Q4 2024 Pillar 3 ESG reporting
Pillar 3 disclosures on ESG risks

Introduction

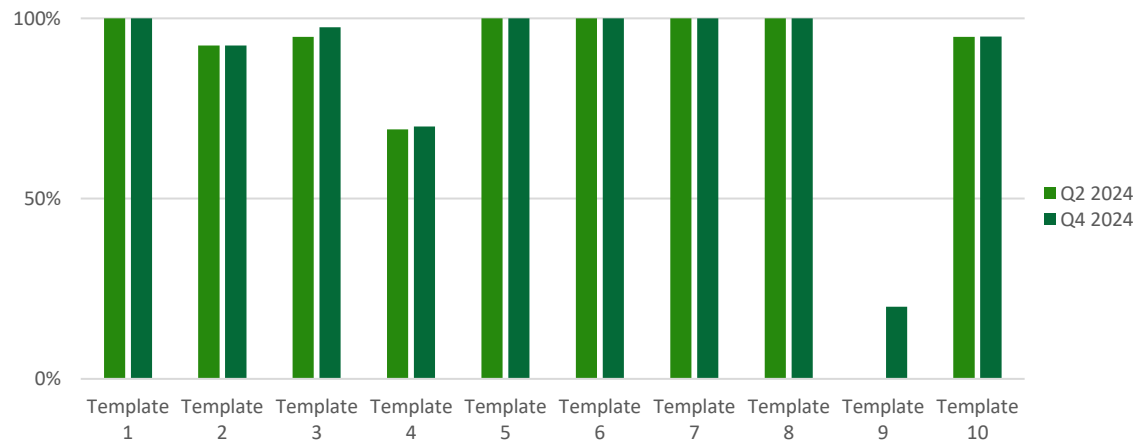
This report provides a comprehensive analysis of the Pillar 3 ESG risk reporting for European banks, focusing on the Q4 2024 disclosures for 40 banks, including six Dutch banks, which are anonymised as Bank 1 to Bank 6 throughout this report. The reported figures for the banks in scope are benchmarked 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 consistency of the findings.

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

Figure 1 illustrates the frequency of disclosure for each ESG template, comparing data from Q2 2024 and Q4 2024. The data shows a relatively upward trend in the completeness of mandatory ESG template closures. Initially, many banks had gaps in their Pillar 3 ESG template reporting. However, there has been a positive shift towards more comprehensive and consistent reporting practices.

Since Q2 2024, Template 3 disclosures have become mandatory, with an increase in banks promptly aligning with this requirement. Nonetheless, Templates 2, 4, 9, and 10 are not disclosed by all banks in the benchmark, as these templates are not applicable to some banks. While Template 9 remains voluntary despite intentions to mandate it from Q4 2024, around 20% of banks have nonetheless adopted it. Overall, the findings highlight an ongoing improvement in the quality and coverage of ESG risk reporting among large European banks, supporting greater transparency and comparability across jurisdictions.

Figure 1: Templates on ESG risks disclosed by the banks in scope between Q2 2024 and Q4 2024



Qualitative disclosures

Qualitative ESG disclosures aim to increase transparency regarding the bank's risk management practices and provide essential context to complement quantitative disclosures. These disclosures are categorised under Environment, Social, and Governance.

The frequency of material European Sustainability Reporting Standards (ESRS) and the sentiment of environmental, social, and governance-related topics have been analysed by using our specialised ESG analytics tool, Cognitiva. Among the wide range of ESG topics addressed, certain topics stand out due to their prominence and recurrent discussion across banks' disclosures. Notably, climate change topics are the most frequently discussed topic, highlighted by the significant presence across both the volume of text and the number of pages in the report. The prominence reflects the widespread recognition of climate change as a material topic across all banks.

Analysis of the Pillar 3 reports reveals a notable shift towards a neutral and positive sentiment across ESG topics. The governance dimension demonstrates a relatively stable and consistent performance, characterised by the lowest incidence of negative statements. In contrast, the environmental and social dimensions exhibit a mixture of negative and positive sentiment, reflecting the ongoing challenges and opportunities for improvement. Remarkably, the overall higher proportion of positive sentiment across all ESG topics stands in contrast to CSRD reports, where the emphasis tends to be much more on risks and negative impacts. Overall, the qualitative disclosures underscore the dynamic and evolving nature of ESG performance within the bank, signalling focus areas and strategic action.

Figure 2: Frequency of material ESRS topics mentioned per Dutch Bank

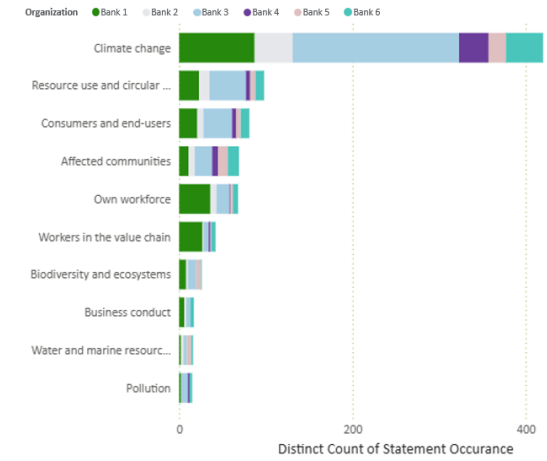
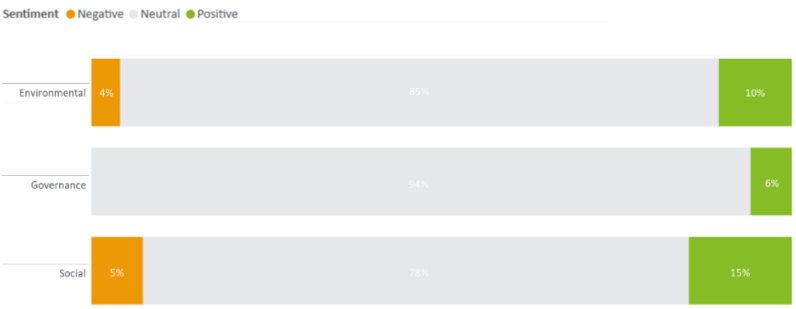


Figure 3: Distribution of sentiment per Environmental, Social and Governance topic per Dutch banks



