

**Non-performing loans (NPLs)**

The ISWGNA discussed a point that arose in the comments on the Full Set of Provisional Recommendations. It concluded that, in order to put an accounting framework together to reflect the AEG recommendations on this issue, it is necessary to add memorandum items that cover non-performing loans (NPLs) at both nominal value and fair value, if available, or their nominal value and expected losses of the creditor along with the same information for all loans. (The ISWGNA also noted that the value of total loans at fair value was not necessarily equal to the value of all loans at nominal value less the difference between NPLs at nominal and fair value, because it was possible for loans not classed as NPLs to have a fair value below their nominal value. However, the main interest in recording loans with market value below nominal value is in loans that have been designated as NPLs.) This clarification will be conveyed to the AEG in a note describing the considerations and decisions on other points for their confirmation.