Chapter 1

Commission Delegated Regulation (EU) 2016/101

Article 8 General provisions for the calculations of AVAs under the core approach

(1) For fair-valued assets and liabilities for which a change in accounting valuation has a partial or zero impact on CET1 capital, AVAs shall only be calculated based on the proportion of the accounting valuation change that impacts CET1 capital.

(2) In relation to the category level AVAs described in Articles 14 to 17, institutions shall aim to achieve a level of certainty in the prudent value that is equivalent to that set out in Articles 9 to 13.

(3) AVAs shall be considered to be the excess of valuation adjustments required to achieve the identified prudent value, over any adjustment applied in the institution's fair value that can be identified as addressing the same source of valuation uncertainty as the AVA. Where an adjustment applied in the institution's fair value cannot be identified as addressing a specific AVA category at the level at which the relevant AVAs are calculated, that adjustment shall not be included in the calculation of AVAs.

(4) AVAs shall always be positive, including at valuation exposure level, category level, both pre and post aggregation.