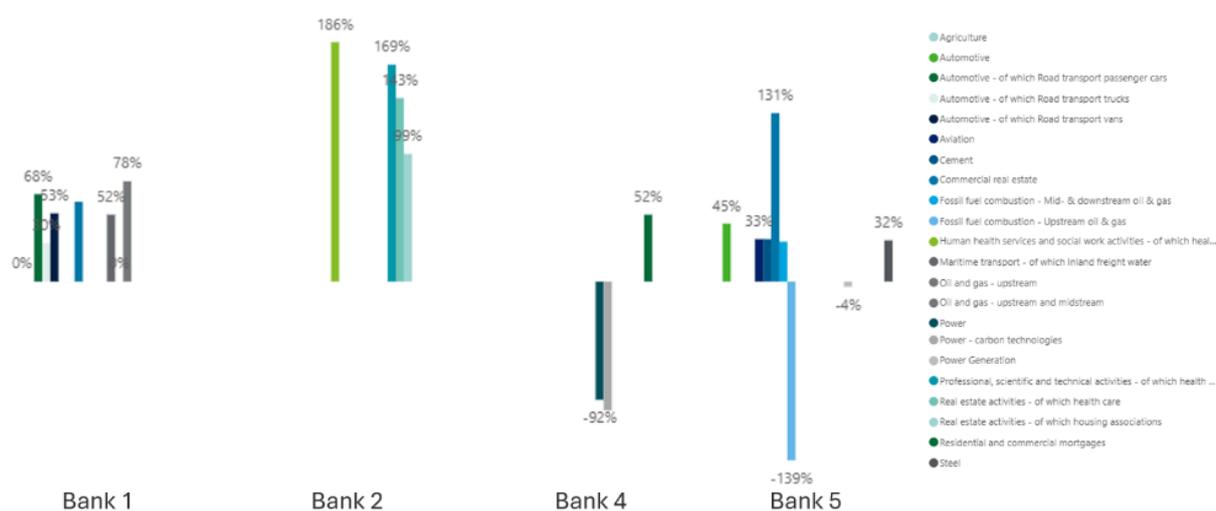
Figure 8 shows a wide spread in disclosed distances to the 2030 target between the Dutch banks and sectors. A similar trend is seen for the other European banks. Two of the Dutch banks report negative values for some sectors, meaning they are ahead of the pathway, but many report sizeable positive gaps. Large positive gaps signal that a bank is not near the 2030 target and, if they persist, may indicate higher transition risk. Compared with Q4 2024, there has been little measurable progress in closing the reported gaps to the 2030 target.

The variation in this template reflects more than performance. Banks differ in coverage in terms of sectors and the amount of targets set. Some exclude sectors for lack of exposure, materiality or it not being a focus area for the bank, others report only part of a sector on a more granular level. As a result, banks disclose a wide range of sectors, as can be seen in the legend of Figure 8. Consequently, the number of publicly disclosed sector targets varies widely: some banks publish only one or two targets, while others disclose more than ten. Several banks cite that more targets are set internally for certain sectors, but do not publish them in this template due to a mismatch between the template method and their internal methodology.

Equally, sectors not covered by a bank’s climate strategy or without interim targets are often omitted from Template 3. Multiple banks refer to their annual or climate report for their detailed climate strategy. The banks mention that those reports are their primary disclosure of their climate strategies and that they align Template 3 to this. As a result, if a specific sector or asset class is not covered by their climate strategy, they also omit it in the template. Because banks use different scopes and methodologies for Template 3, the disclosed percentages are not directly comparable.

While several banks did not report the alignment metric for all sectors, two banks in this benchmark did not disclose the template at all. One bank does not disclose it because it does not align with their internal methodology and the other bank mentioned they update their alignment metrics annually. A third bank does disclose the template but reported no exposure to the sectors covered and therefore did not provide any alignment percentages.

Figure 8: Portfolio distance to the 2030 milestone of IEA NZE 2050 in %



Template 4

Template 4 shows the exposure in the banking book to the top 20 carbon-intensive firms globally.

Figure 9 shows banks with a relative exposure of 0.15% or higher to GCA attributable to the top-20 most carbon-intensive firms (in either Q4 2024 or Q2 2025). In our benchmark, 12 banks meet this threshold, indicating a higher potential transition risk through these counterparties. In Q2 2025, Bank B reports the highest relative exposure at 0.48% of GCA; the peak value in Q4 2024 was 0.53%, reported by Bank H.

