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TESTIMONY OF

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BEFORE THE

SUBCOMMITTEE ON SECURITIES, INSURANCE, AND INVESTMENT

OF THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

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Statement Required by 12 U.S.C. § 250:

The views expressed herein are those of the Office of the Comptroller of the Currency and do not necessarily represent the views of the President.

I. Introduction

Good afternoon Chairman Reed, Ranking Member Allard and members of the Subcommittee. My name is Kathy Dick and I am a Deputy Comptroller for Credit and Market Risk at the Office of the Comptroller of the Currency (OCC). I am pleased to be here today to testify at the Subcommittee's hearing on Reducing Risks and Improving Oversight in the Over-The-Counter (OTC) Credit Derivatives Market.

As you know, the OCC charters, regulates, and supervises all national banks. At the end of 2007, there were 1,709 banks in the national banking system, with total assets of $7.8 trillion; that is one of every five banks in the United States, with 70 percent of all commercial banking assets. These include the country's largest, most complex banks, a number of which are significant participants in the derivatives markets. Although more than 1,000 commercial banks reported holdings of derivatives in their first quarter call report filings, the bulk of derivatives activity within the commercial banking industry is concentrated in a small number of institutions, most of which are national banking organizations.[1] It is the OCC's view that bank derivatives businesses are appropriately concentrated in these large national banks because they have the resources, including risk management expertise and control systems, to control derivatives-related risks in a safe and sound manner. This concentration also reflects the important role these large national banks serve as financial intermediaries for a wide range of clients who use derivatives to manage and facilitate their business transactions and risk exposures. Given banks' role as financial intermediaries, ensuring that the OTC derivatives market operates

[1] Please see the attached OCC Quarterly Report on Bank Trading and Derivatives Activities – First Quarter 2008.

efficiently and effectively is of concern for both the OCC and the banks we supervise. Accordingly, the OCC spends a considerable amount of time and resources evaluating the risk control systems these banks use to manage risks in derivatives markets.

I have structured my testimony to focus on the areas of particular interest to this Subcommittee, as outlined in your June 27, 2008, letter of invitation. My testimony today will include the supervision of credit derivatives activities in national banks, the work being done to strengthen the infrastructure in the credit derivatives market, the OCC's view on benefits that may be derived from establishing a central counterparty for clearing credit derivatives and the possible implications of an exchange for credit derivatives, and finally the OCC's view on the need for additional legislation in this area.

First, I will provide background on what credit derivatives are, the size of the credit derivatives market and the volume of this activity in the banks supervised by the OCC.

Credit derivatives are financial contracts that allow market participants to take, or reduce, credit risks. For example, an institution can reduce the credit risk associated with a loan or bond by purchasing credit protection on the obligor using a credit default swap. Similarly, credit default swaps enable financial institutions to manage their credit risk profile by purchasing credit protection against obligors in an industry where an undesirable concentration of exposures exists and to further diversify their credit risk by selling protection on entities in other industries where the institution has little or no exposure. Like other financial derivatives, when used properly, credit derivatives can help to diversify credit risk, improve earnings, and lower the risk profile of an institution.

The credit derivatives market experienced significant growth over the previous four years, coinciding with a period in which both interest rates and credit spreads were historically low. In this benign market environment, investor demand for higher yielding products drove banks and dealer firms, in their capacity as risk intermediaries, to structure investment products that sometimes included a credit derivatives component. For example, collateralized debt obligations may contain both cash credit instruments, such as loans and bonds, as well as credit derivatives as the source of underlying exposures.

Based upon financial information from quarterly call report data, the credit derivatives market among all U.S. insured commercial banks totals more than $16 trillion in notional exposure as of March 31, 2008, up from $1.0 trillion at year-end 2003.[2] This compares with a total notional amount of $180.3 trillion for all derivatives in U.S. insured commercial banks at the end of the first quarter of 2008. Credit derivatives have grown at a compounded annual growth rate of 100% since 2003, while total notional derivatives have grown at a rate of 21% over the same period. It is important to note that the total notional amount is not a good proxy for risk in derivatives contracts, but generally is indicative of levels of business volumes.

The primary derivatives-related risks focused on by the OCC are credit risk, price risk, and operational risk. Credit risk in derivatives transactions arises from the exposure that exists to the counterparty in the transaction. This counterparty credit risk is significant and varies over time because it changes as market factors change. Banks therefore use models to estimate how much exposure they will have to a counterparty over the life of a portfolio of derivatives contracts, as well as shorter time intervals, as

[2] OCC's Quarterly Report on Bank Trading and Derivatives Activities - First Quarter 2008.

appropriate. During the last twelve months, financial institutions experienced a significant growth in current credit exposure, driven by decreasing interest rates, widening credit spreads, and ongoing market volatility. At the end of the first quarter, net current credit exposure from all derivatives reported by insured U.S. banks was $465 billion, 50% higher than in the fourth quarter and 159% higher than a year ago. Gross counterparty exposures from credit derivatives have grown even more rapidly, increasing 86% in the first quarter, and 500% over the past 12 months.

Unlike credit risk, price risk in derivatives activities – that is, changes in the market value of derivatives contracts – in the large national banks has traditionally been low because of their primary role as financial intermediaries. For example, the current credit risk exposure for the three largest national banks' derivatives activities was $311 billion as of the end of the first quarter and by comparison, the quarterly average Value at Risk (VaR) reported for these three firms was $553 million. Price risk is typically controlled and measured by a VaR system, which is a statistical measure that banks use to quantify the maximum loss that could occur, over a specified time horizon and at a certain confidence interval, during normal market conditions.

Of growing concern in the OTC derivatives markets over recent years has been the issue of operational risk, which includes losses that may occur due to back office and process failures. The significant growth in the credit derivatives market over the last several years has contributed to greater levels of operational risk exposures due to system infrastructure constraints and the potential for operational errors. To date, we have not identified any significant operational losses that have arisen in national banks due to back office or processing problems, but the vulnerability is greater today due to the increase in

the size of the credit derivatives market as well as the rising levels of concern about counterparty and underlying obligor credit quality.

II. OCC Supervision of Derivatives

As I noted earlier, derivatives activity in the U.S. commercial banking system is dominated by a small group of large financial institutions. The top five banks involved in the trading of derivatives are national banks supervised by the OCC. These five large commercial banks represent 97% of the total commercial bank industry notional amount and 93% of total trading revenues as of March 31, 2008. Looking specifically at credit derivatives, these same five institutions conduct nearly all of the trading activity for U.S. commercial banks.

The OCC has been, and continues to be, a leader in the supervision of derivatives activity. In 1993, the OCC issued comprehensive guidance on the risk management practices required to conduct the derivatives business in a safe and sound manner (OCC Banking Circular 277). OCC examiners conducted the first horizontal review for derivatives activities in 1994 using that guidance. In subsequent years, the OCC issued additional guidance to both field examiners and bankers highlighting our supervisory expectations regarding this activity. In 1996, when credit derivatives were first becoming prominent, we issued guidance to examiners on supervisory issues related to banks' use of these products. These guidelines were supplemented with the "Risk Management of Financial Derivatives" examination handbook that was issued in 1997. In 1999, we updated Banking Circular 277 and our examination handbook with guidance that summarized key lessons learned from the market disruptions associated with

deterioration in Asian, Eastern European and Latin America countries and the failure of Long Term Capital Management. Later this year, we plan to issue another update of our guidance to reflect lessons learned from the current market disruption.

In 1995, the OCC began conducting a quarterly analysis of the derivatives market using financial information from call report data submitted by national banks. We originally designed and published this work in an effort to help others to evaluate risks in the national banking system and to understand the risk profile of these institutions with regard to trading activities. In addition, this analysis allows us to identify trends in derivatives activity or potential risk management concerns systemically and for individual institutions, which we then discuss with our field staff.

The foundation of the OCC's supervisory efforts in the derivatives area is our continuous, on-site presence of examiners at each of our largest banks. Supervisory strategies are developed for each institution that are risk-based and focused on the more complex banking activities. Our risk-based supervision is flexible, allowing strategies to be revised to reflect the changing risk profile of the supervised institutions.

Our supervisory goal is to ensure banks have sound risk governance processes given the nature of their risk-taking activities. At these large banks, resident teams of OCC specialists in capital markets and credit risk, supplemented by PhD economists trained in quantitative finance, engage in evaluations of the suite of risks arising from derivatives activities in general, and also credit derivatives activities specifically. This process involves regular monitoring of risk positions as well as periodic, targeted examinations of specific trading areas or business operations including credit derivatives. The purpose of our targeted examinations is to validate that management has appropriate

practices in place to identify, measure, monitor and control trading risks. We evaluate the integrity and effectiveness of their risk management systems, and perform transactional testing. We also evaluate the level of operational risk associated with trading activities and the appropriateness of position valuations and financial reporting.

Our supervisory conclusions, including any risk management concerns, are communicated directly to bank senior management. Thus, not only is there ongoing evaluation, but there is also a process for timely and effective corrective action when needed.

III. Strengthening the Credit Derivatives Infrastructure

As the volume of credit derivatives activities increased in recent years, there were early warning signs that the system infrastructure, with its manual processing environment for trade confirmations, was not keeping pace. The early warning signs arose in the form of metrics released by the International Swaps and Derivatives Association (ISDA) in its annual margin survey which showed deteriorating trends with respect to the volume and length of time that confirmations were remaining outstanding in all derivatives portfolios, but significantly in credit derivatives space.

The Federal Reserve Bank of New York convened a group of global supervisors and key market participants in September 2005 to begin what has become an ongoing dialogue on over-the-counter derivatives infrastructure issues. This initiative and continual dialogue between supervisors and the industry has driven significant market improvements in a relatively short time horizon. Collectively, supervisors have focused industry attention on reducing the volume of outstanding confirmation backlogs while

increasing automation to ensure a stronger financial market infrastructure going forward. As a result of this effort, we have seen an average reduction of 86% of outstanding confirmations greater than thirty days among participants from initial peaks. This effort has been aided by the 2005 ISDA Novations Protocol, which reinforced industry requirements to obtain the proper consent of affected parties when processing transferred or novated contracts. Similarly, automation of credit derivatives has more than doubled since September 2005, such that approximately 91% of all trades are now processed electronically.

This collaborative effort has delivered other significant milestones in industry infrastructure improvements. The industry developed a trade information warehouse that holds records of many legacy and current credit derivatives trades. This centralized trade information should aid in future trading, quarterly payments and credit event management. It has already helped in early stage central settlement of quarterly premium payments by netting those payments and thereby reducing the dollar flow of cash payments by approximately 98%.

Despite this improvement, however, supervisors recognized last summer that bank processing platforms were still sensitive to volume changes, as evidenced by rising confirmation backlogs resulting from the volume spike that occurred at the beginning of the current turmoil in credit markets. As a result, bank supervisors redoubled efforts to reduce confirmation backlogs, and shifted the focus to front-office initiatives to address the scale issues exposed by last year's market turmoil. The front-office focus emphasizes the need for dealers to routinely match and clear trades on the trade date, and to maximize efficiency through standardization and automation.

As the primary regulator for national banks, the OCC has been an active participant in this interagency effort. For the institutions we supervise, the OCC has been responsible for evaluating the monthly operational risk reports, identifying systemic risk issues, and discussing implementation issues. We have provided input to the industry group regarding the adequacy of the industry-wide solutions and commitments, and the development of appropriate risk metrics. The OCC participates in regular conference calls with supervisors from around the globe to discuss industry progress and to reinforce the infrastructure improvement goals.

The recent joint meeting among supervisors and key derivatives market participants on June 9, 2008, involved the discussion of several newer initiatives and resulted in us reaching agreement on an expanded set of future goals. The industry is in the process of developing a new commitment letter to supervisors that will address new processing goals, a central counterparty clearinghouse, a credit event management mechanism, a reduction of outstanding trade volumes via multilateral trade terminations, and an extension of the project across other derivatives markets including interest rate, equities, foreign exchange and commodity derivatives.

IV. Central Counterparties and Exchanges

As I noted earlier, bank derivative trading activities pose material counterparty credit and operational risks. In the interest of bank safety and soundness, as well as for the health of the entire financial system, the OCC encourages market-based efforts to promptly reduce these risks. The OCC does not have a position, however, on the specific

format or vehicle to achieve that objective, provided that it effectively reduces these credit and operational risks.

