IREFI-IRAIF

Diegem, 30 June 2025

NOTICE TO THE ACCREDITED AUDITORS
NOTICE 2025 / 05

Dear members,

We hereby provide you with the overview of the attention points that could influence your review procedures as of 30 June 2025. These attention points have been compiled in the context of the current legal and regulatory framework of cooperation of the accredited auditors to the prudential supervision by the FSMA and the NBB.

The supervisory authorities and the chairs of the respective working groups, supported by the scientific secretariat, have contributed to this letter.

The templates of the model reports for prudential reporting as of 30 June 2025 to the NBB and the FSMA are currently being reviewed. The updated versions will be communicated shortly.

Should you have any questions regarding this document, please do not hesitate to contact me, any member of the Board or Veerle Sablon.

Yours sincerely,

DocuSigned by:

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Damien Walgrave
Chairman

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Introduction

The attention items presented in italics have been provided by the supervisory authority (National Bank of Belgium (NBB)) and include their expectations about the auditor's specific attention points in the context of the 30 June 2025 review procedures and the reporting thereon.

The other attention points have been identified by the members of the respective working groups and consist of items for information of the accredited auditors. Some of the topics were already discussed in a previous attention points letter.

The accredited auditors will use their professional judgment and decide, based on facts and circumstances, whether the attention points need to be explicitly addressed in the reports to the prudential authorities.

1. Attention matters applicable to all financial institutions

1.1. The impact of the geopolitical conflicts and trade tariffs

Recent geopolitical developments in the Middle East, alongside shifts in international trade tariffs, pose potential ramifications for the global economy, with potential effects on specific countries, industries or individual corporates. These evolving dynamics necessitate careful consideration by financial services entities, especially regarding asset valuation and loan loss provisioning.

The measurement of both financial and non-financial assets may be significantly affected. Potential impairment needs and changes in macroeconomic scenarios could influence loan loss provisioning and expected credit losses on certain regions, sectors or individual exposures. Furthermore, assets valued at fair value may experience volatility due to these geopolitical tensions and trade uncertainties.

In light of these factors, we advise accredited auditors to incorporate these developments into their assessments during the upcoming half-year review.

2. Credit institutions

2.1. Capital Requirements Regulation

The Capital Requirements Regulation version 3, commonly known as CRR3, is effective since January 2025 and introduces significant adjustments for banks across regulatory reporting on credit risk, market risk and operational risk. Credit Institutions must adapt to revised methodologies, address increased data requirements and adjust their reporting production processes.

The June 30th 2025 situation will be the first reporting under the new regulation that is subject to auditor's procedures. We recommend the accredited auditors to carefully consider these developments and incorporate these changes into their assessments in the context of the 30 June 2025 review procedures.

3. Insurance sector

3.1. Mark-to-model and alternative valuation models

The accredited auditors are expected to give due consideration to the impact of the economic environment on the valuation aspects, impairment testing, and the risks associated. In particular, the accredited auditors are recommended to carefully consider the following attention points in their limited review procedures as per 30 June 2025:

- *The marked-to-model or alternative valuation methods, more precisely the parameters used and the results of such valuation for the items on both sides of the balance sheet.*
- *On the assets side, the valuation of the commercial real estate and of the mortgage loans and on the liabilities side, the overheads and general expenses in the computation of the best estimate liabilities.*
- *The valuation of the technical provisions, particularly the quality of the data used for the calculation, the assumptions underlying the calculation, the methods used and the model choices.*

Regarding the valuation of the mortgage loans according to Solvency II, the circular NBB_2025_06 has been published and is expected to be applied from 30 June 2025. The agreed-upon procedures linked to the application of this circular are currently in consultation.

3.2. Transitional measures on own funds

Since the entry into force of Solvency II, transitional measures ("grandfathering") have made it possible to include, in Tier 1 and Tier 2 capital, certain elements which do not initially comply with the requirements of these two tiers during a transitional period of ten years as from January 1, 2016. This transitional period will end on January 1, 2026.

The accredited auditors are expected to give due consideration to the quality and coherence of the own funds reporting as well as to the capital management policy of the (re)insurance undertakings benefiting from those transitional measures.

Acronyms	
CRR	Capital Requirements Regulation
FSMA	Financial Services and Markets Authority
IRAIF/IREFI	**FR** : Institut des Réviseurs Agréés pour les Institutions Financières **NL**: Instituut van de Revisoren Erkend voor de Financiële Instellingen
NBB	National Bank of Belgium