

## **Non-performing loans**

The AEG agreed that loans should continue to be recorded at nominal value for both creditors and debtors. In addition, memorandum items should be shown at market value; these should be mandatory for at least financial institutions and government as creditors.

More clarification is required in respect of:

- i. The definition of which loans are non-performing;
- ii. The exact nature of the memorandum items (whether market-equivalent value or nominal value less expected provisions for impairment);
- iii. A worked example of the accounts showing the memorandum items;
- iv. Harmonization of terms used in various manuals;
- v. The implications for the recording of FISIM; and
- vi. Whether similar treatment should be extended to other financial instruments (in particular trade credits).

The IMF agreed to prepare a paper addressing these issues.