One initiative under consideration by supervisors and industry participants is the development of a central counterparty for the clearing of credit derivatives. This is a concept that would enhance risk mitigation by providing for multilateral netting among the major dealers. A central counterparty could facilitate the management of counterparty credit risk exposures and reduce operational risks across the industry. The central counterparty would manage both counterparty credit and operational risks by truncating the volume of trades among counterparties via a multilateral netting process and by implementing forward-looking margin requirements. Multilateral netting permits long and short positions among multiple counterparties to "net down" to a much smaller volume of open transactions because the central counterparty serves as the seller to every buyer, and the buyer to every seller. With a smaller volume of contracts to be tracked and managed left outstanding, the clearinghouse helps to reduce operational risk.

A clearinghouse model provides a central counterparty and involves ownership guaranty funding and participant margin structure to protect against counterparty credit risk. Given a variety of system, standardization, risk analysis, and pricing issues that may need to be resolved, a clearinghouse might initially have limited application to only index trades and there may be additional challenges that would need to be addressed as it progresses to other credit derivatives products.

Another issue under consideration is an exchange concept for credit derivatives. It is our understanding that the introduction of an exchange structure to the OTC credit derivatives market would require significant standardization and potentially transform the

nature of that market. Given the proven success of the OTC derivatives markets to deliver customized financial products, and current market-based efforts underway to address credit and operational risks, we do not see a need for the OCC to favor one solution over another.

V. Legislative Oversight Evaluation

The OCC has had a longstanding position that we do not believe that OTC derivatives products need to be regulated, in part because the vast majority of significant participants in these markets are regulated. As I have described, the OCC carefully monitors the participation of national banks in OTC derivatives markets and we spend considerable resources, individually and collectively with other supervisors, providing direct supervisory oversight to the largest national banks who actively participate in these markets.

More broadly, the OCC works closely with other domestic and international regulators to exchange information and coordinate the supervision of key market players that could pose systemic risks to the financial system. In addition to the collaborative credit derivatives infrastructure project previously discussed, the OCC is an active participant in the President's Working Group on Financial Markets, the Senior Supervisors Group, the Basel Committee on Banking Supervision, the Financial Stability Forum, and the Joint Forum of senior bank, insurance, and securities supervisors that Comptroller Dugan chairs. These working groups recently released a number of reports, discussing key lessons learned and setting forth recommendations for financial

institutions and their supervisors to enhance market and institutional resilience.[3] We contributed to and support these initiatives.

Through these various mechanisms, we are satisfied that we have the necessary tools at our disposal to effectively supervise these banking activities and as such, we do not see a need for legislative intervention to supplement our ability to regulate the credit derivatives of national banks.

VI. Conclusion

As I described earlier, it is our belief that credit derivatives, when used properly, can help financial institutions to diversify credit exposures, improve earnings, and lower their risk profiles. Large national banks that are active participants in this market, serve primarily as financial intermediaries for bank clients interested is achieving a particular credit risk profile or exposure. The OCC closely monitors the activities of these national banks to ensure that they have appropriate senior management oversight, robust risk management systems and the necessary infrastructure to support these risk intermediation activities. While the growth of the credit derivatives market has placed visible strains on some firms' operational infrastructures, the OCC and other global supervisors are actively working with industry participants to resolve these issues, and we have seen meaningful progress in these efforts to-date.

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[3] Senior Supervisors Group Report, "Observations on Risk Management Practices," at http://www.newyorkfed.org/newsevents/news/banking/2008/SSG_Risk_Mgt_doc_final.pdf; Senior Supervisors Group Report, "Leading-Practice Disclosures for Selected Exposures" at http://www.newyorkfed.org/newsevents/news/banking/2008/SSG_Leading_Practice_Disclosures.pdf ; President's Working Group, "Policy Statement on Financial Market Developments," at http://www.ustreas.gov/press/releases/reports/pwgpolicystatemktturmoil_03122008.pdf; Financial Stability Forum, "Enhancing Market and Institutional Resilience," at http://www.fsforum.org/publications/FSF_Report_to_G7_11_April.pdf.

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

OCC's Quarterly Report on Bank Trading and Derivatives Activities
First Quarter 2008

Executive Summary

- U.S. commercial banks generated first quarter 2008 trading revenues in cash and derivative instruments of $1.13 billion, compared to $9.97 billion of trading losses in the fourth quarter of 2007.
- Net current credit exposure increased 50% to $465 billion from the fourth quarter, and is 159% higher than a year ago. The rapid increase in credit exposure results from sharply lower interest rates and higher credit spreads, which created a large increase in derivatives receivables.
- The notional value of derivatives held by U.S. commercial banks increased $14.7 trillion, or 9 percent, to $180.3 trillion in the first quarter.
- Derivative contracts remain concentrated in interest rate products, which comprise 79% of total derivative notional value. The notional value of credit derivative contracts, 99% of which are credit default swaps, increased 4% during the quarter to $16.4 trillion.

The OCC's quarterly report on bank derivatives activities and trading revenues is based on Call Report information provided by all insured U.S. commercial banks and trust companies, as well as on other published financial data.

Derivatives activity in the U.S. banking system is dominated by a small group of large financial institutions. Five large commercial banks represent 97% of the total industry notional amount, 93% of total trading revenues, and 85% of industry net current credit exposure.

While bank supervisors normally have concerns about market or product concentrations, there are three important mitigating factors with respect to derivatives activities. First, there are a number of other providers of derivatives products, such as investment banks and foreign banks, whose activity is not reflected in the data in this report. Second, because the highly specialized business of structuring, trading, and managing derivatives transactions requires sophisticated tools and expertise, derivatives activity is appropriately concentrated in those institutions that have made the resource commitment to be able to operate this business in a safe and sound manner. Third, the OCC has examiners on-site at the largest banks to continuously evaluate the credit, market, operation, reputation and compliance risks of derivatives activities.

Revenues

Credit market turmoil continues to weigh heavily on bank trading revenues. Banks reported trading revenues of $1.13 billion in the first quarter, rebounding from a $9.97 billion trading loss – the first ever for the banking system – in the fourth quarter. Despite the improvement, revenues in the first quarter are sharply lower than in recent first quarters (a record $7.0 billion in 2007 and $5.7 billion in 2006), as banks continued to incur writedowns on CDO exposures related to subprime mortgages and faced a challenging trading environment in credit markets.

Trading performance in interest rate and foreign exchange contracts was strong, each exceeding the same quarter of last year and their 8 quarter averages. Interest rate revenues were $2.8 billion, the third-highest quarter ever, compared to a loss of $357 million in the fourth quarter and an 8 quarter average of $1.8 billion.

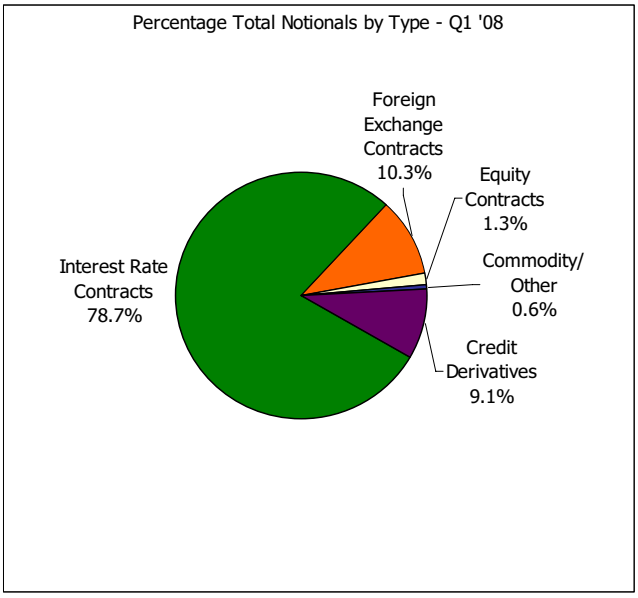
Foreign exchange revenues increased $210 million to $2.1 billion, a solid showing when compared to an 8 quarter average of $1.8 billion.

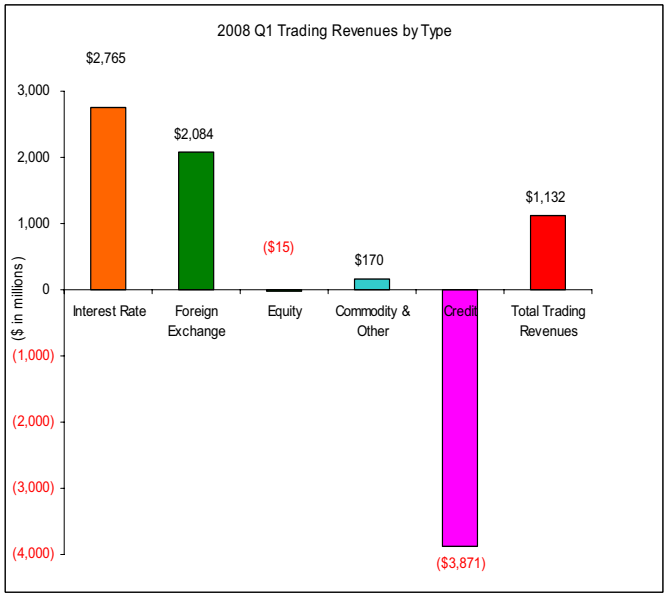
Trading results for credit-related instruments continued to depress overall trading performance, although losses declined sharply during the quarter. Banks incurred credit trading losses of $3.9 billion in the first quarter, compared to a loss of $11.8 billion in the fourth quarter. In addition to further CDO writedowns, banks also took losses related to auction rate securities and leveraged loans. Commodity revenues increased $81 million to $170 million, while equity revenues declined $221 million to a loss of $15 million.

Trading Revenue $ in millions	Q1 '08	Q4 '07	Change Q1 vs. Q4	% Change Q1 vs. Q4	Q1 '07	Change Q1 vs. Q1	% Change Q1 vs. Q1
Interest Rate	2,765	(357)	3,122	874%	2,413	352	15%
Foreign Exchange	2,084	1,873	210	11%	1,831	253	14%
Equity	(15)	205	(221)	-107%	1,735	(1,750)	-101%
Commodity & Other	170	88	81	92%	175	(6)	-3%
Credit	(3,871)	(11,780)	7,909	67%	878	(4,749)	-541%
Total Trading Revenues	1,132	(9,970)	11,102	111%	7,032	(5,900)	-84%

Trading Revenue $ in millions	2008 Q1	Avg Past 12 Q1's	ALL Quarters Since Q4, 1996			Past 8 Quarters		
			Avg	Hi	Low	Avg	Hi	Low
Interest Rate	2,765	1,638	1,135	2,950	(472)	1,755	2,950	(357)
Foreign Exchange	2,084	1,517	1,389	2,675	690	1,838	2,675	1,265
Equity	(15)	680	452	1,829	(305)	766	1,829	(15)
Commodity & Other	170	145	105	789	(320)	177	789	(111)
Credit*	(3,871)	N/A	N/A	883	(11,780)	(3,309)	883	(11,780)
Total Trading Revenues	1,132							

*Credit trading revenues became reportable in Q1, 2007. Highs and lows are for available quarters only.





Data Source: Call Reports. Note: Beginning 1Q07, credit exposures are broken out as a separate revenue category.

Credit Risk

Credit risk is a significant risk in bank derivatives trading activities. The notional amount of a derivative contract is a reference amount from which contractual payments will be derived, but it is generally not an amount at risk. The credit risk in a derivative contract is a function of a number of variables, such as: whether counterparties exchange notional principal, the volatility of the underlying market factors (interest rate,

currency, commodity, equity or corporate reference entity), the maturity and liquidity of contracts, and the creditworthiness of the counterparties.

Credit risk in derivatives differs from credit risk in loans due to the more uncertain nature of the potential credit exposure. With a funded loan, the amount at risk is the amount advanced to the borrower. The credit risk is unilateral; the bank faces the credit exposure of the borrower. However, in most derivatives transactions, such as swaps (which make up the bulk of bank derivatives contracts), the credit exposure is bilateral. Each party to the contract may (and, if the contract has a long enough tenor, probably will) have a current credit exposure to the other party at various points in time over the contract's life. Moreover, because the credit exposure is a function of movements in market rates, banks do not know, and can only estimate, how much the value of the derivative contract might be at various points of time in the future.

The first step in measuring credit exposure in derivative contracts involves identifying those contracts where a bank would lose value if the counterparty to a contract defaulted today. The total of all contracts with positive value (i.e., derivatives receivables) to the bank is the gross positive fair value (GPFV) and represents an initial measurement of credit exposure. The total of all contracts with negative value (i.e., derivatives payables) to the bank is the gross negative fair value (GNFV) and represents a measurement of the exposure the bank poses to its counterparties.