Template 1

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

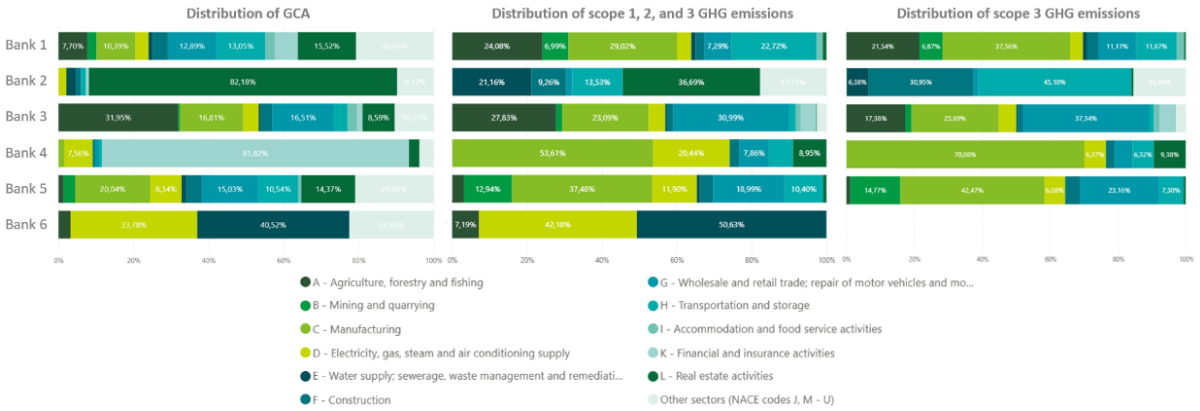
In Figure 4, three graphs cover the insights on the exposures of Dutch banks to sectors that highly contribute to climate change. The first one presents the distribution of GCA, while the second presents scope 1, 2, and 3 Greenhouse Gas (GHG) financed emissions by sector of the respective banks, and the last one covers only the scope 3 GHG financed emissions by sector.

From Figure 4, it is visible that three of the six Dutch banks analysed, namely Banks 1, 3, and 5, have a balanced exposure across sectors in their portfolio. The only two banks that show an extreme exposure to one sector are Bank 2, which has 82.18% of its exposure in real estate activities, and Bank 4, which shows the same exposure patterns towards the financial and insurance activities sector. In addition, Bank 6 displays somewhat balanced exposures in particular three sectors, namely electricity, gas, steam and air conditioning supply, water supply, and other NACE sectors. It is therefore visible that Dutch banks tend to have balance exposures to sectors that contribute to climate change in their portfolios, with only a few banks acting as outliers that have specific sectorial focus.

When considering the total, Scope 1, 2, and 3, GHG financed emissions of Dutch banks, it is visible from the second graph of Figure 4 that the highest emissions are in the manufacturing sector, with the lowest percentage being that of Bank 3 (23%). However, two banks (Bank 2 and Bank 6) have no financed emissions in the respective sector. This points towards a country-specific focus on the manufacturing sector, where Dutch banks seem to finance the most emissions. Otherwise, Dutch banks show a variety in their total financed emissions specific to their profile. A particularity is that of Bank 6, whose emissions are unproportionally placed in the water supply sector (51%) and electricity, gas steam and air conditioning supply (42%). The large exposure to these two sectors of Bank 6 implies that the bank carries most of its activities in the related fields, which are specific to its profile and is also reinforced by its sole distribution of GCA in the respective two previously mentioned sectors. A similar pattern is visible for Bank 3, where the distribution of its GCA in the agriculture, manufacturing, and wholesale and retail trade sectors aligns with its Scope 1, 2, and 3 GHG financed emissions in the respective sectors.

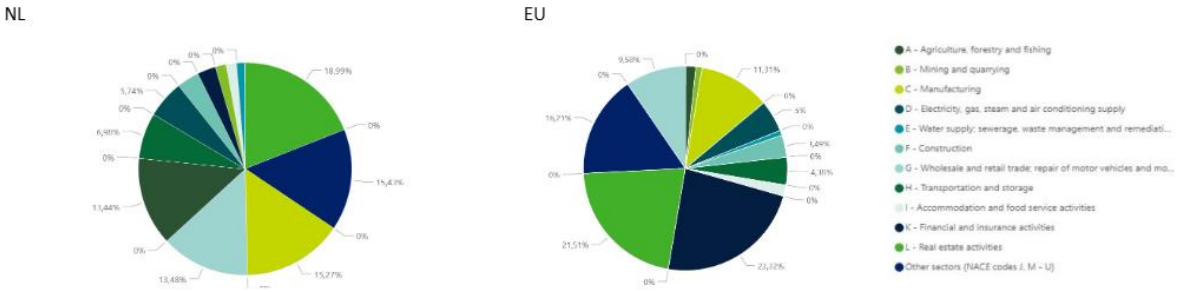
The last graph zooms in on the Scope 3 GHG financed emissions of Dutch banks. Compared to the other Dutch bank disclosures (the previous two graphs), the current disclosure falls short of one bank, implying that there is not a full disclosure of Scope 3 GHG financed emissions for Dutch banks. A visible trend is that the most scope 3 emissions of Dutch banks are in the manufacturing sector, with most showing a markedly increased percentage of above 26% (lowest financed emission provided by Bank 3). There is a particularly high Scope 3 GHG financed emission of 70.08% of Bank 4 to the manufacturing sector, while its GCA exposure to this sector is only 1.55%.

Figure 4: Distribution of GCA and GHG Financed Emissions of Dutch Banks by Sector



As outlined in Figure 5, at a larger scale, the Netherlands shows the largest exposures of GCA in the following sectors: real estate activities (19%), other NACE sectors (15%), manufacturing (15%), wholesale and retail trade (13.5%), and agriculture, forestry, and fishing (13.4%). This implies that the country is mostly focused on the primary sector, followed by the tertiary sector (other sectors and wholesale and retail), and lastly the secondary sector (manufacturing). The pattern is particularly interesting considering the largest exposure is to raw materials, while the second is focused on services. In contrast, banks in the EU display a particularly high exposure in real estate activities (21.5%), financial and insurance activities (23.3%), and other NACE sectors (16.2%). European banks show a similar pattern of exposure as the Netherlands. However, compared to banks across the EU, the Netherlands shows a more balanced portfolio across sectors, even though both the Netherlands and the EU have the two highest exposures in real estate and other NACE sectors.