Several of these banks, in particular Banks B, I and J, registered increases in their relative exposures. Bank J is a noticeable example: its exposure rose from 0.14% to 0.32% while remaining linked to just one top-20 firm, as shown in Figure 10. The bank explains that 99% of that exposure finances energy-transition and renewable projects, and the increase reflects

a solar production project moved into the trading book, which mitigates the transition-risk concern to some extent.

A positive development is that eight banks reduced their relative exposure to the top-20 firms compared to previous reporting period. Four banks, Banks A, D, E and K, now report 0.0% of GCA attributable to the top-20. However, only Bank A also reports exposure to none of the top-20 firms in Figure 10. For Banks D, E and K the reported 0.0% reflects very small positions that round to zero as a share of GCA; these banks still have exposures to a small number of the top-20 firms. For example, Bank D still reports exposure to five firms and Bank E even increased the number of distinct firms it is exposed to, from two to three, despite the very small relative share.

Within the Dutch banks included in our benchmark, three of the six banks have exposure to firms included in the top-20 most carbon-intensive firms. The average relative exposure for the Dutch banks in Q2 2025 is 0.05% of GCA, down from 0.08% in Q4 2024. For the banks in the rest of the EU in our sample, the average is 0.12% in Q2 2025, down from 0.15% in Q4 2024.

Figure 9: European banks, with the highest disclosed relative exposure (i.e. > 0.15%) towards the top 20 most carbon-intensive companies compared to the total gross carrying amount

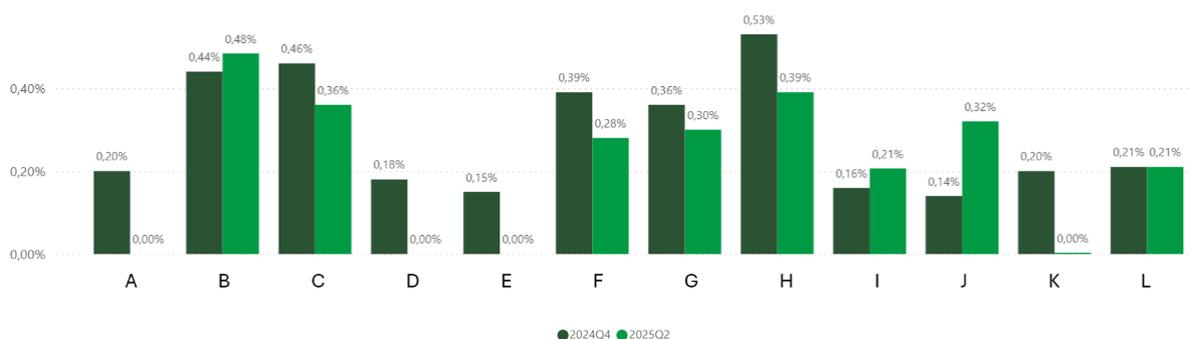
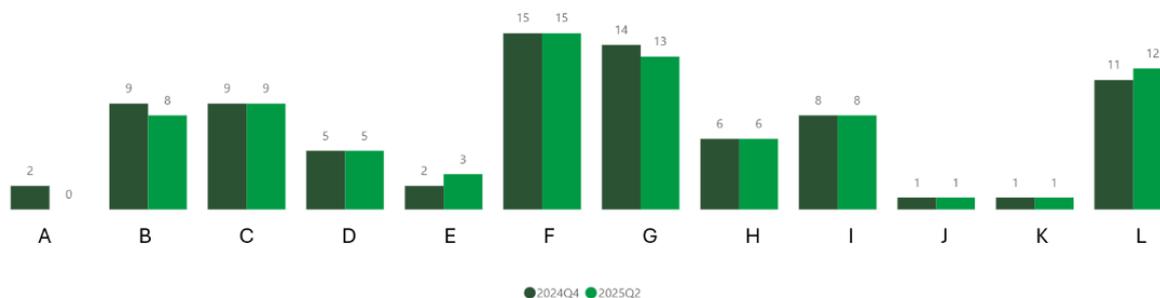


Figure 10 shows the number of top-20 firms each bank is exposed to, showing the same subset of banks as in Figure 9. Coverage varies widely across institutions, from exposure to a single firm up to exposure to 15 firms by Bank F in both periods. The counts are for all banks in this subset largely stable between reporting rounds: several banks report identical counts (for example, Bank C at nine firms and Bank I at 8 firms), while a minority show modest movement (Bank A down from 2 to 0; Bank L up by one firm).