For a portfolio of contracts with a single counterparty where the bank has a legally enforceable bilateral netting agreement, contracts with negative values may be used to offset contracts with positive values. This process generates a "net" current credit exposure, as shown in the example below:

Counterparty A Portfolio	**# of Contracts**	**Value of Contracts**	**Credit Measure/Metric**
Contracts With Positive Value	6	$500	Gross Positive Fair Value
Contracts With Negative Value	4	$350	Gross Negative Fair Value
Total Contracts	10	$150	Net Current Credit Exposure (NCCE) to Counterparty A

A bank's net current credit exposure across all counterparties will therefore be the sum of the gross positive fair values for counterparties lacking legally certain bilateral netting arrangements (this may be due to the use of non-standardized documentation or jurisdiction considerations) and the bilaterally netted current credit exposure for counterparties with legal certainty regarding the enforceability of netting agreements.

This "net" current credit exposure is the primary metric used by the OCC to evaluate credit risk in bank derivatives activities. A more risk sensitive measure of credit exposure would also consider the value of collateral held against counterparty exposures. While banks are not required to report collateral held against their derivatives positions in their Call Reports, they do report collateral in their published financial statements. Notably, large trading banks tend to have collateral coverage of 30-40% of their net current credit exposures from derivatives contracts.

Net current credit exposure for U.S. commercial banks increased $156 billion, or 50 percent, in the first quarter to $465 billion. Sharp declines in interest rates and rising credit spreads led to a $1,210 billion increase in the gross positive fair values (i.e., derivatives receivables) of derivative contracts. Receivables from interest rate exposures increased $757 billion, or 58 percent, to $2.0 trillion. Receivables from credit exposures increased $258 billion, or 87%, to $556 billion. Legally enforceable netting agreements allowed banks to reduce the gross credit exposure of $3.2 trillion by 85.6% (more than the 84.8% in the fourth quarter and 83.9% in the third quarter) to $465 billion in net current credit exposure. Net current credit exposure is 159% higher than in the first quarter of 2007.

$ in billions	Q108	Q407	Change	%
Gross Positive Fair Value (GPFV)	$ 3,237	$ 2,027	$ 1,210	60%
Netting Benefits	2,772	1,718	1,055	61%
Netted Current Credit Exposure (NCCE)	465	309	156	50%
Potential Future Exposure (PFE)	849	744	104	14%
Total Credit Exposure (TCE)*	1,313	1,053	260	25%
Netting Benefit %	85.65%	84.76%	0.89%	
3 Year Interest Swap Rate	2.77%	3.93%	-1.16%	

*Effective 2Q07, total credit exposure uses the amount reported by banks for risk-based capital purposes.

The second step in evaluating credit risk involves an estimation of how much the value of a given derivative contract might change in the bank's favor over the remaining life of the contract; this is referred to as the "potential future exposure" (PFE). PFE increased 14% in the first quarter to $849 billion. The total credit exposure (PFE plus the net current credit exposure) increased from $1,053 billion in the fourth quarter of 2007 to $1,313 billion in the first quarter of 2008.

The fair value of contracts past due 30 days or more totaled $232 million, down $239 million from the fourth quarter. Past due contracts are only 0.05% of net current credit exposure. During the first quarter of 2008, U.S. commercial banks charged-off $15 million in derivatives receivables, or 0.003 percent of the net current credit exposure from derivative contracts. [See Graph 5c.] For comparison purposes, Commercial and Industrial (C&I) loan net charge-offs declined from $2,852 million to $2,194 million, and were 0.16% of total C&I loans for the quarter.

With the exception of several high profile periods in the past, such as the 1998 period when losses at a highly leveraged hedge fund (Long Term Capital Management) created instability in financial markets, credit losses from derivatives contracts are generally small. The low incidence of charge-offs on derivatives exposures results from two main factors: 1) the credit quality of the typical derivatives counterparty is higher than the credit quality of the typical C&I borrower; and 2) most of the large credit exposures from derivatives, whether from other dealers, large non-dealer banks or hedge funds, are collateralized on a daily basis.

Market Risk

Banks control market risk in trading operations primarily by establishing limits against potential losses. Value at Risk (VaR) is a statistical measure that banks use to quantify the maximum loss that could occur, over a specified horizon and at a certain confidence level, in normal markets. It is important to emphasize that VaR is not the maximum potential loss; it provides a loss estimate at a specified confidence level. A VaR of $50 million at 99% confidence measured over one trading day, for example, indicates that a trading loss of greater than $50 million in the next day on that portfolio should occur only once in every 100 trading days under normal market conditions. Since VaR does not measure the maximum potential loss, banks stress test their trading portfolios to assess the potential for loss beyond their VaR measure.

Call Report instructions do not require banks to report their VaR measures; however, the large trading banks disclose their average VaR data in published financial reports. To provide perspective on the market risk of trading activities, it is useful to compare the VaR numbers over time and to equity capital and net income. As shown in the table below, market risks reported by the three largest trading banks, as measured by VaR, are small as a percentage of their capital.

$ in millions	JPMorgan & Co.	Citigroup Inc.	Bank of America Corp.
Average VaR Q1 '08	$122	$341	$90
Average VaR 2007	$107	$142	$53
03-31-08 Equity Capital	$125,627	$128,219	$156,309
2007 Net Income	$15,365	$3,617	$14,982
Avg VaR Q1 '08 / Equity	0.10%	0.27%	0.06%
Avg VaR Q1 '08 / 2007 Net Income	0.79%	9.43%	0.60%

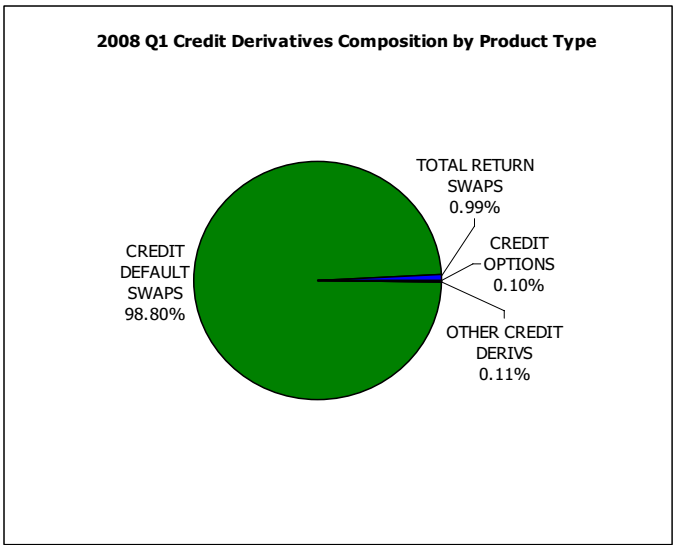
Data Source: 10K & 10Q SEC Reports.

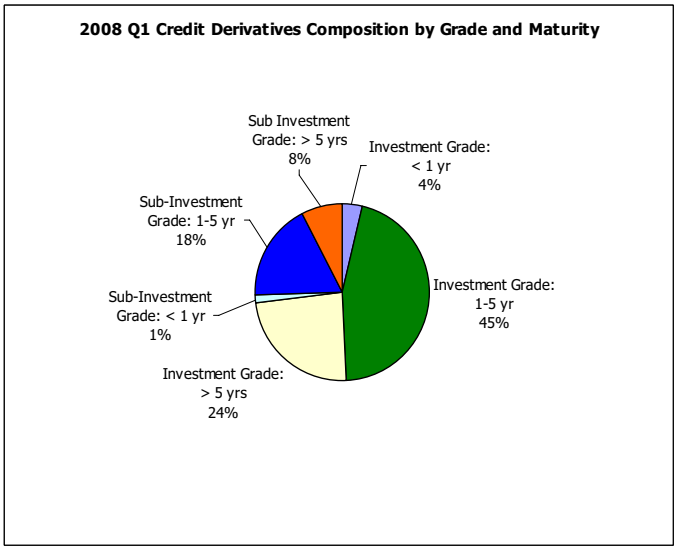
To test the effectiveness of their VaR measurement systems, trading institutions track the number of times that daily losses exceed VaR estimates. Under the Market Risk Rule that establishes regulatory capital requirements for U.S. commercial banks with significant trading activities, a bank's capital requirement for market risk is based on its VaR measured at a 99% confidence level and assuming a 10-day holding period. Banks back-test their VaR measure by comparing the actual daily profit or loss to the VaR measure. The results of the back-test determine the size of the multiplier applied to the VaR measure in the risk-based capital calculation. The multiplier adds a safety factor to the capital requirements. An "exception" occurs when a dealer has a daily loss in excess of its VaR measure. Call Reports do not include a line item for the number of "exceptions." Some banks, however, make such disclosures in their published financial reports. Because of the unusually high market volatility and large write-downs in CDOs in the recent quarters, as well as poor market liquidity, a number of banks experienced back-test exceptions and therefore an increase in their capital multiplier.

Concentrations in highly rated but illiquid ABS CDOs, as well as non-normal market conditions, have caused several large dealer institutions (both bank and non-bank) to incur significant trading losses in the past two quarters. Historically, these ABS CDOs had not exhibited significant price variability given their "super senior" position in the capital structure, so measured risk in VaR models was very low. However, rapidly increasing default and loss estimates for subprime mortgages have caused an abrupt and significant reassessment of potential losses in these super senior ABS CDOs. Because VaR models rely on historical price movements and assume normal market conditions, this particular risk measurement tool may not have fully captured the effect of severe market dislocations. As such, the OCC advocates the use of complementary risk measurement tools such as stress testing and scenario analysis.

Credit Derivatives

Credit derivatives have grown rapidly over the past several years as dealers increasingly used them to structure securities to help meet investor demand for higher yields. From 2003 to 2007, credit derivative contracts grew at a 100% compounded annual growth rate. Given current credit market turmoil, however, credit derivative growth has eased. In the first quarter, credit derivatives grew only 4%, or $581 million, to $16.4 trillion. Tables 11 and 12 provide detail on individual bank holdings of credit derivatives by product and maturity, as well as the credit quality of the underlying hedged exposures. As shown in the first chart below, credit default swaps represent the dominant product at 99% of all credit derivatives notionals [See charts below, Tables 11 and 12, and Graph 10.]





Contracts referencing investment grade entities with maturities from 1-5 years represent the largest segment of the market at 45% of all credit derivatives notionals. Contracts of all tenors that reference investment grade entities are 73% of the market. (See chart on right above).

The notional amount for the 33 U.S. commercial banks that sold credit protection (i.e., assumed credit risk) was $8.1 trillion, an increase of $0.2 trillion, or 3%, from the adjusted $7.8 trillion of the fourth quarter. The notional amount for the 35 banks that purchased credit protection (i.e., hedged credit risk) was $8.4 trillion, an increase of $0.3 trillion. [See Tables 1, 3, 11 and 12 and Graphs 2, 3 and 4.]

As is often the case with a new and rapidly growing market, operational issues became a supervisory concern in the credit derivatives market in recent years. Currently, the OCC is working with other financial supervisors and major market participants to address infrastructure issues in credit derivatives. This collaborative process is also addressing the processing of equity and other derivatives products.

Notionals

Changes in notional volumes are generally reasonable reflections of business activity, and therefore can provide insight into revenue and operational issues. However, the notional amount of derivatives contracts does not provide a useful measure of either market or credit risks.

The notional amount of derivatives contracts held by U. S. commercial banks in the first quarter increased by $14.7 trillion, or 9%, to $180.3 trillion. Derivative notionals are 25% higher than a year ago. The first quarter increase follows an unusual fourth quarter 2007 decline in notionals due to declines in interest rate notionals. In the first quarter, however, interest rate contracts advanced 9%, or $13 trillion, as higher levels of interest rate volatility resulted in greater client flows and proprietary trading activity.

$ in billions	Q1 '08	Q4 '07	$ Change	% Change	% of Total Derivatives
Interest Rate Contracts	141,865	129,574	12,290	9%	79%
Foreign Exchange Contracts	18,497	16,614	1,883	11%	10%
Equity Contracts	2,411	2,522	(111)	-4%	1%
Commodity/Other	1,130	1,073	57	5%	1%
Credit Derivatives	16,441	15,861	581	4%	9%
Total	180,344	165,645	14,699	9%	100%

Note: Numbers may not add due to rounding.

Similar to previous quarters, bank derivatives contracts are dominated by swaps contracts, which represent 62% of total notionals.

$ in billions	Q1 '08	Q4 '07	$ Change	% Change	% of Total Derivatives
Futures & Forwards	22,361	18,967	3,394	18%	12%
Swaps	112,553	103,090	9,464	9%	62%
Options	28,989	27,728	1,261	5%	16%
Credit Derivatives	16,441	15,861	581	4%	9%
Total	180,344	165,645	14,699	9%	100%

Note: Numbers may not add due to rounding.

Commercial bank derivatives activity is heavily concentrated in the three largest dealers, which hold 92% of all contracts. The five largest dealers hold 97% of all contracts and the largest 25 banks with derivatives activity account for nearly 100% of all contracts. [See Tables 3, 5 and Graph 4.]