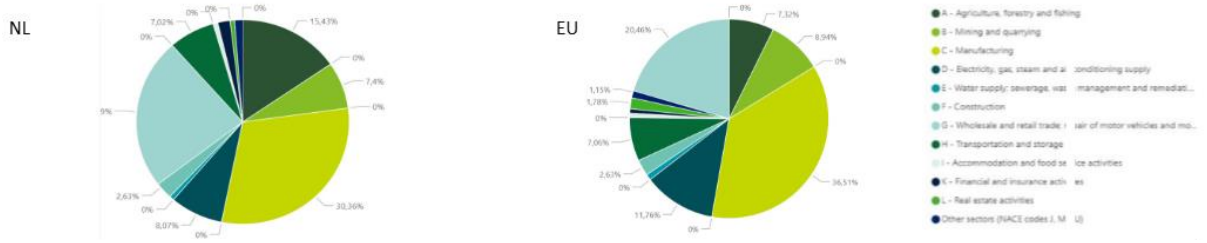
Figure 5: Distribution of GCA of Dutch banks and the rest of EU banks



In comparing the Netherlands' total financed emissions, in Figure 6, with the ones at the European level, it is evident that they share the largest sector emissions, namely manufacturing and wholesale and retail trade, with little variance. However, the biggest difference is that the Netherlands has a larger scope emissions exposure to the agriculture sector (coming in third place in terms of emissions), while at the European level, the third largest scope emission exposures are in the electricity, gas, steam, and air conditioning supply sector. Therefore, we

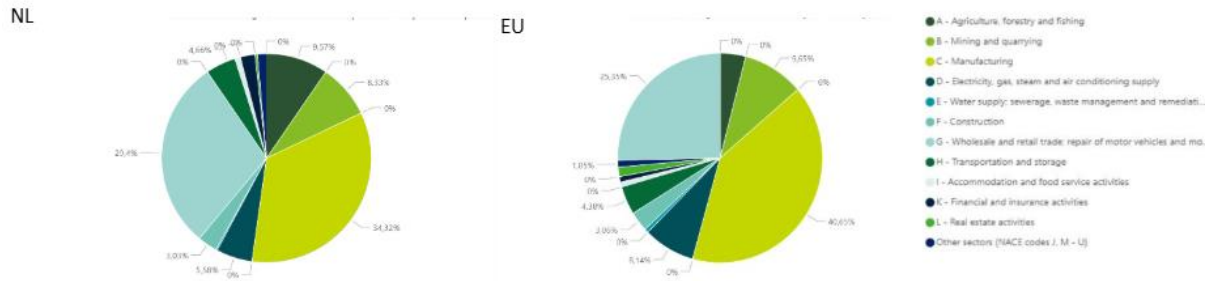
can see that the Netherlands align its priorities with other European banks, with high scope emissions in the primary and secondary sectors.

Figure 6: Distribution of GHG Financed Emissions of Dutch banks vs the rest of EU Banks by Sector as percentages of GCA



At an aggregated level, as shown in Figure 7, both the Netherlands and the EU have a disproportionately large exposure of Scope 3 financed emissions in the manufacturing, wholesale and retail trade, and mining and quarrying sectors, in their respective orders. Dutch banks have a significantly larger scope 3 financed emissions derived from agriculture, forestry, and fishing compared to banks in the rest of the EU. It is worth mentioning that the percentages of Scope 3 financed emissions at the European level coincide with those of the Netherlands, showing only a small difference between them. This implies that the Netherlands, as a country, has a sectoral scope 3 financed emissions proportionally similar to that of the EU average.

Figure 7: Distribution of Scope 3 financed emissions of Dutch banks vs the rest of EU Banks by Sector as percentages of GCA



Template 2

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

Figure 8 illustrates the differences in energy efficiency between the portfolio of the Dutch banks and the broader European banks. The Netherlands exhibit a diverse range of energy efficiency in collateralised loans. The composition has remained relatively similar since Q2 2024, with the energy efficiency ratings of properties consuming less than 100 kWh/m^2

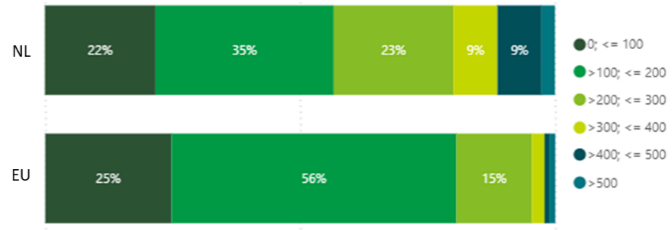
increasing slightly from 21% to 22%. This shift has corresponded with a reduction in the proportion within the 300-400 kWh/m^2 and 400-500 kWh/m^2 categories.

In contrast, the distribution of European banks presents a stronger orientation towards properties with better energy efficiency ratings, where lower kWh/m^2 indicates better performance. Specifically, 81% of European banks' portfolios consist of energy consumption below 200 kWh/m^2, encompassing <100 kWh/m^2 and 100-200 kWh/m^2 categories. By comparison with that percentage, the Dutch banks' portfolio includes properties consuming less than 300 kWh/m^2, reflecting the Dutch banks' position behind the broader European landscape. This highlights a shared trend across Europe towards lower energy consumption and room for improvement. Properties exhibiting energy performance exceeding 500 kWh/m² may include collateral lacking an Energy Performance Certificate (EPC) label or for which energy efficiency cannot be estimated.

Energy performance expressed in kWh/m^2 can be calculated based on either the actual EPC label or an estimated EPC label. Estimation methods may vary, such as incorporating national data, distribution of EPC, or a pro rata approach for portfolios containing multiple properties. In some cases, national average databases such as the PCAF European building emission factor database are used. Additionally, internal models utilising external data sources can be developed to improve estimation.

With the enforcement of EU regulation, EPC labels are mandatory for properties and transactions performed in the EU. However, portfolios located outside the EU were reported to often lack comprehensive and consistent energy efficiency standards comparable to those in the EU. As a result, non-EU portfolios are frequently reported without energy performance or EPC information.

Figure 8: Distribution of GCA by level of energy efficiency (kWh/m²) in the EU area (%)



The EPC label provides information on the energy consumption and emissions of a property classified by Class A to G, with Class A representing the lowest energy consumption. These classifications are determined based on the building assessments.

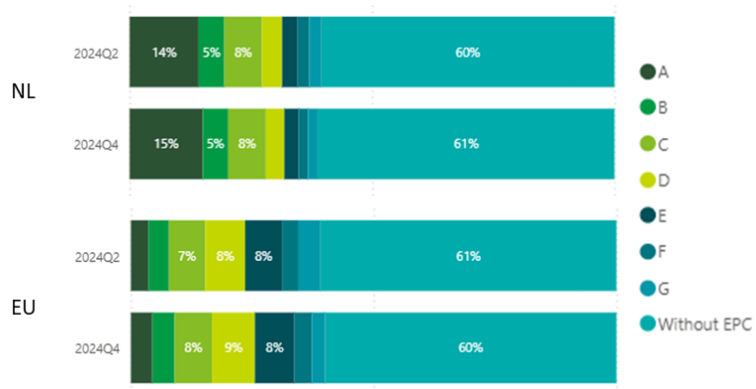
Various banks have reported that EPC data information is not always accessible. As a result, additional methodologies are applied, drawing on both internal and external sources, including national datasets and estimations from data providers. It is essential to note that energy certification regulations vary by country and may apply to specific property types, leading to low EPC coverage at the national level in some regions.