Figure 10: Number of top-20 carbon-intensive firms held by European banks, with the highest disclosed relative exposure (i.e. > 0.15%) towards the top 20 most carbon-intensive companies compared to the total gross carrying amount



Template 5

Template 5 provides a detailed disclosure of banks' exposures to acute and chronic physical climate risks.

Figure 11 shows the share of gross carrying amount (GCA) that is sensitive to chronic-only, acute-only and combined chronic-and-acute physical risks across the Dutch banks included in the sample. Compared to the previous period, the overall pattern is broadly stable, but several banks show notable shifts. Bank 2 and Bank 3 report broadly stable patterns, with Bank 2 continuing to stand out for its high acute-only share (20.14% of GCA), suggesting persistent exposure to physical hazards. Bank 3 also remains largely unchanged, maintaining a moderate acute-only share (8.21%) and limited chronic sensitivity. In contrast, Bank 1 shows an increase in acute sensitivity and Bank 4 and Bank 5 report an increase in chronic sensitivity, indicating either growing exposure to physical event risks or improved identification of acute hazards in the portfolio.

The most pronounced change is observed for Bank 6, which in the previous reporting period only reported acute-only physical risks, but has now shifted part of this exposure as being subject to both chronic-and-acute physical risk. This shift may reflect improvements in risk classification or broader hazard coverage.

Overall, period-on-period developments indicate that changes in reported physical-risk sensitivity can result from both portfolio dynamics and evolving methodologies. For consistent temporal and peer comparisons, this emphasizes the need for consistent hazard-to-horizon mapping and transparent methodological disclosure, as also recommended by the JBRC.

Figure 11: Share of GCA(%) sensitive to impact from climate change physical events – Exposures towards sectors that highly contribute to climate change risk of Dutch banks

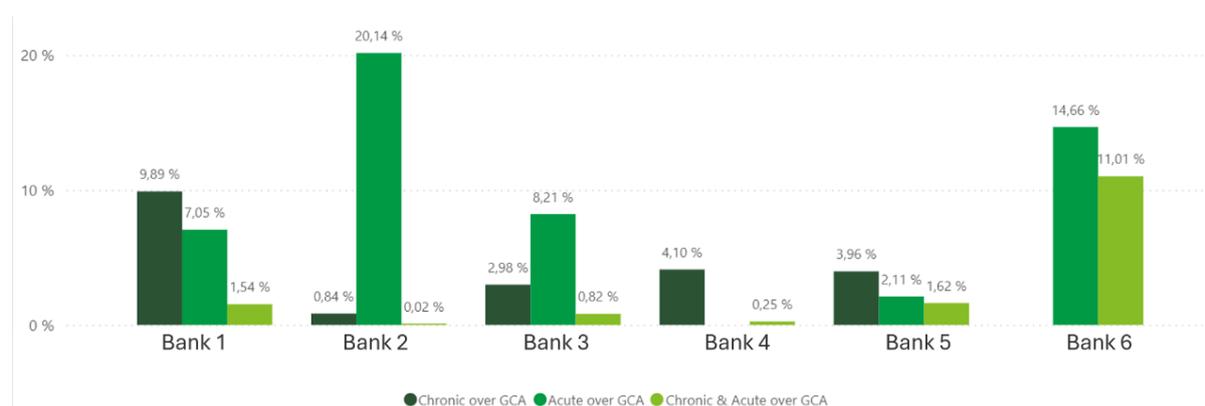
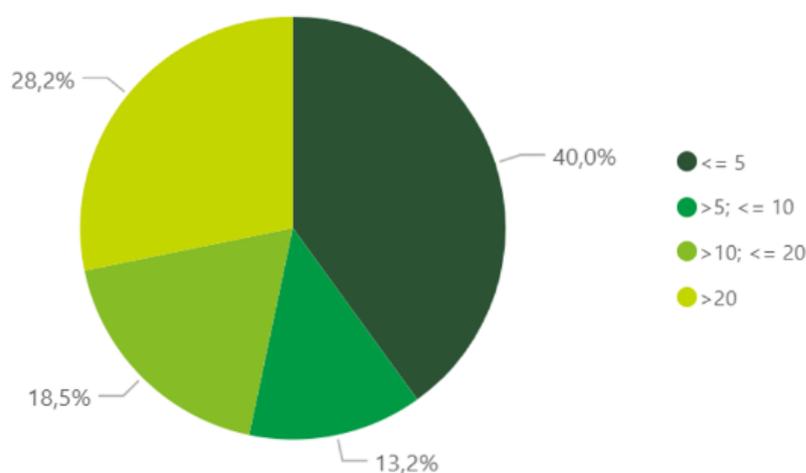