A total of 1,003 insured U.S. commercial banks reported derivatives activities at the end of the first quarter, an increase of 48 banks from the prior quarter.

GLOSSARY OF TERMS

Bilateral Netting: A legally enforceable arrangement between a bank and a counterparty that creates a single legal obligation covering all included individual contracts. This means that a bank's receivable or payable, in the event of the default or insolvency of one of the parties, would be the net sum of all positive and negative fair values of contracts included in the bilateral netting arrangement.

Credit Derivative: A financial contract that allows a party to take, or reduce, credit exposure (generally on a bond, loan or index). Our derivatives survey includes over-the-counter (OTC) credit derivatives, such as credit default swaps, total return swaps, and credit spread options.

Derivative: A financial contract whose value is derived from the performance of underlying market factors, such as interest rates, currency exchange rates, and commodity/equity prices. Derivative transactions include a wide assortment of financial contracts including structured debt obligations and deposits, swaps, futures, options, caps, floors, collars, forwards and various combinations thereof.

Gross Negative Fair Value: The sum total of the fair values of contracts where the bank owes money to its counterparties, without taking into account netting. This represents the maximum losses the bank's counterparties would incur if the bank defaults and there is no netting of contracts, and no bank collateral was held by the counterparties. Gross negative fair values associated with credit derivatives are included.

Gross Positive Fair Value: The sum total of the fair values of contracts where the bank is owed money by its counterparties, without taking into account netting. This represents the maximum losses a bank could incur if all its counterparties default and there is no netting of contracts, and the bank holds no counterparty collateral. Gross positive fair values associated with credit derivatives are included.

Net Current Credit Exposure (NCCE): For a portfolio of derivative contracts, NCCE is the gross positive fair value of contracts less the dollar amount of netting benefits. On any individual contract, current credit exposure (CCE) is the fair value of the contract if positive, and zero when the fair value is negative or zero. NCCE is also the net amount owed to banks if all contracts were immediately liquidated.

Notional Amount: The nominal or face amount that is used to calculate payments made on swaps and other risk management products. This amount generally does not change hands and is thus referred to as notional.

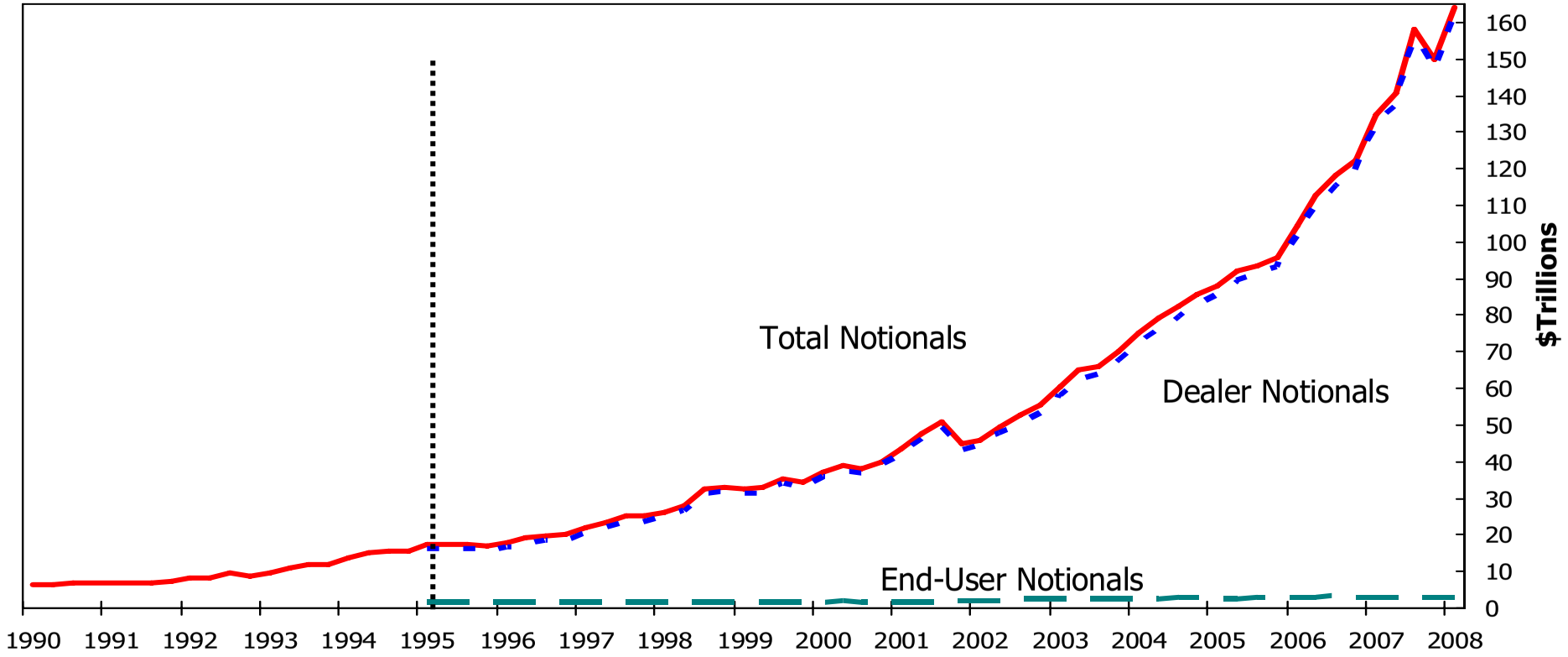
Over-the-Counter Derivative Contracts: Privately negotiated derivative contracts that are transacted off organized exchanges.

Potential Future Exposure (PFE): An estimate of what the current credit exposure (CCE) could be over time, based upon a supervisory formula in the agencies' risk-based capital rules. PFE is generally determined by multiplying the notional amount of the contract by a credit conversion factor that is based upon the underlying market factor (e.g., interest rates, commodity prices, equity prices, etc.) and the contract's remaining maturity. However, the risk-based capital rules permit banks to adjust the formulaic PFE measure by the "net to gross ratio," which proxies the risk-reduction benefits attributable to a valid bilateral netting contract. PFE data in this report uses the amounts upon which banks hold risk-based capital.

Total Credit Exposure (TCE): The sum total of net current credit exposure (NCCE) and potential future exposure (PFE).

Total Risk-Based Capital: The sum of tier 1 plus tier 2 capital. Tier 1 capital consists of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings, and minority interests in the equity accounts of consolidated subsidiaries. Tier 2 capital consists of subordinated debt, intermediate-term preferred stock, cumulative and long-term preferred stock, and a portion of a bank's allowance for loan and lease losses.

Derivatives Notionals by Type of User
Insured Commercial Banks



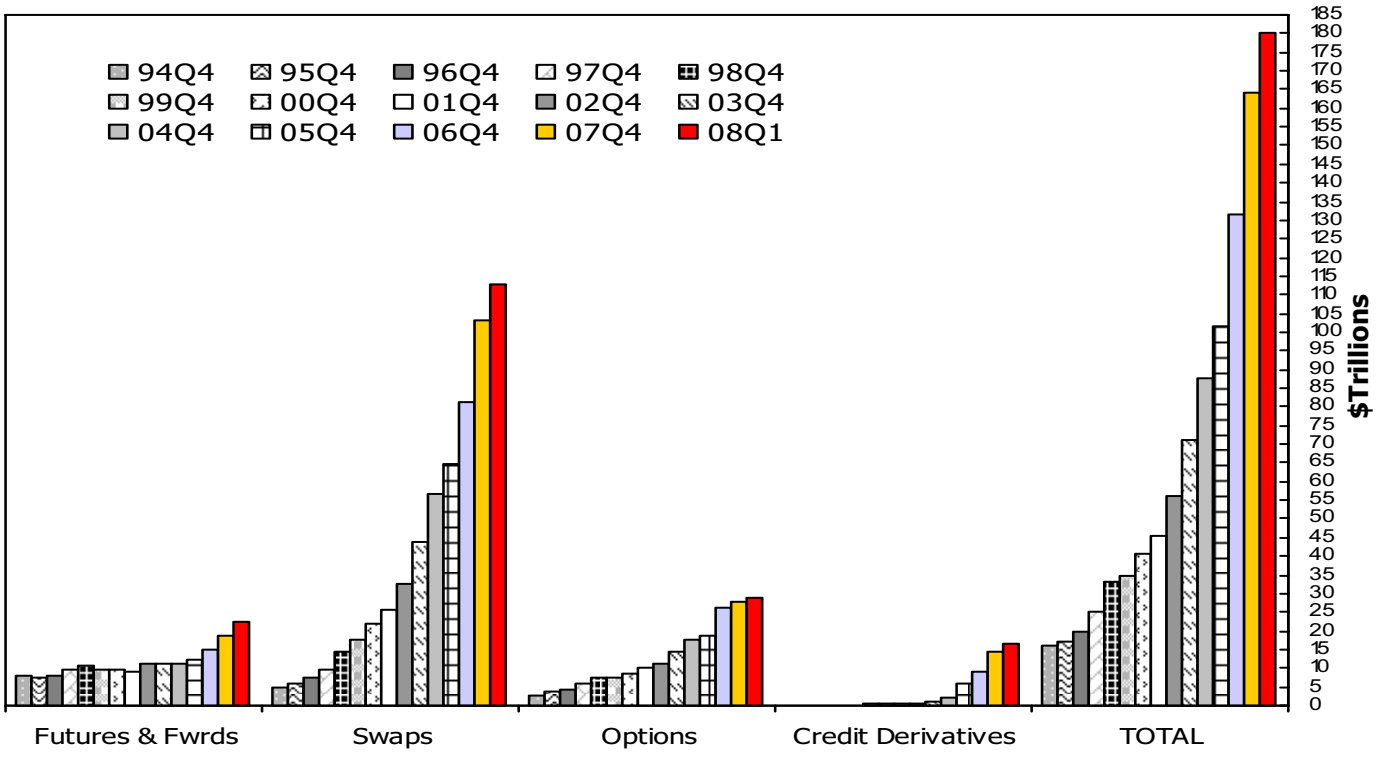
	1998				1999				2000				2001				2002				2003				2004				2005				2006				2007				2008
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total Notionals	26.0	28.0	32.5	32.9	32.5	32.8	35.4	34.5	37.3	39.0	37.9	40.1	43.6	47.4	50.9	45.0	45.9	49.6	52.6	55.4	60.7	65.0	66.2	70.1	75.3	79.4	82.3	85.5	88.0	92.1	93.7	95.6	104.7	112.7	118.3	122.5	134.6	140.7	158.2	149.8	**163.9**
Dealer Notionals	24.5	26.6	31.0	31.4	31.0	31.3	33.9	33.0	35.7	37.3	36.5	38.9	42.4	46.2	49.6	43.2	43.9	47.5	50.2	53.3	58.3	62.4	63.7	67.7	72.8	76.9	79.7	82.9	85.5	89.6	91.1	93.0	102.1	110.1	115.3	119.6	131.8	138.1	155.3	147.2	**161.1**
End-User Notionals	1.4	1.4	1.5	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.5	1.2	1.2	1.2	1.3	1.8	1.9	2.0	2.4	2.1	2.4	2.6	2.5	2.4	2.5	2.5	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.6	3.0	2.8	2.9	2.6	2.8	2.6	**2.8**

Note: As of 1Q95, shown by the dotted line, there were changes in reporting such as: breakouts of notional by type of user and eliminating spot fx.
This graph does not include credit derivatives.
Numbers may not add due to rounding.
Data Source: Call Reports.

Derivative Contracts by Product

All Commercial Banks

Year-ends 1994 - 2007, Quarterly - 2008



Derivative Contracts by Product ($ Billions)*

	94Q4 $	95Q4 $	96Q4 $	97Q4 $	98Q4 $	99Q4 $	00Q4 $	01Q4 $	02Q4 $	03Q4 $	04Q4 $	05Q4 $	06Q4 $	07Q4 $	**08Q1 $**
Futures & Fwrds	8,109	7,399	8,041	9,550	10,918	9,390	9,877	9,313	11,374	11,393	11,373	12,049	14,877	18,967	**22,361**
Swaps	4,823	5,945	7,601	9,705	14,345	17,779	21,949	25,645	32,613	44,083	56,411	64,738	81,328	103,090	**112,553**
Options	2,841	3,516	4,393	5,754	7,592	7,361	8,292	10,032	11,452	14,605	17,750	18,869	26,275	27,728	**28,989**
Credit Derivatives				55	144	287	426	395	635	1,001	2,347	5,822	9,019	15,861	**16,441**
TOTAL	15,774	16,861	20,035	25,064	32,999	34,817	40,543	45,386	56,074	71,082	87,880	101,478	131,499	165,645	**180,344**

*In billions of dollars, notional amount of total: futures, exchange traded options, over the counter options, forwards, and swaps. Note that data after 1994 do not include spot fx in the total notional amount of derivatives.

