

## CRR III and CRD VI

The CRR regulation (Capital Requirements Regulation) is a directly applicable law in Germany and is primarily aimed at supervisory institutions. It mainly contains quantitative requirements for banks, such as rules on capital adequacy, large loan limits and liquidity. In contrast, the CRD (Capital Requirements Directive) only contains a binding target for the member states, which must be achieved through implementation in national law.

### Background

After the guidelines regarding the definition of equity were fundamentally revised with CRR II and CRD V, the next regulation is now waiting in the wings. CRR III focuses on the denominator of the capital ratio - across all risk types - and is expected to come into force in 2025. Very extensive innovations were published partially as a draft by the EU Commission and called „CRD VI/CRD III“. For banks, the adjusted capital requirements mean increased implementation costs. That is why strategic decisions about future business areas have to be made. targens supports you with this!

Below is an overview of some of the changes coming into effect through CRR III and CRD VI.

### Immediate changes due to CRR III (by risk type)

#### Credit risk - KSA

e.g. more differentiated breakdown of asset classes; adjustment of risk weights; increase in credit conversion factors

#### Credit risk - IRBA

e.g. discontinuation of the IRBA for investments; discontinuation of the advanced IRBA for loans to banks and large companies

#### Output-Floor

e.g. from 2025 to 2030 from 50% to 72.5% increasing share of RWA according to standard approaches; limited to a maximum of 125% of the capital requirement determined according to the internal approach

#### CVA

e.g. revision of the formula for determining the capital requirements; adjustment of risk weights

#### Market risk – FRTB

e.g. standard approach or internal models can be used; definition and differentiation between banking book and trading book

#### Operational risk:

e.g. abolition of the advanced measurement approach; losses from the previous year are not taken into account




As an expert consultancy for banking, compliance and digital innovation, targens is the leading provider of consulting and software solutions. Based in Germany, Austria and Switzerland, the company has 30 years of experience in the development of internationally proven compliance services for financial institutions with futuristic and disruptive technologies. Using artificial intelligence and blockchain technology to create innovative products that provide the highest possible value to our clients. With its consulting portfolio, targens supports clients in their banking and corporate management, trading activities and the safeguarding of business processes.



## Indirect changes through CRD VI

### Third Country Branches (TCB)

inconsistent handling of branches in third countries will be replaced by uniform regulations (minimum requirements for capital, liquidity and governance); permit requirement; classification into different classes

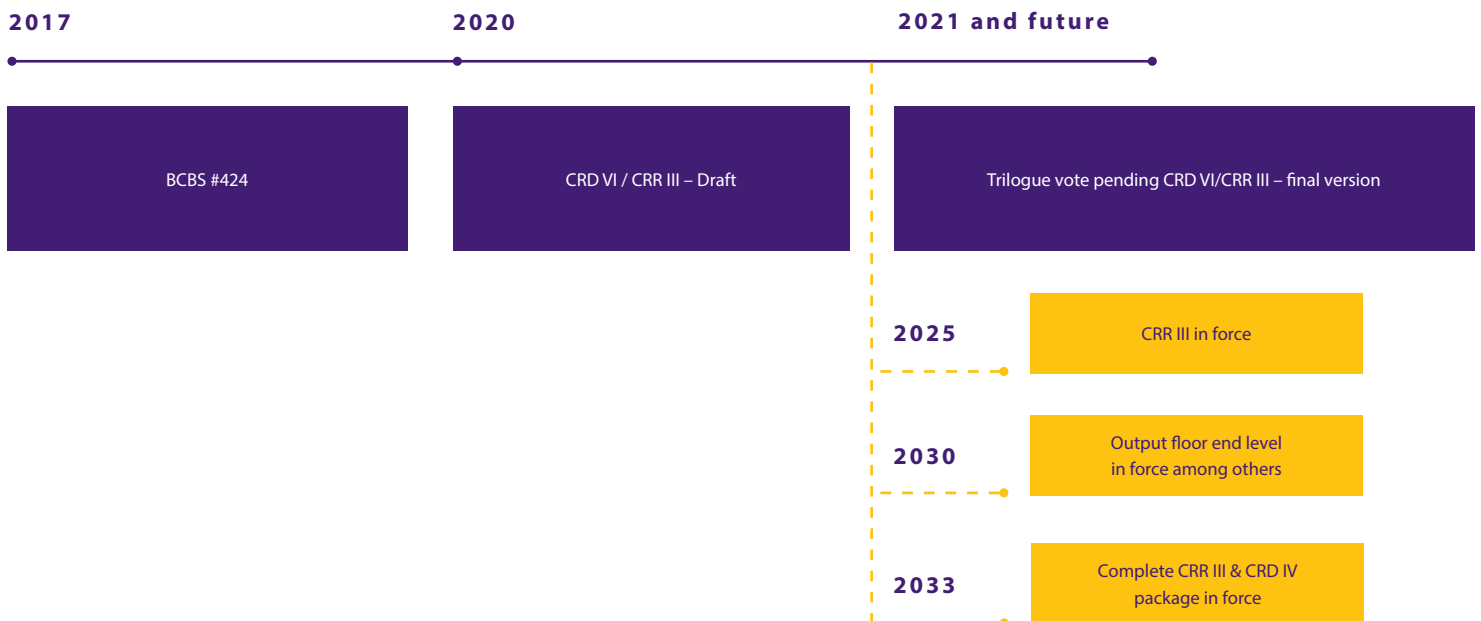
### ESG

ensuring capital resources through appropriate processes; management plans to address ESG risks; guidelines and processes for risk management; power of the EBA to issue guidelines

### Crypto Assets

by 31 December 2025, the EU Commission is required to make an assessment of the extent to which regulation of risk positions in relation to crypto assets is necessary.

## Regulatory Reporting on the highest level possible



## Our support for you!

targens supports you with the unique combination of experts & IT developers in preparing for the changes caused by CRR III and CRD VI and in converting them into an efficient control process. We support you through the extensive planning and control process - from analysis to conception and implementation to rollout.

You have questions or want more information? Then get in touch with us!



**Your Contact**  
Competence Center  
Regulatory Reporting

[regulatory-reporting@targens.de](mailto:regulatory-reporting@targens.de)