

FR Y-14Q: Pre-Provision Net Revenue Schedule Instructions

This document provides general guidance and data definitions for the Pre-provision Net Revenue (PPNR) Schedule. The Schedule consists of four worksheets: PPNR Submission Cover Sheet, PPNR Submission worksheet, Net Interest Income (NII) worksheet, and PPNR Metrics worksheet. The four worksheets are described in detail below.

Certain commonly used terms and abbreviations, including PPNR, are defined at the end of the instructions. Undefined terms should be assumed to follow FR Y-9C definitions. In cases where FR Y-9C guidance is unavailable, bank holding companies (BHCs) should use internal definitions and include information about the definitions used in the supporting document for FR Y-14A submission. All figures should be reported on a quarterly basis (not on a year-to-date basis). Report the data from the reporting quarter. Also report any data that has been subject to material revisions from prior quarters.

Completion Requirements

Provide data for all non-shaded cells, except where the data requested is optional. The BHC is not required to populate cells shaded gray, but may report data with material revisions from prior quarters.

Macros must be enabled in Excel to correctly complete the PPNR Schedule.

Net Interest Income: Primary and Supplementary Options

1. BHCs for which deposits comprise less than 1/3 of total liabilities for any reported period should complete the PPNR Submission worksheet and the related portion of the PPNR Metrics worksheet. Such BHCs should designate the PPNR Submission worksheet as “Primary Net Interest Income” at the top of the PPNR Submissions worksheet. The Net Interest Income worksheet is optional for these BHCs.
2. All other BHCs should specify the PPNR Submission worksheet as either “Primary Net Interest Income” or “Supplementary Net Interest Income” through a pull down menu at the top of the PPNR Submission worksheet. Once specified, the designation for the Net Interest Income worksheet – which will be either Supplementary or Primary based on the option selected for the PPNR Submission worksheet – will automatically flow through the schedule. Note that this designation refers only to the net interest income portion of the worksheets; all other items on the PPNR Submission worksheet (line items 12 – 36 and footnotes) and the related portions of the PPNR Metrics worksheet must be completed by all BHCs.
3. Completion requirements are as follows:
 - a. Complete data for all net interest income fields in the primary worksheet and the related portion of the PPNR Metrics worksheet. Discuss consistency of a given schedule with the BHC’s external reporting and internal reporting/forecasting in the supporting documentation for FR Y-14A Summary Schedule. Provide a description of broadly-defined types of business models they currently use (e.g. Asset/Liability, Relationship, Business Product/Services/Activity, etc. as defined/named by individual BHCs). Also, provide high-level descriptions of motivations for choices of models for conducting business, reporting (internal/external) and forecasting P&L results; benefits/challenges associated with those models; and methodologies employed. The “primary” designation in the current reporting period should be consistent with the designation made in prior reporting periods.

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- b. Provide net interest income data for the supplementary worksheet and the related portion of the PPNR Metrics Worksheet on a “best efforts” basis.

At a minimum, complete all line items identified with a number (e.g. 6), but not a number and letter (e.g. 6A). Complete the remaining line items, including the items identified with both number and letter and/or items that are primarily guided by internal definitions (e.g. interest-bearing liabilities), on a best efforts basis. For all items not completed, or completed with qualifications, provide comprehensive information in the supporting documentation for FR Y-14A Summary Schedule, on which items or areas were particularly challenging to complete and why.

Materiality Thresholds

1. Report data for all quarters for a given business segment in the PPNR Submission and PPNR Metrics worksheets if the revenue of that business segment, relative to total revenue of the BHC exceeded 5 percent in any of the most recent four quarters. BHCs have the option to report less material business segment revenue in a separate line item “immaterial revenues” (line item 23 of the PPNR Submission Worksheet). The reported total immaterial business segment revenue relative to total revenue cannot exceed 10 percent. If the total immaterial business segment revenue relative to total revenue would be greater than 10 percent, report data for the largest business segment among the immaterial business segments for all quarters in the PPNR Submission and PPNR Metrics worksheets such that the amount reported in the immaterial line item does not exceed 10 percent.
2. If international revenue exceeded 5 percent of total revenue in any of the most recent four quarters, provide regional breakouts (line items 48-51) for all quarters in the PPNR Metrics worksheet.
3. If International Retail and Small Business revenues exceeded 5 percent of Total Retail and Small Business Segment revenue and Total Retail and Small Business Segment revenues were material based on an applicable 5 percent threshold in any of the most recent four quarters, provide related metrics data for all quarters (PPNR Metrics Worksheet, line item 8).