Credit derivatives were reported for the first time in the first quarter of 1997. As of 1997, credit derivatives have been included in the sum of total derivatives in this chart.

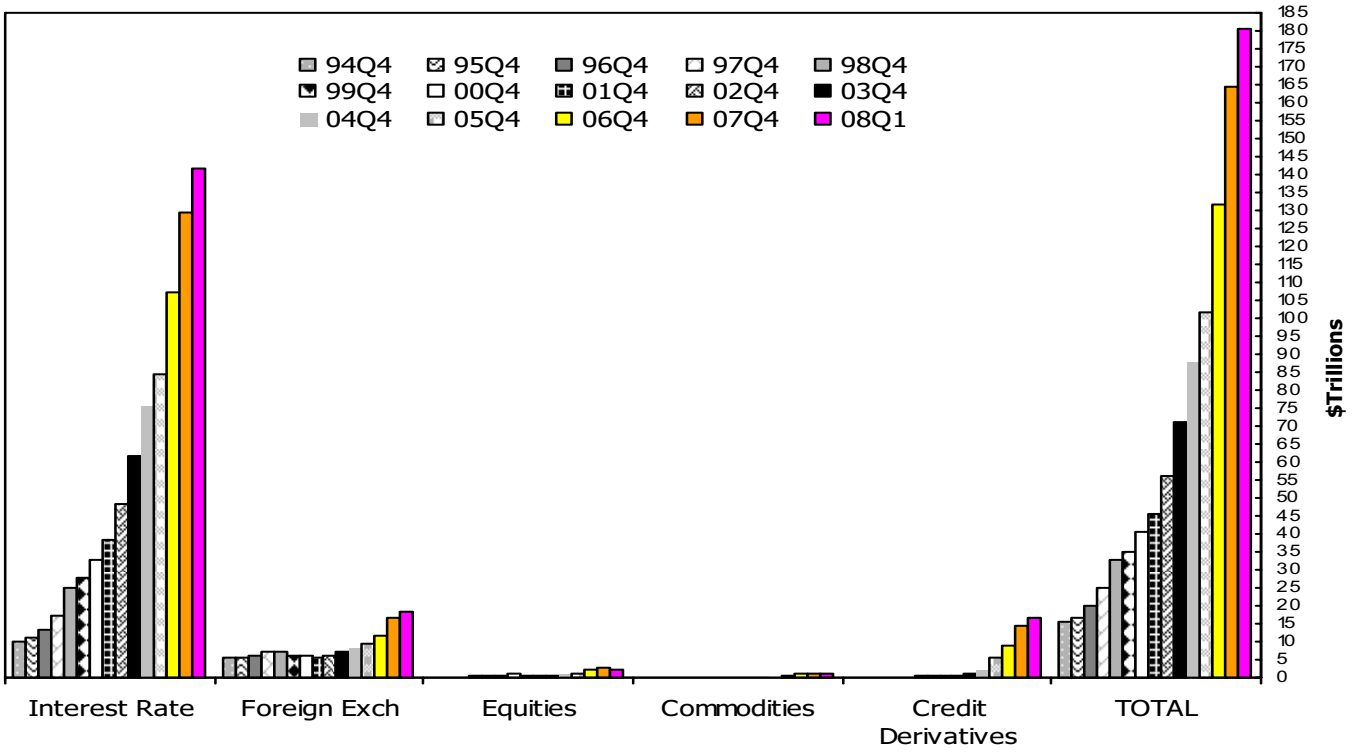
Note: Numbers may not add due to rounding.

Data Source: Call Reports

Derivative Contracts by Type

All Commercial Banks

Year-ends 1994 - 2007, Quarterly – 2008



Derivative Contracts by Type ($ Billions)*

$ in Billions	94Q4 $	95Q4 $	96Q4 $	97Q4 $	98Q4 $	99Q4 $	00Q4 $	01Q4 $	02Q4 $	03Q4 $	04Q4 $	05Q4 $	06Q4 $	07Q4 $	**08Q1 $**
Interest Rate	9,926	11,095	13,427	17,085	24,785	27,772	32,938	38,305	48,347	61,856	75,518	84,520	107,415	129,574	**141,865**
Foreign Exch	5,605	5,387	6,241	7,430	7,386	5,915	6,099	5,736	6,076	7,182	8,607	9,282	11,900	16,614	**18,497**
Equities		237	197	331	501	672	858	770	783	829	1,120	1,255	2,271	2,522	**2,411**
Commodities		141	170	163	183	171	222	179	233	214	289	598	893	1,073	**1,130**
Credit Derivatives				55	144	287	426	395	635	1,001	2,347	5,822	9,019	15,861	**16,441**
TOTAL	15,774	16,861	20,035	25,064	32,999	34,816	40,543	45,385	56,075	71,082	87,880	101,477	131,499	165,645	**180,344**

*In billions of dollars, notional amount of total: futures, exchange traded options, over the counter options, forwards, and swaps. Note that data after 1994 do not include spot fx in the total notional amount of derivatives.

As of Q206 equities and commodities types are shown as separate categories. They were previously shown as "Other Derivs".

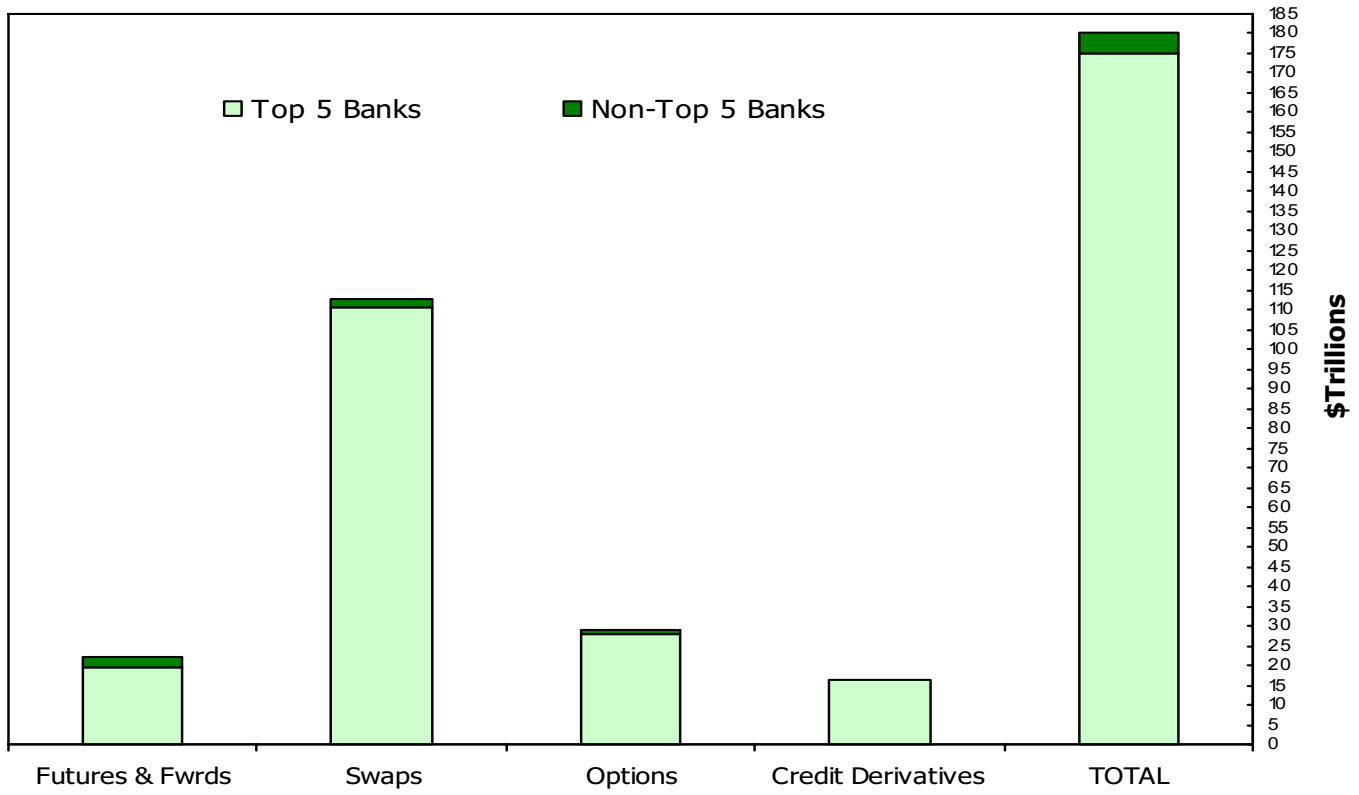
Credit derivatives were reported for the first time in the first quarter of 1997. Since then, credit derivatives have been included in the sum of total derivatives in this chart.

Note: Numbers may not add due to rounding.

Data Source: Call Reports

Five Banks Dominate in Derivatives

All Commercial Banks, First Quarter 2008



Concentration of Derivative Contracts ($ Billions)*

	$ Top 5 Bks	% Tot Derivs	$ Non-Top 5 Bks	% Tot Derivs	$ All Bks	% Tot Derivs
Futures & Fwrds	19,695	10.9	2,666	1.5	22,361	12.4
Swaps	110,693	61.4	1,861	1.0	112,553	62.4
Options	28,039	15.5	950	0.5	28,989	16.1
Credit Derivatives	16,366	9.1	75	0.0	16,441	9.1
TOTAL	174,793	96.9	5,551	3.1	180,344	100.0

*In billions of dollars, notional amount of total: futures, exchange traded options, over the counter options, forwards, and swaps. Note that data after 1994 do not include spot fx in the total notional amount of derivatives.

Credit derivatives were reported for the first time in the first quarter of 1997.

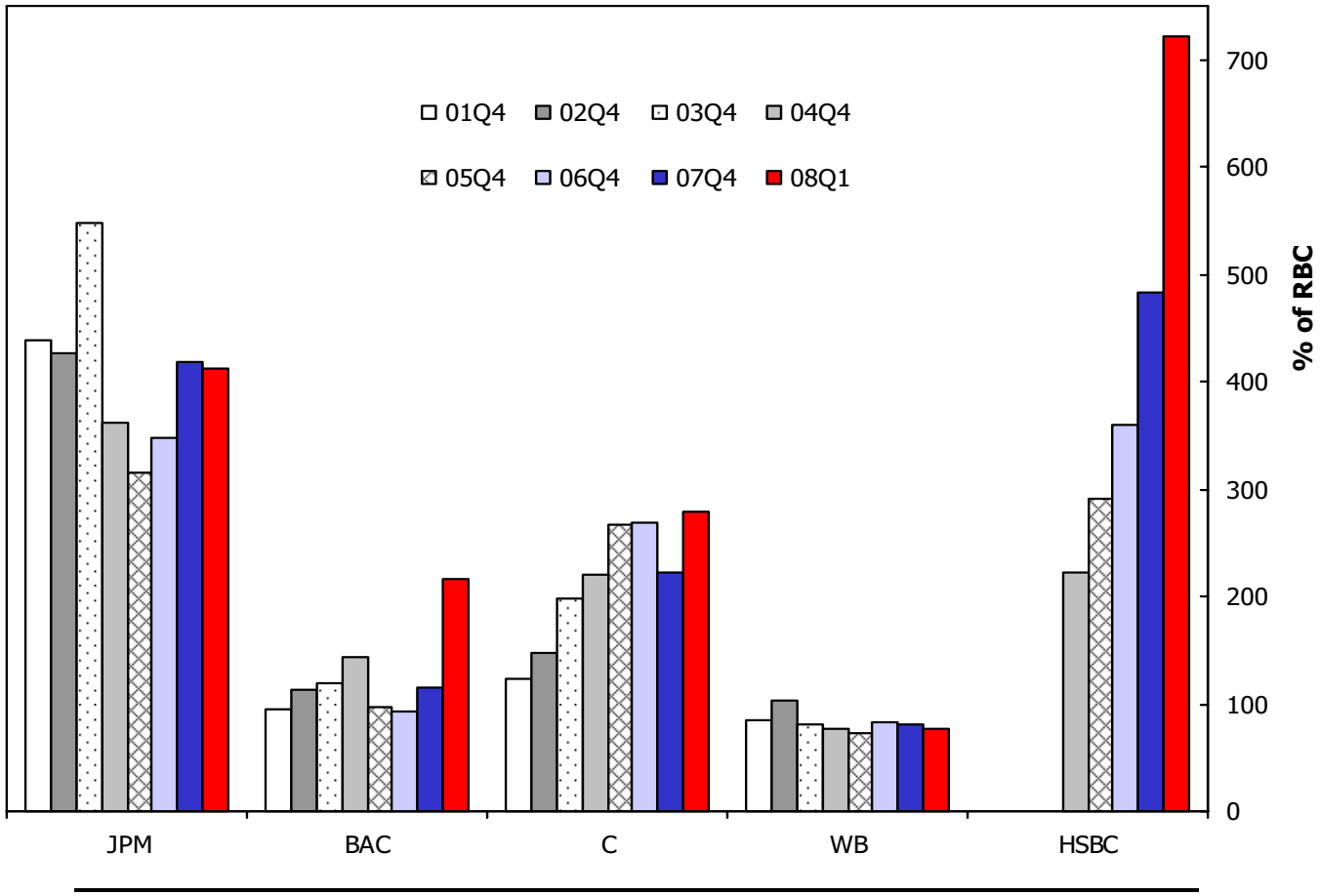
Data Source: Call Reports

Percentage of Total Credit Exposure to Risk Based Capital

Graph 5A

Top 5 Commercial Banks by Derivatives Holdings

Year-ends 2001 - 2007, Quarterly - 2008



Total Credit Exposure to Risk Based Capital (%)