In cases where properties or loans have different EPC levels, the lowest performance EPC label is typically applied. The methodologies used can vary, including combining actual EPC data with modelled or proxy data. Certain methodologies only include valid EPC labels.

Figure 9 demonstrates a few similarities of EPC labels between the Dutch and European banks. EPC label C has the same proportion in Q2 2024, both comprising 8%. Similar to the Dutch banks, around 60% of European banks are listed without EPC labels. Notably, there is an increase in EPC label A within the Netherlands and European banks.

Overall, a substantial portion remains without an EPC label. This is a common challenge faced by both Dutch and European banks in improving their energy efficiency portfolios. The high percentage highlights the need for enhanced transparency and action to improve energy efficiency or enhance data availability.

Figure 9: Distribution of EPC labels 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 disclosure of this template is mandatory as of 30 June 2024.

The distance to the 2030 milestone of the IEA NZE 2050 scenario reveals significant disparities among various sectors and banks, reflecting their current distance to the NZE goal. Hence, the distance may change over time. Compared to previous years, there has been a noticeable increase in the number of banks disclosing their alignment metrics since the template has become mandatory. In Q4 2024, out of 40 banks, only one bank did not disclose this information due to the alignment with their methodology.

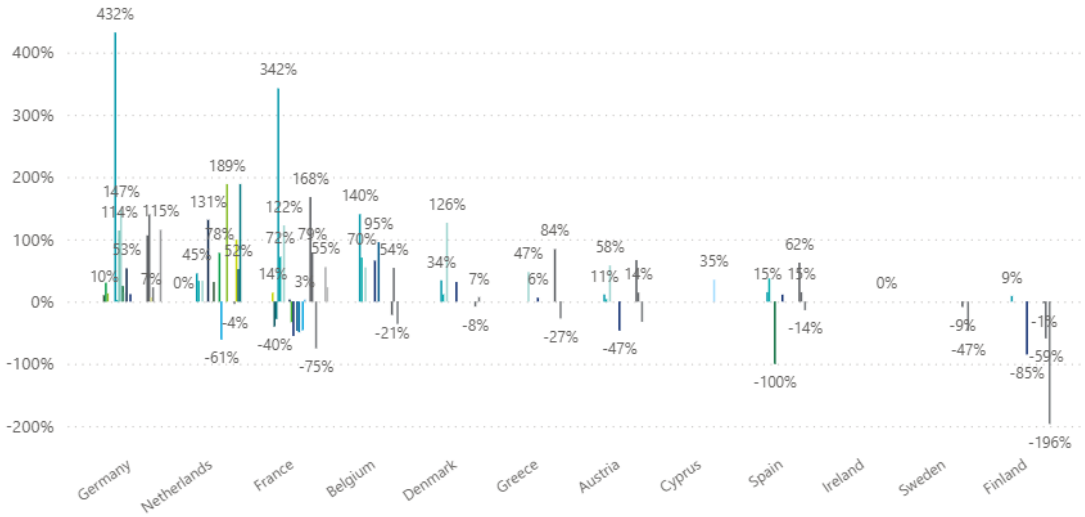
The distribution of sectoral disclosure varies by bank, as several banks have opted to report at a more granular level. This variance may occur due to the classification of exposures to specific NACE codes. It is important to note that the ECB and EBA have confirmed the adoption of revised NACE codes, effective 1 January 2026, which impact both statistical and supervisory reporting, including Pillar 3 reporting.

Figure 10 presents the accumulated progress of several European countries towards achieving the NZE targets for 2050. The graph highlights the wide range of sectors and distances that

indicate advancements and challenges faced across the banks. However, it should be noted that the scope of the benchmark per country affects the results. Negative values indicate that the goals have been met or surpassed relative to the reference path for that specific sector. Significant percentages reflect a strong commitment towards reducing emissions, but also the necessity for further improvements.

The power sector has demonstrated being progressive, with many banks reporting negative values. This progress is indicative of the sector's transition towards renewable energy sources and greater energy efficiency. In contrast, the automotive sector presents significant percentages. The automotive sector's reliance on fossil fuels and the current pace of transition to electric vehicles or alternative energy sources may contribute to this situation.

Figure 10: 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 in the world.

As shown in Figure 11, in Q4 2024, Bank A has the highest reported exposure to the top 20 carbon-intensive firms in relation to its total GCA. Additionally, compared to Q2 2024, there are now 14 banks reporting a relative exposure of 0.15% or higher to the top 20 carbon-intensive firms, up from 11 banks in the previous reporting period. The average exposure of the European banks in scope has increased from 0.10% to 0.16% in Q4 2024, whereas the average is 0.29% for banks with the highest exposure. Finally, of the six Dutch banks in scope, Figure 12 demonstrates that only three banks indicate having exposure to any of the top 20 carbon-intensive firms. It is interesting to note that banks can select their data source when identifying the top 20 carbon-intensive firms. Among Dutch banks, the CDP Carbon Majors Database is most commonly used, while others rely on sources such as the Climate Accountability Institute's top 20 list. Although there is overlap between these sources, the composition of the top 20 carbon-intensive firms differs depending on the dataset chosen.

Importantly, banks tend to use the same source consistently across different reporting periods, supporting comparability over time within each institution.

Figure 11: 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

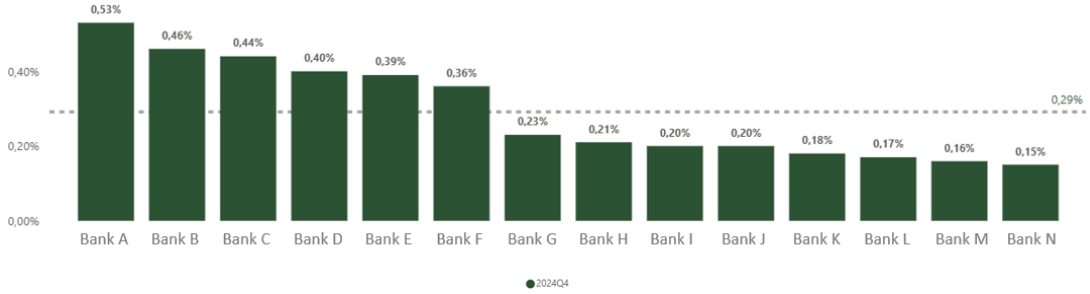
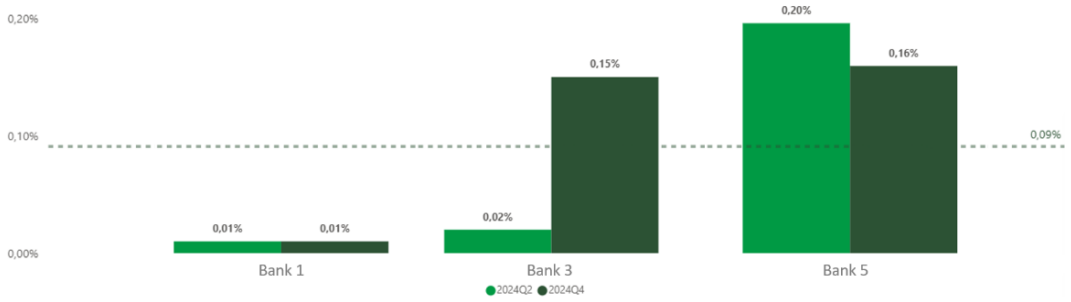