If there are no data for certain fields, then populate the fields with a zero (0). If the fields are optional and a BHC chooses not to report data, leave the fields blank.

PPNR Submission Cover Sheet

PPNR submissions for each reporting period should be accompanied by a PPNR Submission Cover Sheet. This worksheet collects pertinent summary information including the name and RSSD ID of the BHC.

PPNR Submission Worksheet

The PPNR Submission Worksheet is based on standardized reporting of each component of PPNR, using business line views discussed in more detail below.

Choose the relevant reporting designation from the drop down box near the top of the worksheet; either

“Primary Net Interest Income” or “Supplementary Net Interest Income”. Report key subcomponents of each major component of PPNR (net interest income, non-interest income, and non-interest expense) in each period subject to completion requirements described above. Do not report gains and losses on AFS and HTM securities, including other than temporary impairments (OTTI) estimates, as a component of PPNR.

Revenue Components

Revenue items are divided into net interest income and non-interest income, with totals expected to reconcile with those reported in the FR Y-9C when adjusted for Valuation Adjustment for firm’s own debt under fair value option (FVO),-, one-time item exclusions, and operational risk expense adjustments required for PPNR purposes. For the related items, see PPNR Submission Worksheet and related instructions for the line items (line items 26, 33-36).

Report all items either in the segments that generated them and/or segments that they were allocated to through funds transfer pricing (FTP). Net interest income allocation to the defined segments should be based on the cost of funds applicable to those segments as determined by the BHC. Supporting documentation regarding methodology used should be provided in the memo accompanying the FR Y-14A submission. Business segments and related sub-components do not have to correspond to but may include certain line items on the FR Y-9C schedule. The Business segment structure of the worksheet is defined by product and services (e.g. credit cards, investment banking, etc.) and client type (e.g. retail, mid-sized businesses); it is not defined by client relationship.

In determining where to report securitization revenues in the PPNR Submission worksheet and Net Interest Income worksheet, the BHCs should rely on internal reporting practice to the extent possible. Data on the PPNR Metrics worksheet should then be reported in the same segments as in the PPNR Submission worksheet. Related supporting documentation should be provided in the memo accompanying the FR Y-14A submission.

Subject to applicable thresholds, reporting of net interest income and non-interest income items is requested based on a business line view, with business lines defined as follows:

1. Retail and Small Business Banking and Lending: Report in the appropriate sub-item all revenues related to retail and small business banking and lending, including both ongoing and run-off/liquidating portfolios. The run-off or liquidating businesses are operations that do not meet an accounting definition of “discontinued operations” but which the BHC intends to exit. Sub-items are defined as follows:
 - Credit Cards - Domestic credit and charge cards offered to retail customers. Exclude other unsecured borrowing and debit cards.
 - Mortgages - Domestic residential mortgage loans offered to retail customers.
 - Home Equity - Domestic Home Equity Loans and Lines of Credit (HELOANS/HELOCs) provided to retail customers.
 - Retail and Small Business Banking - Domestic branch banking and deposit-related products and services provided to retail/small business customers. Include debit card revenues in this line.

