



ESG Book Executive Briefing

The EBA's New Prudential Reporting ESG Rulebook

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A Fundamental Shift in Banking Supervision

At ESG Book, we analyze market-moving events that reshape the financial landscape. The European Banking Authority's (EBA) latest consultation on ESG supervisory reporting is one such moment. The consultation paper sets out a proposal for new Implementing Technical Standards (ITS) for supervisory reporting, effectively embedding ESG risks into the core of the EU's prudential framework.

This is not a mere extension of existing disclosure requirements. It represents a landmark shift, moving ESG from a tick-box,

disclosure-based exercise to a quantitative, data-driven component of prudential supervision, on par with established frameworks like FINREP.

Financial institutions' ability to manage ESG risk will be publicly benchmarked against peers with unprecedented granularity. For global banks, mastering the data challenge this is no longer just a matter of compliance—it is a critical determinant of future market leadership and business model resilience.

Turning Reporting Mandates into Actionable Intelligence

The EBA's framework demands a level of data precision and consistency that will test the limits of even the most sophisticated banking data architectures. The key challenge is well-defined: how to source, manage, and report

borrower- and asset-specific data from a complex and fragmented reporting landscape. Success hinges on transforming this data challenge into a source of strategic intelligence.

Detailed Breakdown of Key Proposed Changes

EBA Template	Banks' Data Challenge	The Strategic Opportunity
Transition Risk Data (D 01.00)	Sourcing consistent, auditable Scope 1, 2, and 3 emissions data from a diverse global client base at the scale and quality required for regulatory reporting.	Leverage a centralized, technology-driven data utility like ESG Book to enrich your underwriting models and become the advisory partner of choice for clients navigating their own net-zero transitions.
Real Estate Risk (D 02.00)	Acquiring and integrating property-level Energy Performance Certificate (EPC) data across vast, legacy EU real estate portfolios in a timely and cost-effective manner.	Develop a globally consistent, data-led approach to climate risk in real estate finance, enabling more accurate pricing and a competitive advantage in a rapidly evolving market.
D 03.00 (Transition Risk - Portfolio Alignment)	Moving beyond raw client data to complex methodologies for calculating "financed emissions" and selecting appropriate sectoral decarbonization benchmarks for comparison.	Develop a sophisticated portfolio "transition screening" capability. This allows for dynamic portfolio steering, provides a powerful narrative for investors, and identifies leaders for strategic engagement.
Concentration Risk (D 04.00)	Adapting global risk models to the EBA's specific "environmentally sensitive sector" definitions without creating fragmentation in your worldwide risk management framework.	Utilize a flexible, rules-based data engine to create a more sophisticated, forward-looking view of concentration risk that protects the balance sheet while uncovering new avenues for growth.
Physical Risk Mapping (D 05.00)	Implementing a globally consistent methodology for physical risk assessment that can map climate hazards to asset locations with the precision the EBA demands.	Deploy a proprietary, data-driven physical risk assessment capability that becomes a core component of your global due diligence and asset management strategy, protecting long-term value.
Public Green Asset Ratio (D 10.00)	Ensuring your publicly reported EU "Green Asset Ratio" (GAR/BTAR) is not only accurate but also aligns with your institution's broader global sustainability narrative and withstands public scrutiny.	Seize the market narrative by delivering verifiable, taxonomy-aligned green financing data, cementing your brand as a credible and transparent leader in the sustainable transition.
D 11.00 (Other Environmental Risks - The Next Frontier)	Sourcing reliable data and developing novel methodologies to quantify financial risks from complex, emerging areas like biodiversity loss, water stress, and pollution. This data is far less mature than climate data.	Establish true market leadership by building cutting-edge capabilities to manage "nature-related" risks. This prepares you for the inevitable next wave of regulation and positions your bank at the forefront of "nature-positive" finance.

Strategic Omission: GAR/BTAR Templates Axed

A critical point within the EBA's proposal is the decision not to replicate the highly detailed Green Asset Ratio (GAR) and Banking Book Taxonomy Alignment Ratio (BTAR) templates from the previous Pillar 3 framework. This should not be misinterpreted as a signal from

the EBA that Taxonomy alignment is immaterial for prudential supervision. The EBA's intention is rather to avoid duplicative reporting, as this data is already mandated for public disclosure under the Taxonomy Regulation and CSRD.

Table 1: Overview of reporting for large institutions

Ad hoc collection	Proposal on ESG reporting
Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	D 01.00: Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity
Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral	D 02.00: Climate change transition risk: Loans collateralised by immovable property – Energy performance of the collateral
Template 3: Banking book – Climate change transition risk: Alignment metrics	D 03.00: Indicators of potential climate change transition risk: emission intensity per physical output and by sector
Template 4: Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms	D 04.00: Environment-related concentration risk (NEW)
Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk	D 05.00: Climate change physical risk: Exposures subject to physical risk
Template 6: Summary of GAR KPIs	NA
Template 7: Mitigating actions: Assets for the calculation of GAR	NA
Template 8: GAR (%)	NA
Template 9: Mitigating actions: BTAR	NA
Template 10: Other climate change mitigating actions that are not covered in the EU Taxonomy	D 10.00: Mitigating actions: Exposures contributing to sustainability objectives
	D 11.00: Banking book – Exposures to environmental risks (beyond climate) – Physical and transition risks (NEW)