Figure 12 disaggregates exposures that are sensitive to chronic physical climate risk by their time to maturity, indicating how long these loans remain on banks' balance sheets before expected repayment. A shorter maturity implies that the bank is exposed to the identified physical risk for a shorter period, which can reduce the likelihood that the risk materializes during the lifetime of the loan. The largest share of chronic-risk-sensitive exposures (40.0%)

has a remained maturity of ≤ 5 years, suggesting that a substantial part of these exposures will roll out relatively soon. At the same time, a material portion at 28.2% has a maturity of more than 20 years, implying an extended period for which banks remain exposed to chronic physical risks. The intermediate horizons $>5-\leq 10$ years and $>10-\leq 20$ years account for 13.2% and 18.5% respectively.

Overall, the distribution indicates that while a significant share of chronic-risk-sensitive loans is relatively short-term and may be refinanced or repriced soon, a sizeable, long-maturity tail remains locked in for decades, potentially increasing vulnerability to long-term physical climate developments.

Figure 12: Maturity profile of chronic physical-risk sensitive exposures as % of total chronic physical-risk sensitive exposures



Template 6-10

As of 30 June 2025, the EBA has suspended disclosure of Templates 6-10 (the EU taxonomy templates) until 31 December 2026 to align with Omnibus I and simplify ESG reporting. As part of the changes, EBA proposed to directly reference the most up-to-date EU Taxonomy templates, ensuring ongoing alignment with regulatory developments. Importantly, the scope of the EU Taxonomy disclosures will therefore focus on Corporate Sustainability Reporting Directive (CSRD) required publishers only. As part of the transition period, these disclosure obligations under Pillar 3 are therefore suspended until the end of 2026.

Most banks in our benchmark did not disclose template 6 to 10 and mentioned they are using the option to suspend these templates until December 2026. Out of the 37 banks, nine still publish GAR-related templates and one bank continues to report Template 9 on BTAR; another bank states it continues to work internally on its EU taxonomy disclosures. We encourage other banks to do the same.

Final thoughts

Pillar 3 ESG reporting is now in a transition period as the templates are revised, and the full impact of those changes is still to be seen. One tangible effect is already visible: the suspension of the EU Taxonomy Templates. In our benchmark only nine banks continue to publish these templates. We encourage other banks to keep monitoring the EU Taxonomy internally during this pause, to not fall behind in preparedness.

As the Pillar 3 ESG reporting framework are being revised to increase alignment with the broader sustainability regulatory landscape, the real test will be whether banks use this transition to move beyond compliance. The benefits of the aligned regulatory landscape can be accelerated by embedding ESG in business-as-usual. Embedding Pillar 3 data in day-to-day risk management and strategic decision-making will make disclosures genuinely useful as it will deliver efficiency and resilience gains across the organisation and supports long-term value creation. At Deloitte, we remain committed to supporting our clients throughout their sustainability journey, helping them turn Pillar 3 data into organisational resilience.

A promising development is the Pillar 3 Data Hub, which went live in January 2026. This will become the primary channel for the Pillar 3 disclosures to enhance the accessibility and usability of banks' sustainability reporting. The hub aims to make templates easier to compare and to increase transparency. We will monitor its impact closely to see whether it delivers clearer benchmarking and uncovers new insights.

At Deloitte we will continue to track these developments and publish biannual benchmarking analysis. We also offer tailored peer-group reviews and practical support on ESG data, methodology and implementation. If you would like to discuss the trends in this blog, explore a peer benchmark, or seek assistance with your Pillar 3 ESG reporting, please contact Eric de Weerdt, Merette Schuurman, Shirley van Dorst, Arlissa Virginia, Myrthe Rubenkamp, Jimmy Schoots, Imke van Liempt or your usual Deloitte contact.