Figure 12: Dutch banks, relative exposure towards the top 20 most carbon-intensive companies compared to the total gross carrying amount



Template 5

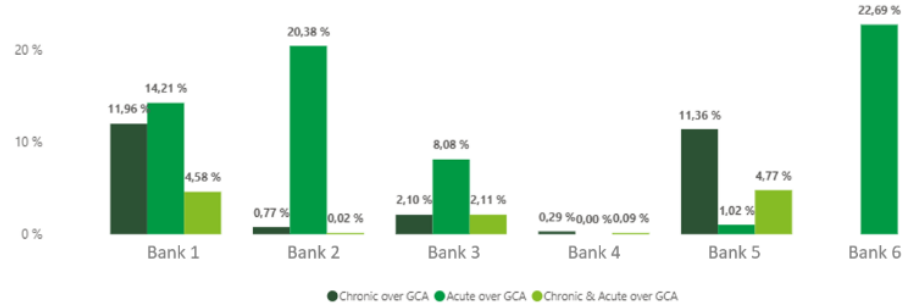
Template 5 provides a detailed disclosure of banks' exposures to acute and chronic climate change physical risks. Currently, banks employ various methodologies to assess their sensitivity to these risks, leading to differences in disclosure practices.

Figure 13 illustrates the extent of the exposure to physical risk of the six Dutch banks as a result of the loans granted to sectors that significantly contribute to climate change risk. Consistent with the observation from Q2 2024, the latest data reaffirms that all Dutch banks are sensitive to the impact of physical risks, both acute and chronic, particularly so for acute.

In Figure 13, it states that Banks 2 and 6 report notably high acute risk exposures with 20.38% and 22.69%. Chronic risks are present across all banks except Bank 6, with Bank 1 exhibiting the highest chronic risk exposure at 11.96%. Compared to the previous year, the overall risk profile remains largely stable for most institutions. However, Bank 6 recorded a substantial increase in acute risk, with the metric doubling from 11.02% to 22.69%. On the other hand, Bank 5 has experienced a substantial decline in both acute and chronic risk exposures, with chronic risks falling from 19.19% to 11.36% and acute risks decreasing from 6.22% to 1.03%. These developments reflect ongoing risk management efforts and methodological refinements across the sector.

Bank 4 did not disclose any exposure to acute physical risk, as their reporting methodology does not differentiate between various types of chronic and acute climate hazards. Consequently, they opted to classify the risks associated with these hazards as exposure sensitive to both chronic and acute physical risk. Bank 6 did not disclose any exposure to chronic physical risk or combined chronic and acute physical risk, as the only material physical risks identified with available data for assessment – drought and flooding – are classified as acute risks.

Figure 13: Share of GCA(%) sensitive to impact from climate change physical events – Exposures towards sectors that highly contribute to climate change risk of Dutch banks



Comparative methodologies of the Dutch banks

In Q4 2024, Dutch banks have further refined their approaches to assessing physical climate risks, enhancing data quality, expanding the use of climate models, and deepening geographic granularity. While methodological differences remain, there is a clear trend toward more data-driven and location-specific risk assessments.

Bank 3 has implemented significant updates to its risk heatmaps, resulting in a 12% decrease in acute risk exposures within the agriculture, forestry, and fishing sector. This reduction is attributed to improved identification of wildfire and extreme heat risks, particularly in high-risk regions such as the US, Brazil, and Australia. Simultaneously, exposure to chronic risks in this sector increases, mainly due to methodological adjustments in the water stress component of the risk maps. For residential mortgages in the Netherlands, there is a slight increase in exposure to foundation risks due to updated climate data and improved matching of real estate objects to climate-sensitive areas.

Bank 4 focuses exclusively on the Netherlands as its material geographic area, reflecting the geographic concentration of its activities. For mortgages and commercial real estate loans, the bank uses coordinate-based analyses linked to the Climate Impact Atlas, assessing risks such as pole rot, soil subsidence, and flooding. The '2050 Low' scenario is applied to ensure consistency across data sources. Flood risks are categorised as both acute and chronic due to limitations in the Climate Impact Atlas. The bank reports no net-level high-risk exposures within its liquidity portfolio, highlighting strong portfolio resilience.

Bank 1 applies advanced geo-analytical methods to its Dutch mortgage portfolio, leveraging address-level data and internal risk models. It differentiates between acute risks (e.g., flooding

and storms) and chronic risks (e.g., drought and foundation issues). Recent model updates incorporate current climate scenarios, using external datasets and in-house stress testing.

Bank 2 and Bank 6 primarily serve the public sector, focusing on the resilience of government real estate and infrastructure. These banks report limited exposure to physical risks at the individual loan level but perform portfolio-level assessments using national climate scenarios. The emphasis is on exposure in municipalities with elevated risks of waterlogging and soil subsidence.

Bank 5 utilises an internally developed climate risk tool combining multiple hazards on a global scale, integrating geographic distribution, sector-specific vulnerabilities, and scenario analysis. The bank's scope is broad, analysing physical risks over three time horizons worldwide. For its Dutch mortgage portfolio, acute and chronic risks are integrated with property valuations and credit risk models.

Summarising, while all banks evaluate physical risks based on acute and chronic hazards, there are notable differences in data sources, scenarios, geographic granularity, and the level of detail. Some banks prioritise coordinate-level asset data within the Netherlands; others combine global exposure with sector-specific risk heatmaps. Several employ proprietary models at the address or municipal levels, while a few focus on public-sector portfolios. This diversity reflects each institution's strategic priorities, risk appetite, and data availability. At the same time, a clear movement toward greater harmonisation, refinement, and transparency regarding assumptions, scenarios, and methodologies is evident.

Template 6

Template 6 discloses the overview of the KPIs as calculated based on Templates 7 and 8, including the Green Asset Ratio (GAR).