Core Principle: Proportionality in Application

The EBA's proposal introduces a suite of new and revised templates aimed at providing supervisors with granular, comparable data to monitor ESG risks. EBA is proposing to cut reporting requirements across supervisory reporting frameworks, including ESG by approximately 50%. The framework is built on the principles of proportionality and alignment with existing regulations (e.g., CSRD), but its requirements are extensive. A tiered approach will be applied to manage the reporting burden:

Large, Listed Institutions (LIs) (with over €30 billion in assets): will face the full reporting scope, encompassing seven detailed

templates. LIs will no longer have to report GAR/BTAR as part of Taxonomy-alignment metrics but will be required instead to focus on environmental exposures encompassing physical and transition risk.

Other Listed Institutions & Large Subsidiaries: will report using a simplified set of six templates.

Small and Non-Complex Institutions (SNCI) & Other Non-Listed Institutions: will have the most streamlined obligation, using a single, consolidated template (D 01.01) to report a reduced set of essential data points.

Supervisory Reporting				
	Full approach	Simplified approach		
Template	Large institutions	Other listed institutions + Large subsidiaries	SNCI + Other non-listed institutions	Materiality thresholds
D 01.00: Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Semi-annual (for large institutions with total assets \geq 30 bn EUR)			Country breakdown applying FINREP materiality thresholds + thresholds at sectoral level
D 01.02: Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (subset of D 01.00)	Semi-annual (for large institutions with total assets $<$ 30 bn EUR)	Annual		
D 01.01/ Template 1A: Transition and physical risk			Annual	

	Full approach		Simplified approach		
Template	Large institutions	Other listed institutions + Large subsidiaries	SNCI + Other non-listed institutions	Materiality thresholds	
D 02.00: Climate change transition risk: Loans collateralised by immovable property – Energy performance of the collateral	Semi-Annual	Annual			
D 03.00: Indicators of potential climate change transition risk: emission intensity per physical output and by sector	Annual				
D 04.00: Environment-related concentration risk (NEW)	Semi-Annual	Annual			
D 05.00: Climate change physical risk: Exposures subject to physical risk	Semi-Annual			Country breakdown applying FINREP materiality thresholds	
D 05.01: Climate change physical risk: Exposures subject to physical risk		Annual			
D 10.00: Mitigating actions: Exposures contributing to sustainability objectives	Annual	Annual			
D 11.00: Banking book – Exposures to environmental risks (beyond climate) – Physical and transition risks (NEW)	Annual	Annual		Country breakdown applying FINREP materiality thresholds	

The updated EBA ESG supervisory framework is designed to be more than a reporting exercise and act as a catalyst for fundamental change.

ESG Enters the “Hard” Risk Toolkit: By requiring ESG metrics to be reported alongside and consistent with financial data (FINREP), the EBA is integrating sustainability into core risk management. ESG factors will need to be incorporated into credit risk models (PD, LGD), stress testing, and capital planning (ICAAP).

Data Management Becomes Mission-Critical: The granularity, consistency, and breadth of coverage of data will place immense strain on existing infrastructures. Banks must move from fragmented spreadsheets to a centralized, governed, and auditable “single source of truth” for ESG data. This is no longer optional, but a foundational requirement for regulatory compliance.

Strategic Repositioning is Inevitable: The transparency demanded by these templates—both for supervisors and the public—will expose risk concentrations and vulnerabilities. This will force a strategic reassessment of client strategies, sector limits, and business models, accelerating the shift toward transition finance and sustainable products.

Improved Governance and Centralized Data in a Fragmented Supervisory Landscape: The EBA is creating an EU wide public repository of all supervisory and resolution authorities’ data requests, improving transparency, supporting future streamlining, and helping banks avoid duplicate reporting. To address frequent ad hoc data requests, the EBA is developing common practices to align on how authorities design and issue them, improving coordination and reducing banks’ reporting burden.

Timeline

Public Consultation Deadline: July 10, 2026. A critical window to engage and help shape the final, operational reality of these rules.

Anticipated “Go-Live” Date: With a plausible reference date of mid-to-late 2027, the timeframe for building the required infrastructure is exceptionally tight.

Recommended Action Plan for Banks

Conduct a Data-Readiness Assessment: Initiate a top-down assessment of your existing data landscape against the EBA’s granular requirements to rapidly identify critical gaps.

Upgrade Your Global ESG Data Infrastructure: Commission your technology and data leadership to design the “collect

once, use many times” architecture needed for the future of global regulation.

Future-Proof Your Risk Frameworks: Mandate your Chief Risk Officer to begin integrating dynamic, data-driven ESG factors into the core of your global risk and capital models.



Conclusion: A Defining Moment for a Data-Led Future

The EBA's framework is a clear signal that the future of finance is data-led. As your trusted data ecosystem partner, ESG Book sees this not as a burden, but as an opportunity for the industry's leaders to separate themselves from the pack. The winners will be those who move beyond fragmented, manual

approaches and embrace a technology-first, data-driven strategy. This is the moment to invest in the scalable, transparent, and robust data infrastructure that will not only ensure compliance but also unlock a new universe of insights.

