

San Salvador, July 15, 2016

Issue: Comments to the BCBS
Consultative Document:
*"Prudential treatment of problem
assets - definitions of
nonperforming exposures and
forbearance"*

Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 BASEL Switzerland

Dear Sir or Madam:

Regarding the BCBS Consultative Document about *"Prudential treatment of problem assets - definitions of nonperforming exposures and forbearance"*, we have analyzed the document and as requested, we hereby send you the following comments:

- The terms "Non-Performing Loans" (NPLs) and "Forbearance" are defined in different jurisdictions, for that reason, we consider that is necessary to harmonize both terms, and establish an international framework guideline for banks and supervisors applicable in all jurisdictions and type of loans, notwithstanding we know is a big challenge, overall because criteria can widely vary across countries but it would be useful to regulators, supervisors and institutions who assess credit risk.
- Furthermore, it is necessary to harmonize regulatory and accounting terms mainly because they do not have the same applications in all countries and these could generate conflicts. Tax considerations and implications as well are not the same everywhere.

We appreciate the opportunity to comment on the issues contained in the Consultative Document.

Sincerely,


Oscar Cabrera Melgar
President