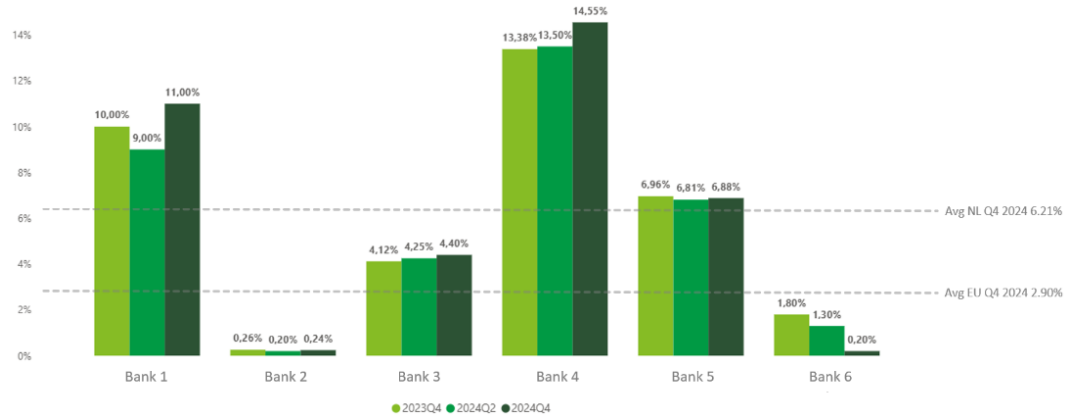
Template 6 assesses the GAR of banks, providing insight into their alignment with environmentally sustainable financing under the EU Taxonomy. The GAR is presented in two dimensions: stock and flow. GAR stock represents the assets recorded on a bank's balance sheet at a specific point in time, while GAR flow indicates the proportion of new financing that aligns with the EU Taxonomy (i.e. compared to the prior disclosure reference date). Together, these metrics capture the current state of green finance and the pace at which banks are transitioning their portfolios towards sustainability.

The GAR is split into two categories: climate change mitigation (CCM) and climate change adaptation (CCA). The data for Q4 2024 continues to show that most activity is concentrated in CCM. Many banks still report little to no alignment under CCA, with several leaving the respective fields blank or at zero.

Marked disparities between banks are evident once again in the Q4 2024 data. As presented by Figure 14, one Dutch bank boasts the highest GAR stock at 14.55%, while several others report GAR stocks approaching 0%. On average, Dutch banks display a GAR stock of 6.21% in Q4 2024, substantially ahead of the EU average of 2.90%. Both figures represent a moderate

increase from Q2 2024, where Dutch banks averaged 5.84% and other EU banks stood at 2.09%. As depicted in Figure 14, these ratios have generally remained stable over the past year, as the composition of banks' balance sheets tends to evolve slowly. Nonetheless, it is noteworthy that half of the Dutch banks in the sample have achieved incremental improvements in GAR stock since Q4 2023.

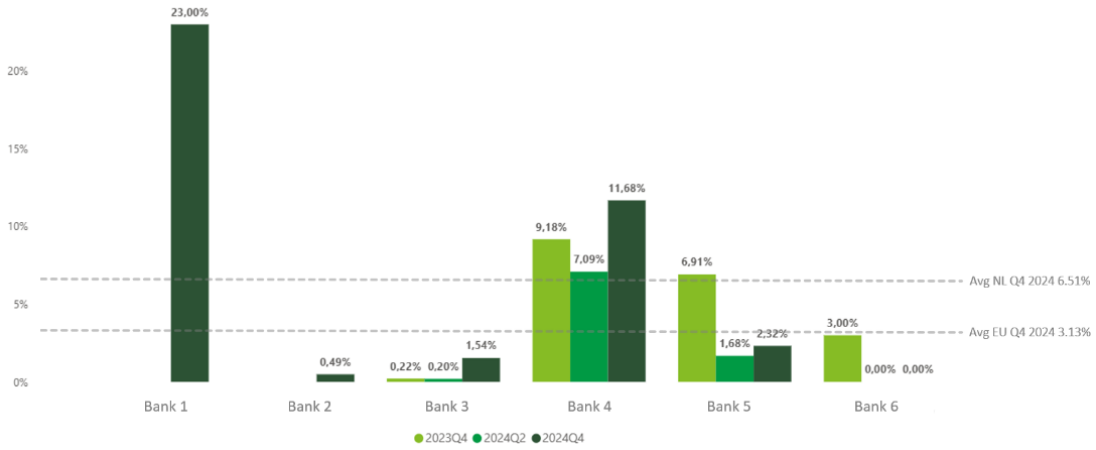
Figure 14: GAR stock KPI Climate Change Mitigation + Climate Change Adaptation – Dutch Banks



An encouraging trend is observed in Figure 15, as more Dutch banks report the GAR flow KPI, with two Dutch banks disclosing this for the first time in Q4 2024. One of these banks mentioned that it will only start reporting from Q4 2024 to align with the annual report. Now, only a single Dutch bank reports a GAR flow of 0%, reflecting a broader European trend toward more comprehensive disclosure. However, the range of reported GAR flow values vary widely. While a handful of banks still report negligible or zero GAR flow, there are stand-out cases. One institution disclosed a negative GAR flow of -11.56%, attributable to a methodological difference. In contrast, the highest reported GAR flow stands at 23%.

On average, Dutch banks have significantly increased their GAR flow, rising from 2.24% in Q2 2024 to 6.51% in Q4 2024. The rest of the EU also saw an uptick, albeit less pronounced, from 2.15% to 3.13%. This leaves Dutch banks comfortably ahead of the European average. However, as illustrated in Figure 15, this higher average is primarily driven by the outperformance of just two Dutch banks, suggesting that the underlying trend is not yet broadly based. Given that GAR flow reflects new financing over a specific period, these results are naturally more volatile between periods. Based on performance across these three periods, it appears that banks have yet to fully utilise the EU Taxonomy to guide their portfolio management.

Figure 15: GAR flow KPI Climate Change Mitigation + Climate Change Adaptation - Dutch Banks



Templates 7 and 8

Template 7 details how banks calculate the GAR ratio, while Template 8 discloses the percentage value compared to GCA as disclosed in Template 7.

Templates 7 and 8 shed light on a more granular aspect of banks' environmental performance under the EU Taxonomy. Where Template 6 considers almost the entirety of a bank's balance sheet (including assets that cannot become taxonomy-aligned under the current regulation), these templates focus solely on those assets situated within taxonomy-relevant sectors, offering a more balanced comparison. In Q4 2024, Dutch banks continue to outperform their European peers in both eligibility and alignment: on average, 57.09% of Dutch banks' assets are taxonomy-eligible (vs. 55.94% EU average), and their aligned stock is more than double the EU average (9.43% vs. 4.55%).