	01Q4	02Q4	03Q4	04Q4	05Q4	06Q4	07Q4	**08Q1**
JPMORGAN CHASE	438.8	427.4	547.8	361.1	315.4	347.5	418.7	**411.6**
BANK OF AMERICA	94.7	114.2	118.6	143.4	97.1	92.9	115.2	**215.4**
CITIBANK	123.3	146.9	198.0	221.3	266.7	268.1	223.0	**279.1**
WACHOVIA	83.9	102.5	80.6	77.6	73.1	82.8	81.4	**77.6**
HSBC				222.7	290.7	359.1	483.3	**721.3**
Avg % (Top 5 Banks)	185.2	197.8	236.3	205.2	208.6	230.1	264.3	**341.0**

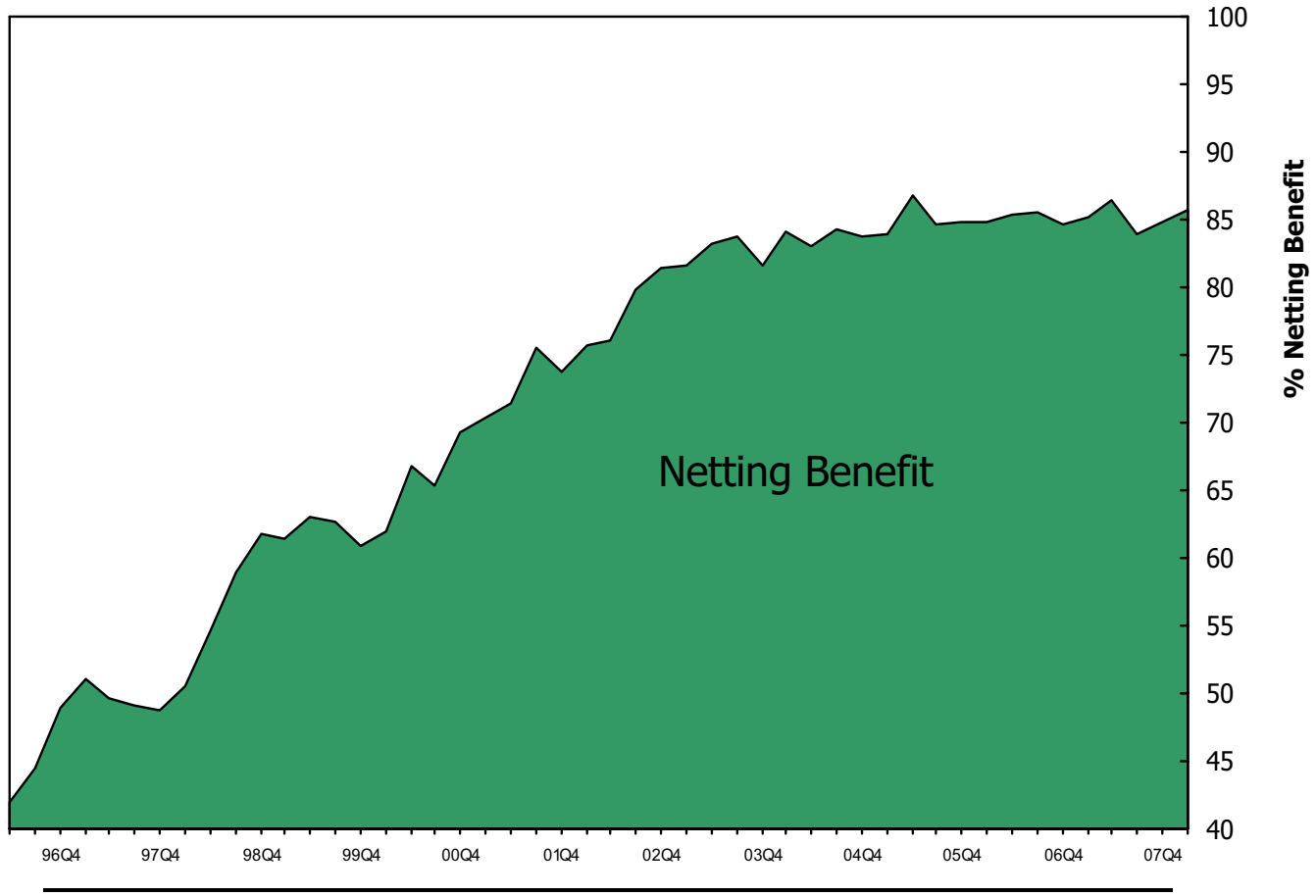
**Merger Treatment:
JPM and BANK ONE merger. First Call Report-04Q1. Prior data JPM in the graph.
WB and First Union merger. First Call Report-02Q2. Prior quarters represent First Union data in the graph.

Data Source: Call Reports

Netting Benefit: Amount of Gross Exposure Eliminated Through Bilateral Netting

All Commercial Banks with Derivatives

1996 Q2 - 2008 Q1



Netting Benefit (%)*

96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2	98Q3	98Q4	99Q1	99Q2	99Q3	99Q4	00Q1
42.0	44.5	49.0	51.1	49.6	49.1	48.7	50.6	54.6	58.9	61.7	61.5	62.9	62.7	60.9	62.0

00Q2	00Q3	00Q4	01Q1	01Q2	01Q3	01Q4	02Q1	02Q2	02Q3	02Q4	03Q1	03Q2	03Q3	03Q4	04Q1
66.8	65.4	69.3	70.4	71.5	75.5	73.8	75.7	76.2	79.9	81.5	81.7	83.3	83.8	81.7	84.2

04Q2	04Q3	04Q4	05Q1	05Q2	05Q3	05Q4	06Q1	06Q2	06Q3	06Q4	07Q1	07Q2	07Q3	07Q4	**08Q1**
83.1	84.3	83.7	83.9	86.9	84.7	84.9	84.9	85.4	85.5	84.7	85.2	86.4	83.9	84.8	**85.6**

*Note: The netting benefit is defined as: $ amount of netting benefits/gross positive fair value.

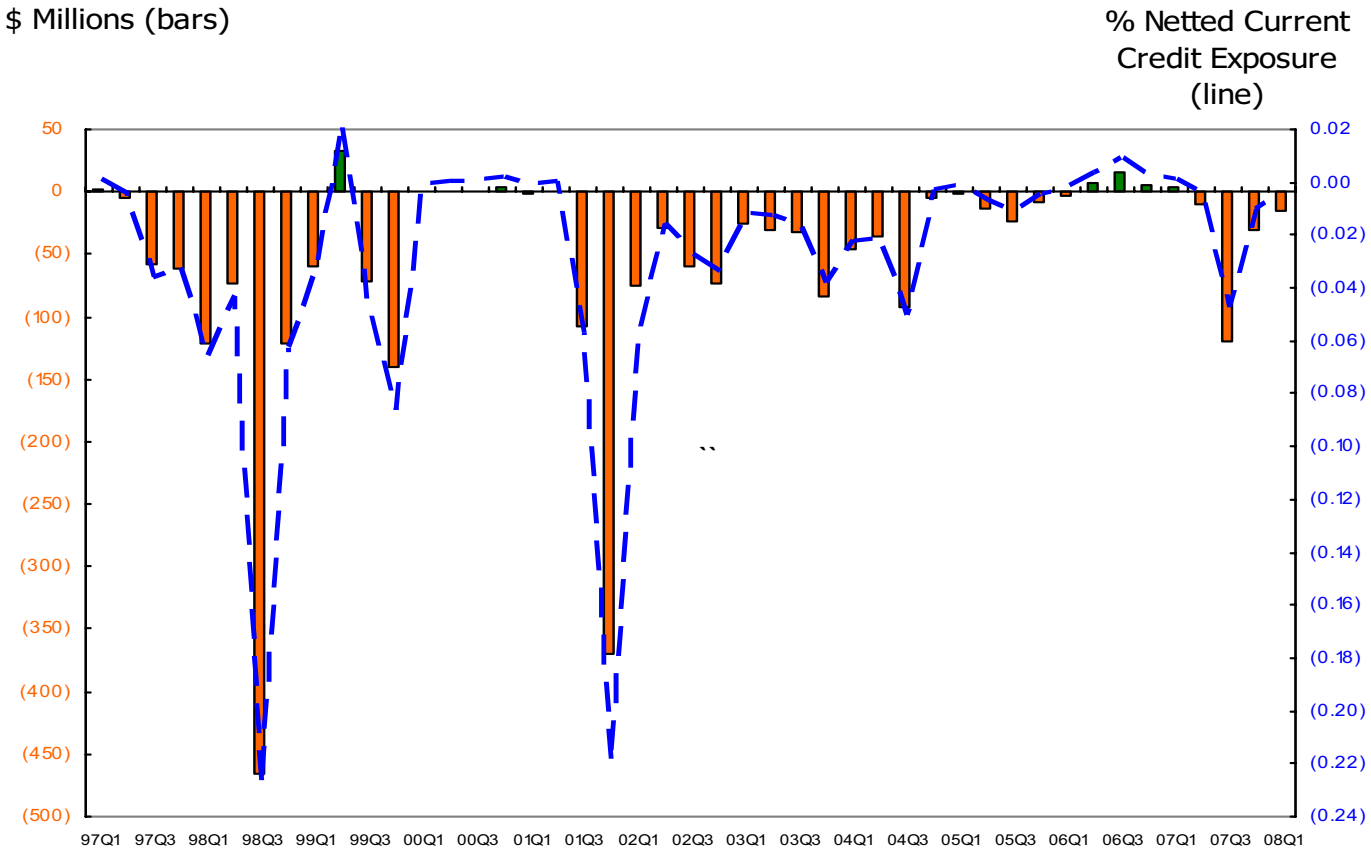
Data Source: Call Reports

Graph 5C

Quarterly (Charge-Offs)/Recoveries From Derivatives

Commercial Banks with Derivatives

1997 Q1 - 2008 Q1



Quarterly (Charge-Offs)/Recoveries From Derivatives ($ Millions)

97Q1	97Q2	97Q3	97Q4	98Q1	98Q2	98Q3	98Q4	99Q1	99Q2	99Q3	99Q4	00Q1	00Q2	00Q3
1.9	(4.5)	(57.2)	(60.6)	(121.3)	(72.9)	(466.4)	(121.2)	(58.9)	33.1	(72.1)	(141.0)	0.0	1.0	1.0

00Q4	01Q1	01Q2	01Q3	01Q4	02Q1	02Q2	02Q3	02Q4	03Q1	03Q2	03Q3	03Q4	04Q1	04Q2
3.0	(2.0)	1.0	(107.3)	(370.0)	(75.8)	(28.2)	(59.0)	(73.7)	(25.3)	(29.9)	(32.3)	(83.7)	(46.7)	(34.9)

04Q3	04Q4	05Q1	05Q2	05Q3	05Q4	06Q1	06Q2	06Q3	06Q4	07Q1	07Q2	07Q3	**07Q4**	**08Q1**
(92.2)	(5.4)	(1.3)	(14.2)	(23.0)	(8.3)	(3.6)	7.0	16.0	5.8	2.9	(9.2)	(119.4)	**(30.7)**	**(14.8)**