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- Other Retail and Small Business Lending - Other Domestic Retail and Small Business products and services. These include but are not limited to small business loans, auto loans, student loans, or personal unsecured credit.
 - International Retail and Small Business – Includes, but is not limited to, all revenues from credit/debit/charge cards, mortgages, home equity, branch and deposit services, auto, student, and small business loans generated outside of the US and Puerto Rico.
2. Commercial Lending: Report revenues from lending products and services provided to business, government, not-for-profit, and other institutional entities of medium size (generally defined as those with annual sales between \$10 million and \$2 billion), as well as to commercial real estate investors and owners. Exclude treasury/deposit and investment banking services provided to commercial lending clients.
3. Investment Banking: Report in the appropriate sub-item all revenues generated from investment banking services provided to business and institutional entities of both medium (generally defined as those with annual sales between \$10 million and \$2 billion) and large size (generally those with more than \$2 billion in annual sales). Sub-items are defined as follows:
- Advisory - Corporate strategy and financial advisory such as services provided for mergers and acquisitions (M&A), restructuring, financial risk management, among others.
 - Equity Underwriting - Underwriting of equity offerings.
 - Debt Underwriting - Underwriting of debt offerings. Exclude bridge loans, other bank loans, and loan syndication fees.
 - Corporate Lending – Event or transaction-driven (e.g. to finance M&A, leveraged buyouts, etc.) bank loans or other lending commitments to corporate clients. Include bridge loans and loan syndication fees.
 - Merchant Banking/ Private Equity – Revenues from private equity (PE), real estate, infrastructure, and principal investments in hedge funds.
4. Sales and Trading: Report in the appropriate sub-item all revenues generated from sales and trading activities. Sub-items are defined as follows:
- Equities – Commissions, fees, and trading gains and losses (including carry) on equity products. Exclude prime brokerage services.
 - Fixed Income - Commissions, fees, and trading gains and losses (including carry) on fixed income, interest rate, and FX products. Exclude prime brokerage services.
 - Commodities - Commissions, fees, and trading gains and losses (including carry) on commodity products. Exclude prime brokerage services.
 - Prime Brokerage - Securities financing, securities lending, custody, clearing, settlement, and other services for hedge funds and other prime brokerage clients. Include all prime brokerage revenues in this line and not in the categories listed above.

5. Investment Management: Report in the appropriate sub-item all revenues generated from investment management activities. Sub-items are defined as follows:
 - Asset Management – Professional management of mutual funds and institutional accounts. Institutional clients may include endowments, not-for-profit entities, governments, and others.
 - Wealth Management/ Private Banking - Professional portfolio management and advisory services for individuals. Individual clients may be defined as mass market, affluent, and high net worth. Activities may also include tax planning, savings, inheritance, and wealth planning, among others. Also include retail brokerage services.
6. Investment Services: Report in the appropriate sub-item all revenues generated from investment servicing. Exclude prime brokerage revenues. Sub-items are defined as follows:
 - Asset Servicing - Custody, fund services, securities lending, liquidity services, collateral management; and other asset servicing. Include record keeping services for 401K and employee benefit plans, but exclude funding or guarantee products offered to such clients.
 - Issuer Services - Corporate trust, shareowner services, depository receipts, and other issuer services.
 - Other Investment Services - Clearing and other investment services.
7. Treasury Services: Report cash management, global payments, working capital solutions, and trade finance from business and institutional entities of both medium (generally defined as those with annual sales between \$10 million and \$2 billion) and large size (generally those with more than \$2 billion in annual sales). Include wholesale/commercial cards here.
8. Insurance Services: Report revenues from insurance activities including, but not limited to, individual (e.g. life, health), auto and home (property and casualty), title insurance and surety insurance, and employee benefits insurance.
9. Retirement/ Corporate Benefit Products: Report premiums, fees, and other revenues generated from retirement and corporate benefit funding products, such as annuities, guaranteed interest products, and separate account contracts.
10. Corporate / Other: Report asset-liability management (ALM) activities, run-off or liquidating businesses other than those in retail/small business, non-financial businesses (e.g. publishing, travel services, etc.), corporate support functions (e.g. Human Resources, IT, etc.), and other non-core revenues not included in other segments (e.g. intersegment eliminations). The run-off or liquidating businesses are operations that do not meet an accounting definition of “discontinued operations” but which the BHC intends to exit.