The flow metrics, reflecting new lending and investments since the previous reporting period, further accentuate this trend. Dutch banks reported an average eligible flow of 67.31%, compared to 48.09% for other EU banks, and an average aligned flow of 13.04%, well above the EU average of 5.19%. Notably, all these averages have risen since Q2 2024, with the most notable increase seen in eligible flow for both Dutch and other European banks.

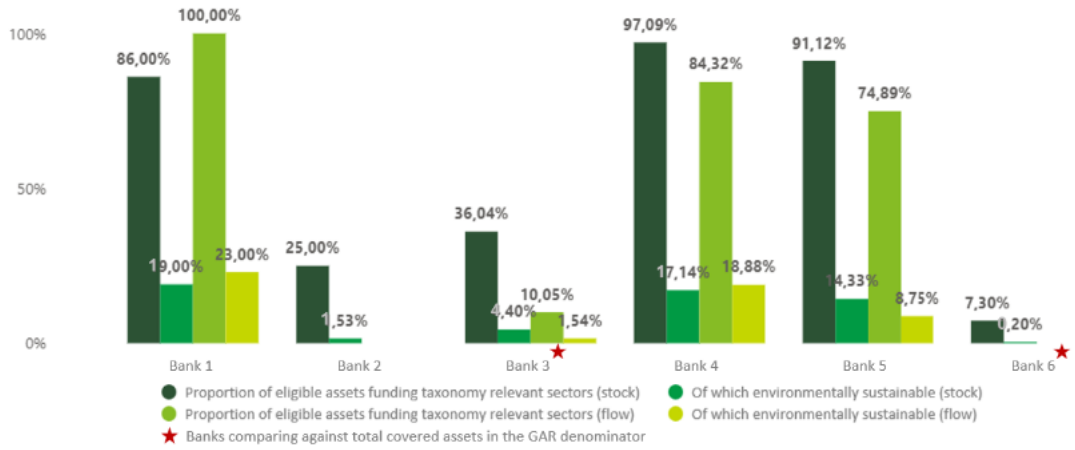
Beneath these strong averages, however, lies a landscape of considerable diversity between individual Dutch banks. As can be seen in Figure 16, Bank 1 stands out in Q4 2024 for reporting flow figures for the first time, leading the pack with the highest eligible flow at 100%, and a strong aligned flow as well. This signals a significant step in integrating taxonomy criteria into its new lending. Meanwhile, Bank 4 continues to demonstrate high and stable levels of both eligible and aligned assets. After a period of steady increases compared to Q4 2023, its ratios have now plateaued. Bank 5 offers another nuanced case. While its eligible and aligned stock ratios have fallen slightly, both its eligible and aligned flows have increased. Bank 2 continues to report stable but low numbers, attributable mainly to the nature of its portfolio. The lack of flow KPIs reported in these templates, despite their presence in Template 6, also points to the complexity that still exists in reporting frameworks.

Bank 3, on the other hand, has recorded solid improvements in all key indicators, yet its reported numbers remain lower than some of its peers. This is not due to a lack of ambition but rather is a consequence of its choice to calculate ratios using the total assets of the GAR denominator. This is a methodological difference that tends to understate its progress compared to banks that focus only on taxonomy-relevant assets. A similar approach is taken by Bank 6, whose focus on a niche public-sector portfolio, combined with its calculation method, continues to result in low eligible and aligned ratios. Declining numbers and the recent absence of flow reporting could indicate challenges of applying the EU Taxonomy.

These variations underline how much reported progress towards taxonomy alignment depends on both strategic choices and technical details. The use of different calculation methodologies, especially around which denominator is used, makes direct comparison between banks challenging and highlights the need for greater standardisation in reporting. Moreover, the composition of a bank's portfolio naturally determines how much of its business can realistically be eligible or aligned under the taxonomy. The degree to which banks have integrated EU Taxonomy considerations into their new lending and investment processes is another important factor influencing these results.

Despite these differences, the overall trend is positive. However, while Dutch banks continue to demonstrate sector leadership, the Q4 2024 disclosures make clear that the journey towards full taxonomy integration is not uniform. Methodological differences, portfolio focus, and strategic choices all play a part in the varied landscape of reported figures.

Figure 16: Proportion of assets eligible for the GAR calculation that is considered eligible funding for taxonomy-relevant sectors and of which is considered environmentally sustainable – Dutch banks



Template 9

Q4 2024 marks the new appearance of Template 9 in Pillar 3 reports: eight European banks, of which one Dutch bank, now within our scope disclose this template. Because Template 9 is entirely new for this blog – capturing the Banking-book Taxonomy-Alignment Ratio (BTAR) for non-NFRD counterparties – users have never had to interpret its figures before. Therefore, we dive into a step-by-step guide to reading its three component tables.

Template 9 captures the BTAR, measuring to what extent exposures to non-financial corporates that do not fall under the NFRD align with the EU Taxonomy. Because the GAR excludes these exposures in its numerator yet keeps them in the denominator, it risks understating banks' sustainable lending, discouraging credit to SMEs and non-listed firms and depriving the market of comparable information. BTAR ensures balance: institutions must, on a best-effort basis, collect or estimate alignment data during loan origination and monitoring, using EPC labels, energy-consumption figures, turnover or CAPEX shares, and disclose methodology and coverage gaps in the narrative. The template is banking-book only, excludes trading positions, and sits alongside GAR templates rather than feeding into them. First disclosure was due for 30 June 2024 data, however reporting it is still done on a voluntary base. In short, BTAR safeguards comparability, supports SME transition and improves management.

Template 9.1 collects the raw monetary BTAR data by listing the total GCA for assets that are excluded from the GAR numerator but included in the GAR denominator. Unlike GAR, where EU non-financial corporations not subject to NFRD disclosures and non-EU counterparties appear only in the denominator, BTAR includes these exposures in the numerator as well. However, assets such as derivatives, on-demand interbank loans, cash, and goodwill remain solely in the denominator, so the ratio is not distorted. The template breaks down the exposures covered in the numerator into Taxonomy-eligible and aligned amounts for both the CCM and CCA criteria, similar as how this is done for the GAR in Template 7. Specialised lending, transitional and enabling sub-splits show where finance is channelling genuine green projects. Template 9.2 turns the monetary data into proportions. It shows, the proportion of eligible assets funding taxonomy relevant sectors that are eligible and aligned to the taxonomy criteria for CCM, CCA and the total of these. The BTAR KPIs are presented both for stock figures, the banking book at a specific moment in time, and flow, new loans originated in the period, revealing alignment momentum. Template 9.3 provides a summary of the BTAR stock and flow metrics, letting executives or investors grasp current BTAR, progress trend and data coverage.