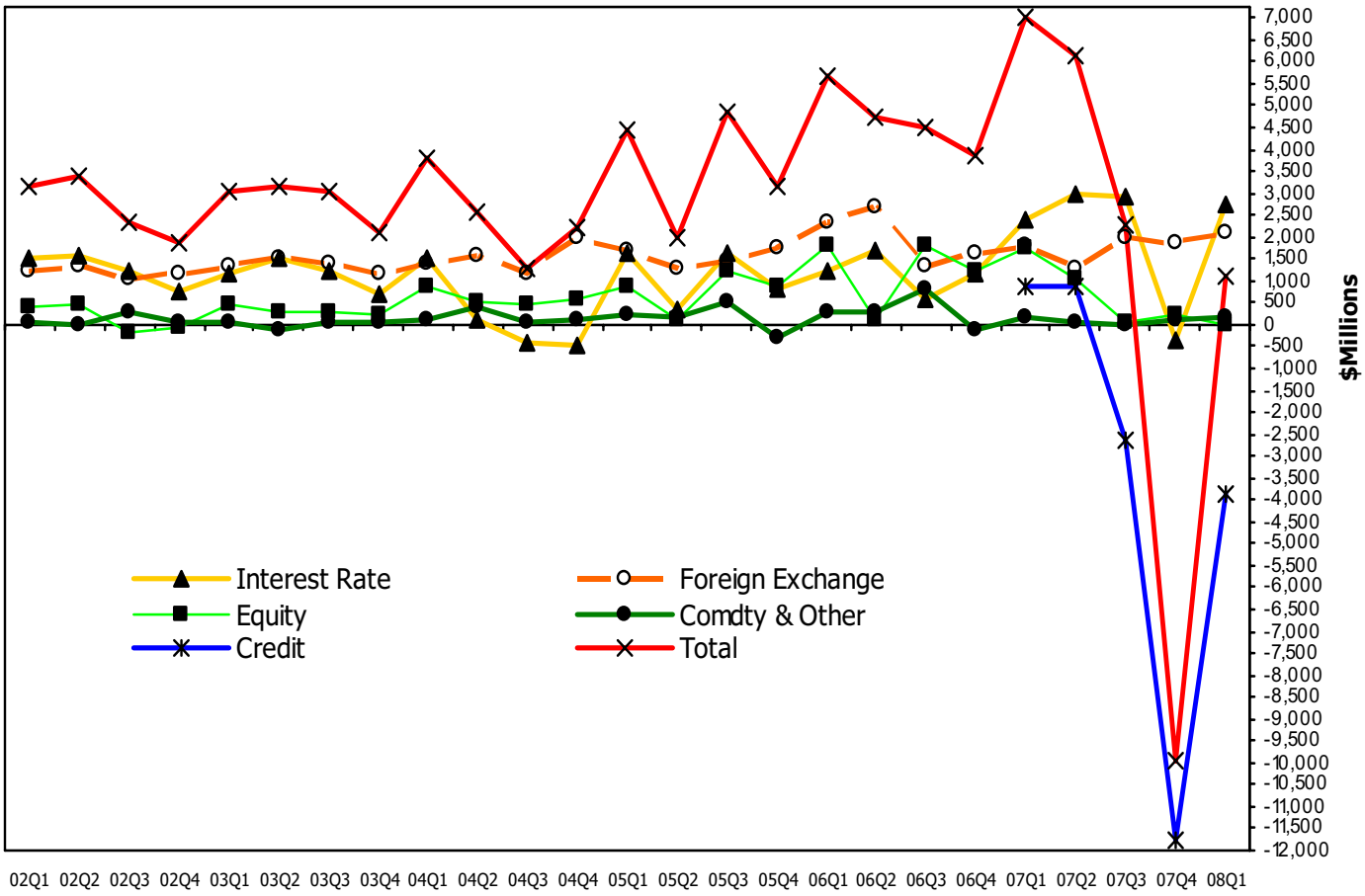
* Note: The figures are for each quarter alone, not year-to-date.

Data Source: Call Reports

Quarterly Trading Revenues
Cash & Derivative Positions

All Commercial Banks

2002 Q1 – 2008 Q1



Cash & Derivative Revenue ($ Millions)*

	02Q1	02Q2	02Q3	02Q4	03Q1	03Q2	03Q3	03Q4	04Q1	04Q2	04Q3	04Q4	05Q1	05Q2	05Q3	05Q4	06Q1	06Q2	06Q3	06Q4	07Q1	07Q2	07Q3	07Q4	**08Q1**
Interest Rate	1,497	1,557	1,228	752	1,147	1,504	1,238	669	1,514	124	(414)	(472)	1,643	362	1,649	813	1,247	1,668	552	1,151	2,413	2,950	2,896	(357)	**2,765**
Foreign Exchange	1,214	1,346	1,031	1,138	1,358	1,488	1,410	1,158	1,371	1,570	1,162	1,982	1,699	1,301	1,454	1,765	2,310	2,675	1,355	1,613	1,831	1,265	2,005	1,873	**2,084**
Equity	407	490	(172)	(64)	485	300	299	257	849	497	485	574	888	131	1,244	845	1,803	103	1,829	1,216	1,735	1,024	27	205	**(15)**
Comdty & Other	24	(26)	278	30	55	(117)	78	40	89	405	24	114	212	166	507	(292)	313	274	789	(111)	175	25	7	88	**170**
Credit																					878	883	(2,655)	(11,780)	**(3,871)**
Total Trading Revenue*	3,141	3,366	2,364	1,856	3,045	3,175	3,025	2,124	3,823	2,596	1,257	2,198	4,441	1,960	4,854	3,130	5,673	4,720	4,525	3,869	7,032	6,146	2,281	(9,970)	**1,132**

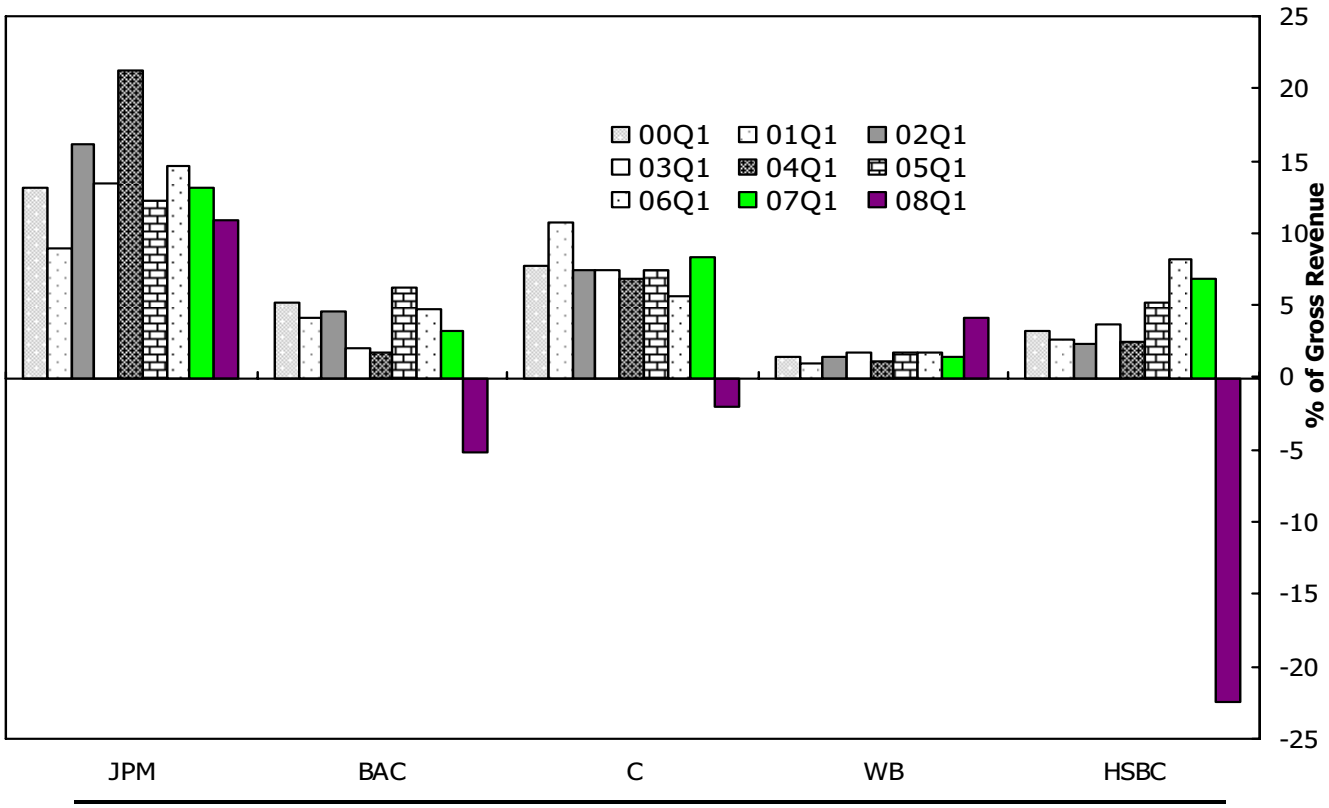
* Note: The trading revenue figures above are for cash and derivative activities. Revenue figures are for each quarter alone, not year-to-date.

Note: Numbers may not add due to rounding.

Data Source: Call Reports

Quarterly Trading Revenue as a Percentage of Gross Revenue
Cash & Derivative Positions

Top 5 Commercial Banks by Derivatives Holdings, Q1, 2000 – 2008



Trading Revenue as a Percentage of Gross Revenue (top banks, ratios in %)*

	00Q1	01Q1	02Q1	03Q1	04Q1	05Q1	06Q1	07Q1	**08Q1**
JPMorgan Chase (JPM)	13.2	9.0	16.2	13.5	21.3	12.2	14.6	13.1	**10.9**
Bank America (BAC)	5.2	4.1	4.6	2.1	1.8	6.2	4.8	3.3	**-5.2**
Citibank (C)	7.7	10.7	7.5	7.5	6.9	7.5	5.7	8.3	**-2.0**
Wachovia (WB)	1.4	1.0	1.4	1.8	1.6	1.7	1.7	1.5	**4.2**
HSBC Bank USA	3.2	2.7	2.3	3.7	9.7	5.2	8.2	6.8	**-22.5**
Total % (Top 5 Banks)			7.9	6.6	8.1	7.7	5.6	7.4	**1.4**
Total % (All Banks)	3.5	3.4	3.1	3.0	3.5	3.6	3.8	4.0	**0.6**

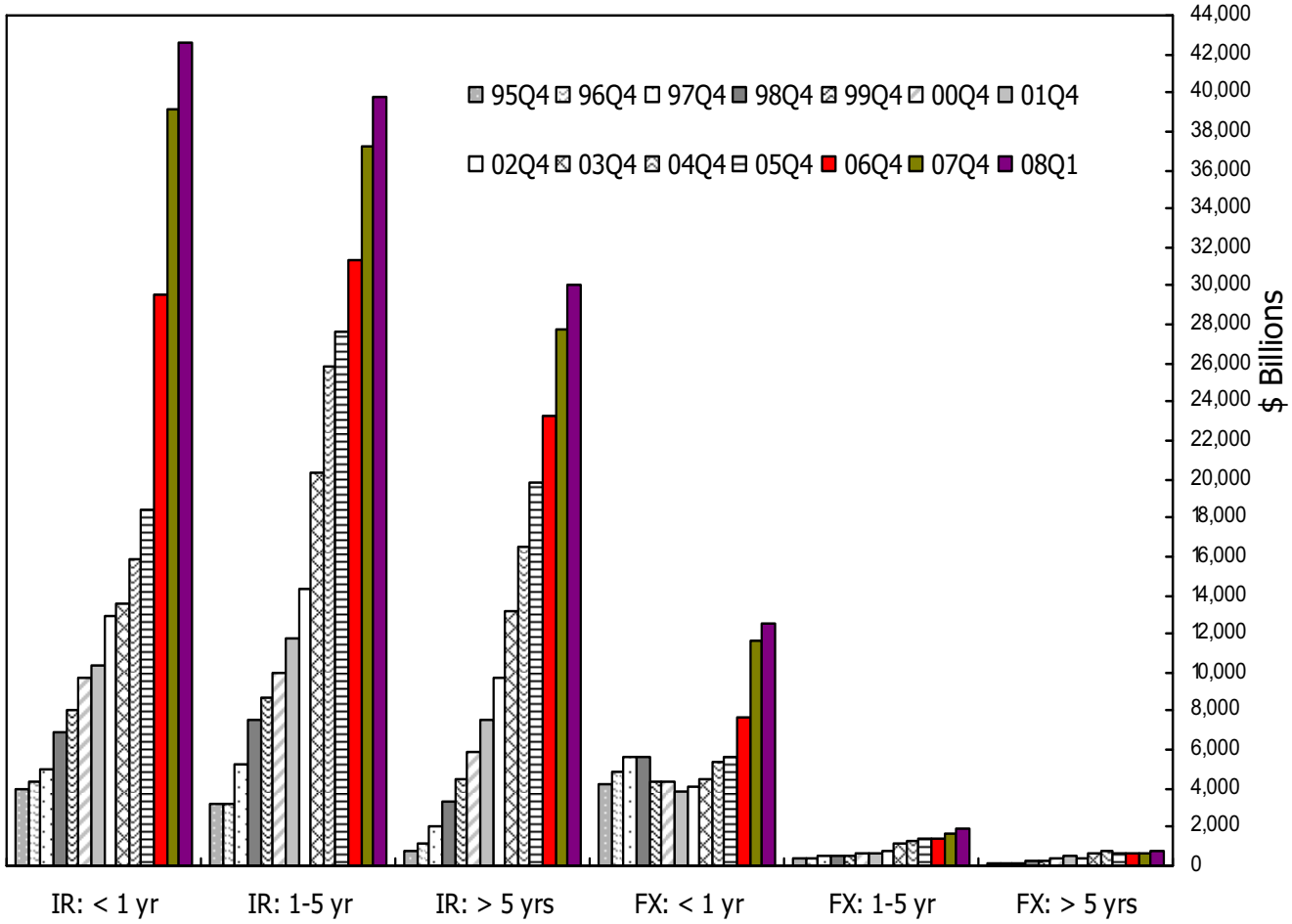
* Note that the trading revenue figures above are for cash and derivative activities. Revenue figures are quarterly, not year-to-date, numbers.
Historical data for total top 5 banks previous to fourth quarter 2001 not calculated due to merger activity.
Merger Treatment see Graph 5A.