Non-Interest Expense Components

Non-Interest Expense figures are to be broken out as detailed on the worksheet. The total is expected to reconcile with that reported in the FR Y-9C when adjusted for certain items. As presented on the PPNR Submission schedule, the adjustments include exclusions of goodwill impairment, one-time expense items, as well as adjustments related to operational risk expense required for PPNR purposes. For the related items, see PPNR Submission Worksheet and related instructions for the line items 26, 34 and 36. Significant Non-Interest Expense items falling into the Other Non-Interest Expense line item should be detailed in the footnotes at the bottom of this worksheet. All operational loss items, including operational losses that are contra revenue amounts or cannot be separately identified, should be reported in Operational Risk Expense. Similarly, any legal consultation or retainer fees specifically linked to an operational risk event should be included in Operational Risk Expense. If unrelated to operational losses, then the fees should be reported in the expense item called "Litigation Expense and Penalties."

Net Interest Income Worksheet

BHCs for which deposits comprise 1/3 or more of total liabilities are required to submit the Net Interest Income worksheet. This worksheet requires BHCs to provide average asset and liability balances and average yields to calculate net interest income. BHCs may complete the Net Interest Income worksheet as either "Primary Net Interest Income" or "Supplementary Net Interest Income" as described in the Completion Requirements section. The total net interest income calculated must equal the total net interest income reported using a business line view in the PPNR Submission worksheet.

Interest Bearing Assets

Report interest bearing assets using the same categories as defined for reporting loss estimates; BHCs should reference FR Y-9C definitions. Certain high-level loan categories (e.g., C&I, Consumer) may not always line up precisely with those categories in the Balance Sheet and Income Statement Worksheets of the Summary Schedule, as defined by the underlying subitems that roll up into them, or to the FR Y-14Q small business schedules. However, the definitions of underlying subitems (e.g., Small Business [Scored/Delinquency Managed]) are consistent across different worksheets.

Interest Bearing Liabilities

For the classification of liabilities, BHCs should report based on internal definitions (those deemed to best represent the behavior characteristics of deposits.)

PPNR Metrics Worksheet

The PPNR Metrics worksheet requests information on certain metrics relevant for the assessment of various components of PPNR. Certain elements are required only for BHCs that must complete the Net Interest Income Worksheet. Additionally, certain metrics are subject to "thresholds" as detailed in the footnotes to the worksheet.

In providing market share information, BHCs can use third party data and are not required to independently derive these metrics. Any supporting information should be described in detail, including the data source, and corresponding data should be provided in the worksheet.

BHCs should use internal definitions of proprietary trading and clearly describe the covered activities and transactions in methodology narratives.

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If a BHC is unable to provide a metric, include in the documentation memo accompanying the FR-14A submission a discussion of why the metric cannot be provided, and offer alternative metrics that are considered by the BHC in projecting the relevant component(s) of PPNR.

Commonly Used Terms and Abbreviations

Geographic Regions

- APAC - Asia and Pacific region (incl. South Asia, Australia, and New Zealand)
- EMEA - Europe, Middle East, and Africa
- LatAm - Latin America, including Mexico

Other

- AUM - Assets under Management
- Commissions and Fees (Sales and Trading) - "Day 1 P&L" on new trades, commissions, fees, and bid/offer spreads.
- International Revenues - Revenues from regions outside the US and Puerto Rico.
- Pre-provision Net Revenue (PPNR) – Sum of net interest income and non-interest income net of non interest expense, with components expected to reconcile with those reported in the FR Y-9C when adjusted for certain items. As presented on the PPNR Submission Worksheet, the adjustments include exclusions of Valuation Adjustment for firm's own debt under fair value option (FVO), goodwill impairment, one-time expense and income items, as well as adjustments related to operational risk expense required for PPNR purposes. For the related items, see PPNR Submission Worksheet and related instructions for the line items 26, 33-36. Note that all revenue and expenses related to mortgage servicing rights (MSRs) in the associated non interest income and non-interest expense line items should be reported on the PPNR schedules.
- Revenues - Sum of net interest income and non-interest income adjusted for selected exclusions.
- The number should tie to line item 24 of the PPNR Submission worksheet.