Figure 17: Proportion of BTAR eligible assets funding taxonomy relevant sectors that is considered eligible and of which is considered environmentally sustainable

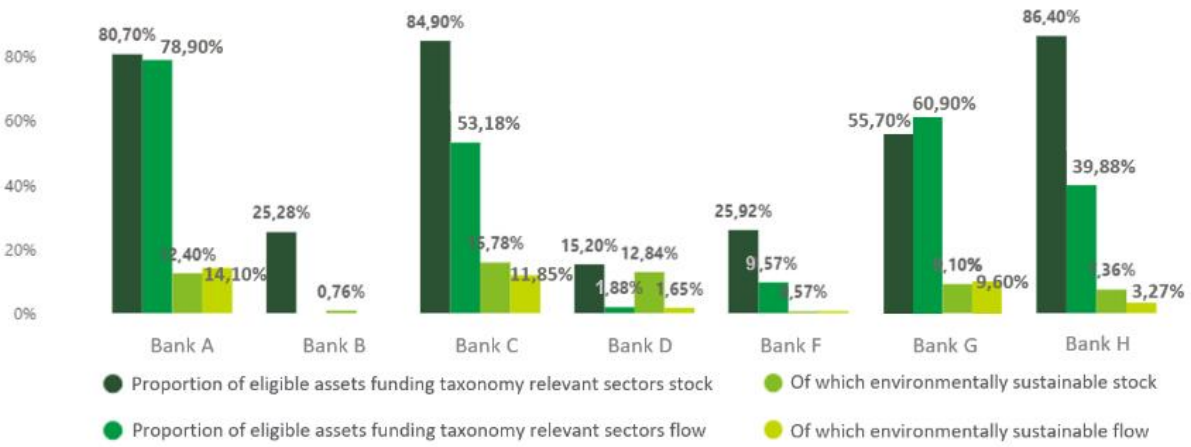
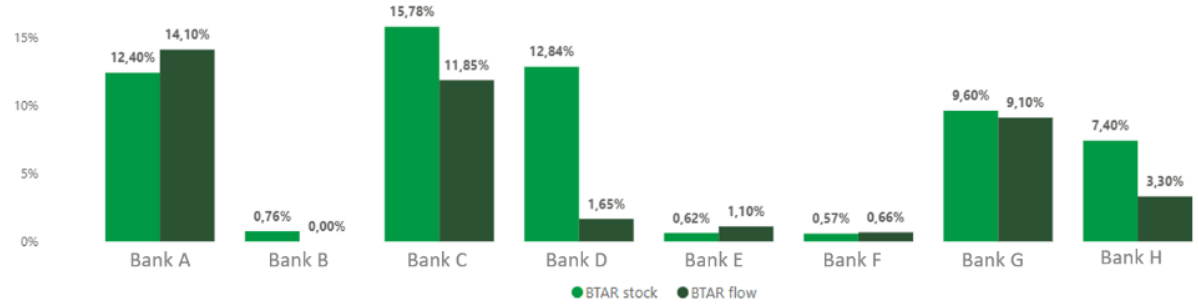


Figure 17, illustrating the proportion of BTAR-eligible assets funding taxonomy-relevant sectors, reveals notable variation among disclosing banks. The highest figures appear in the eligible stock category, where three banks report over 80% eligibility, while three other banks fall within a much lower range of 15–25%. In contrast, flow metrics, reflecting new lending, are substantially lower for all banks. This wide spread suggests that banks are at different stages in integrating BTAR eligibility into their banking book activities, highlighting a lack of uniformity in application and potentially differing approaches to taxonomy alignment.

Figure 18: BTAR stock and flow KPI Climate Change Mitigation + Climate Change Adaptation



Differences across the banks are observed in Figure 18 as well. On average, BTAR flow is 5.22% and BTAR stock 7.50%. However, Banks B, E, and F disclose notably low BTAR stock and flow values. The other banks reporting on BTAR display more balanced figures. Bank C stands out with the highest BTAR stock at 15.78%, whereas Bank A reports the highest BTAR flow at 14.10%.

Template 10

Template 10 discloses climate change mitigation actions which are not covered in the EU Taxonomy; however, these products are still considered to support climate change objectives.

Template 10 captures banks' climate change mitigation activities that fall outside the EU Taxonomy but are nonetheless regarded by banks as supporting climate objectives. The 2024 disclosures showcase a diverse range of sustainable finance instruments, such as green bonds, sustainability-linked loans, green mortgages, and climate-focused project finance.

Banks often rely on their own internal classification frameworks or external standards, such as the ICMA Green Bond Principles or government certifications, to label exposures as green even if these activities do not yet meet the strict alignment criteria of the EU Taxonomy. Moreover, in several cases, the activities reported in Template 10 are technically eligible for taxonomy alignment, but are excluded due to data or compliance challenges, especially regarding DNSH or Minimum Safeguards. Looking forward, as the EU Taxonomy regulatory framework evolves, it will be interesting to monitor how these self-classified green assets might transition towards EU Taxonomy alignment.

Final thoughts

The latest Pillar 3 disclosures demonstrate steady progress in the banking sector's approach to ESG reporting, with ongoing improvements visible across several templates. Notably, almost all banks are now publishing Template 3, and some have even opted to publish Template 9 voluntarily, signalling growing engagement and transparency. These developments support greater insight into banks' ESG risk profiles for regulators, investors, and other stakeholders.

Despite this progress, further steps are needed to enhance consistency and comparability. We continue to observe reporting gaps and methodological differences between banks, which can create challenges for stakeholders seeking a clear view of sector-wide alignment. As banks continue to refine their reporting frameworks and as regulatory requirements evolve, it will be particularly interesting to monitor the impact of the upcoming changes to Pillar 3, especially whether these changes drive greater standardisation and improve the quality of disclosures.

At Deloitte, we remain committed to supporting our clients as Pillar 3 reporting practices mature. We will continue to publish benchmarking analysis biannually, providing up-to-date trends and insights. In addition, we offer tailored peer group analyses, enabling institutions across Europe to gain in-depth, comparative perspectives on their Pillar 3 ESG disclosure practices. Our team can support you with all aspects of ESG reporting, from data collection to regulatory interpretation and solution implementation.

We encourage all organisations to continue investing in transparent, high-quality ESG disclosures. Beyond regulatory compliance, this approach supports long-term value creation and strengthens strategic decision-making. If you would like to discuss any of the trends highlighted in this article, explore peer benchmarking, 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 or your usual Deloitte contact.