

**OFFICIAL INFORMATION
OF THE CZECH NATIONAL BANK**
of 27 November 2019

on the performance of the activities of banks and credit unions – individual valuation of immovable property collaterals for non-performing exposures

1. Pursuant to Article 189 of the European Banking Authority (EBA) Guidelines on management of non-performing and forborne exposures,¹ through this Official Information the Czech National Bank provides information on the introduction of a common threshold for the individual valuation and revaluation of immovable property collaterals for non-performing exposures by an independent appraiser at CZK 9,500,000.
2. Where banks or credit unions set the threshold themselves with regard to the structure or volume of their portfolio of non-performing exposures, this threshold should not exceed the value stipulated in Article 1.
3. Where the value of immovable property exceeds the thresholds stipulated in Articles 1 and 2, a value set by an independent appraiser shall be applied to the valuation and revaluation of this immovable property.
4. The Czech National Bank assumes that banks and credit unions applying statistical methods for immovable property valuation set their own internal rules and thresholds to ensure that the estimated value of immovable property obtained using these instruments is credible. When setting these rules and thresholds, the appropriateness of application of statistical methods² shall be assessed with regard to the parameters of the specific immovable property item, the risk profile of the counterparty and the structure and volume of the exposure portfolio.
5. This Official Information shall also apply to branches of banks from a non-Member State.
6. This Official Information shall take effect on the date of its promulgation in the CNB Bulletin.

Deputy-Governor
Marek Mora, duly signed

Financial Regulation and International Cooperation Department

¹ EBA/GL/2018/06, Section 9.1.3 Individual valuation of immovable property and use of indexation, Article 189 – Competent authorities should define a common threshold for the individual valuation and revaluation of the collaterals used for NPEs by an independent appraiser. This threshold should be applicable to all credit institutions in the authority's jurisdiction and should be publicly disclosed.

² E.g. automatic valuation based on data from maps of transaction property prices or price indices derived from independent property price estimates.