Data Source: Call Reports

Notional Amounts of Interest Rate and Foreign Exchange Contracts by Maturity

All Commercial Banks

Year-ends 1995 - 2007, Quarterly - 2008



Notional Amounts: Interest Rate and Foreign Exchange Contracts by Maturity ($ Billions)*

	95Q4	96Q4	97Q4	98Q4	99Q4	00Q4	01Q4	02Q4	03Q4	04Q4	05Q4	06Q4	07Q4	**08Q1**
IR: < 1 yr	3,942	4,339	4,974	6,923	8,072	9,702	10,357	12,972	13,573	15,914	18,482	29,546	39,083	**42,620**
IR: 1-5 yr	3,215	3,223	5,230	7,594	8,730	9,919	11,809	14,327	20,400	25,890	27,677	31,378	37,215	**39,745**
IR: > 5 yrs	775	1,214	2,029	3,376	4,485	5,843	7,523	9,733	13,114	16,489	19,824	23,270	27,720	**30,103**
FX: < 1 yr	4,206	4,826	5,639	5,666	4,395	4,359	3,785	4,040	4,470	5,348	5,681	7,690	11,592	**12,525**
FX: 1-5 yr	324	402	516	473	503	592	661	829	1,114	1,286	1,354	1,416	1,605	**1,925**
FX: > 5 yrs	87	113	151	193	241	345	492	431	577	760	687	593	619	**715**

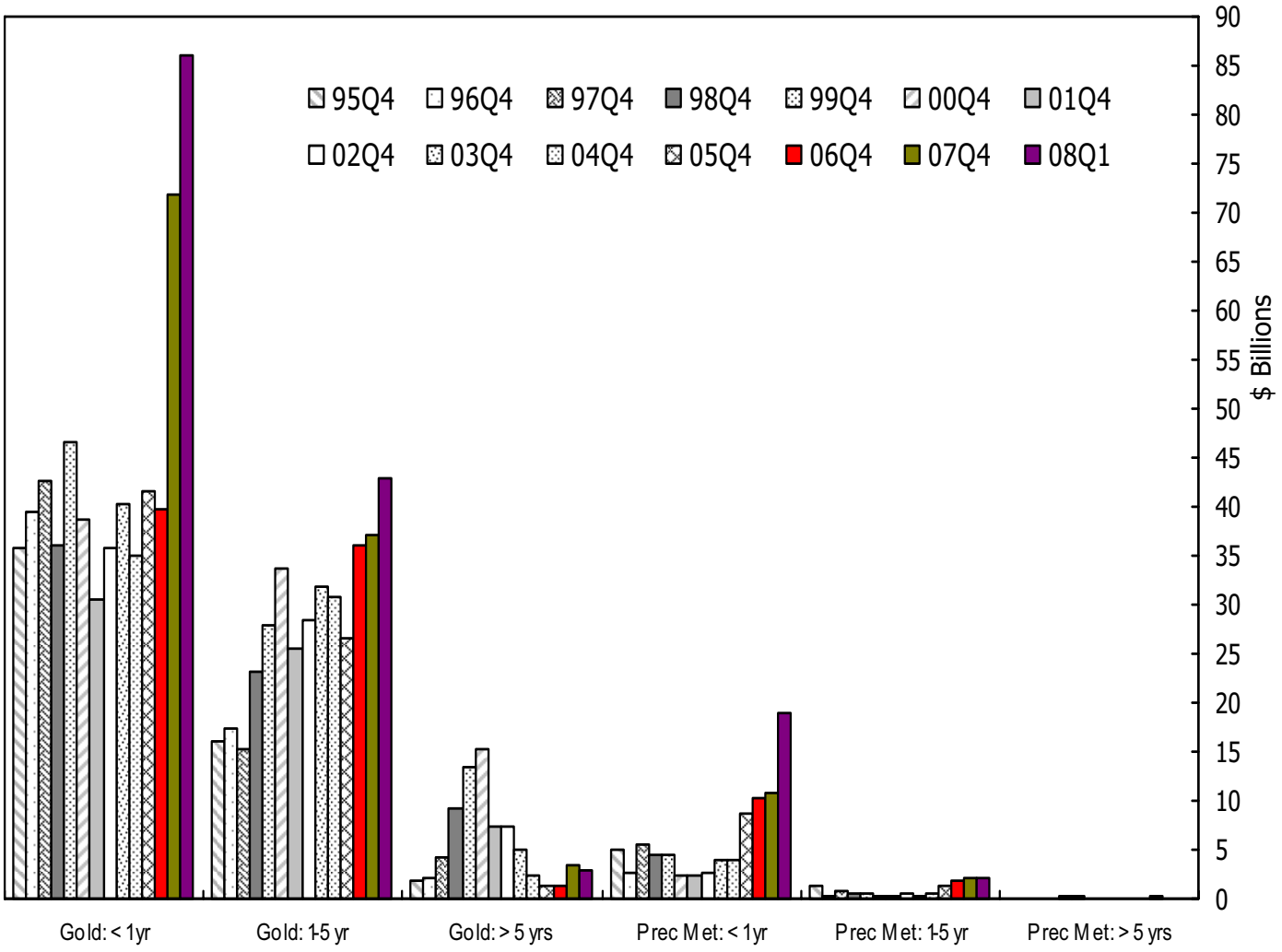
*Note: Figures above exclude foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, basis swaps, and any other contracts not subject to risk-based capital requirements.

Data Source: Call Reports

Notional Amounts of Gold and Precious Metals Contracts by Maturity

All Commercial Banks

Year-ends 1995 - 2007, Quarterly - 2008



Notional Amounts: Gold and Precious Metals Contracts by Maturity ($ Billions)*

	95Q4	96Q4	97Q4	98Q4	99Q4	00Q4	01Q4	02Q4	03Q4	04Q4	05Q4	06Q4	07Q4	**08Q1**
Gold: < 1 yr	36	39	43	36	47	39	31	36	40	35	42	40	72	**86**
Gold: 1-5 yr	16	17	15	23	28	34	26	28	32	31	27	36	37	**43**
Gold: > 5 yrs	2	2	4	9	13	15	7	8	5	2	1	1	3	**3**
Prec Met: < 1 yr	5	3	6	5	4	3	2	3	4	4	9	10	11	**19**
Prec Met: 1-5 yr	1	0	1	1	1	0	0	0	0	1	1	2	2	**2**
Prec Met: > 5 yrs	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**

*Note: Figures above exclude foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, basis swaps, and any other contracts not subject to risk-based capital requirements.

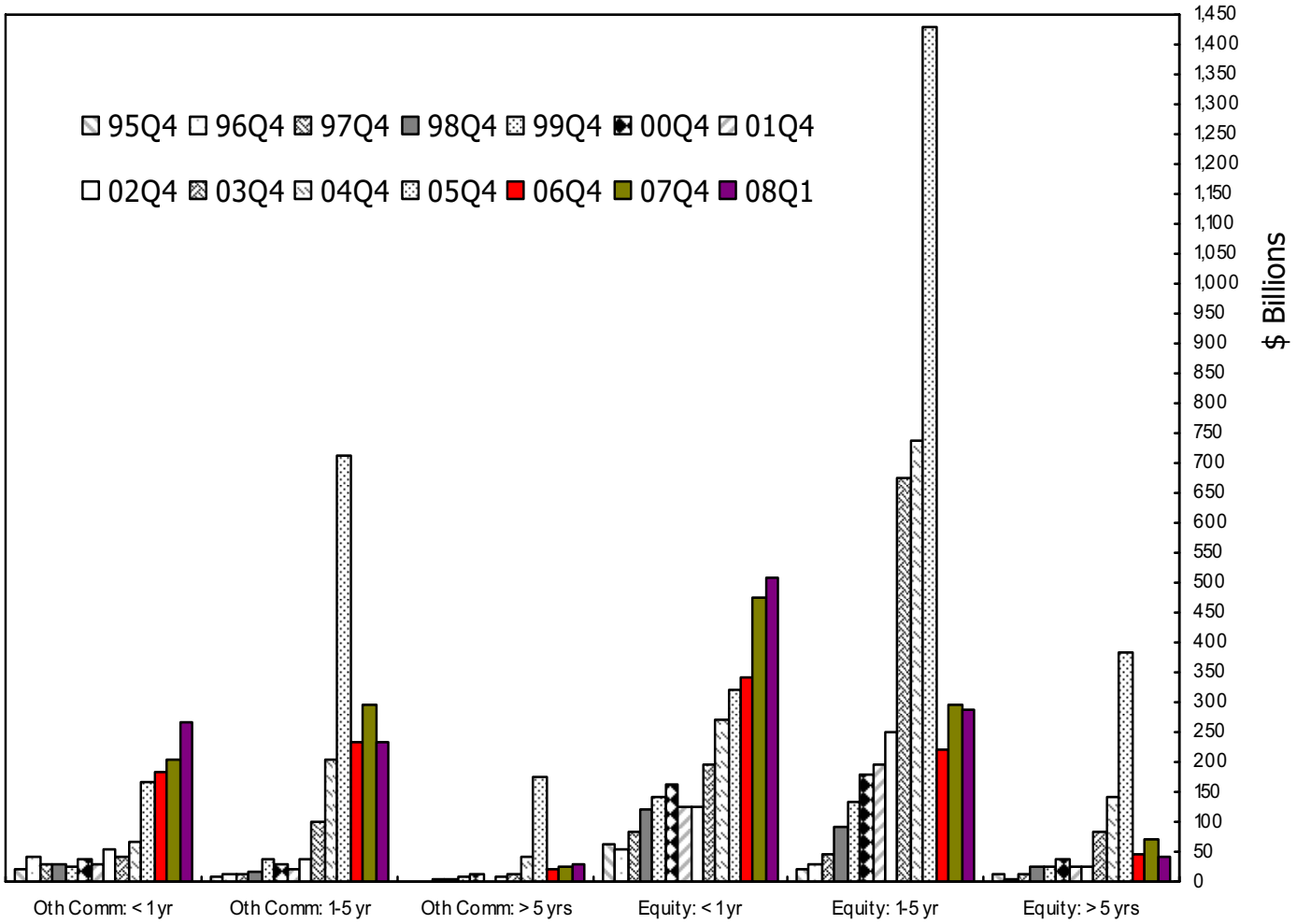
Data Source: Notionals as reported in Schedule RC-R of Call Reports.

Graph 9

Notional Amounts of Commodity and Equity Contracts by Maturity

All Commercial Banks

Year-ends 1995 - 2007, Quarterly - 2008



Notional Amounts: Commodity and Equity Contracts by Maturity ($ Billions)*

	95Q4	96Q4	97Q4	98Q4	99Q4	00Q4	01Q4	02Q4	03Q4	04Q4	05Q4	06Q4	07Q4	**08Q1**
Oth Comm: < 1 yr	22	40	29	30	24	36	28	55	41	68	165	185	205	**265**
Oth Comm: 1-5 yr	9	11	12	18	37	27	23	35	102	206	714	235	298	**233**
Oth Comm: > 5 yrs	0	1	2	4	8	11	2	9	14	40	175	20	23	**31**
Equity: < 1 yr	62	54	84	122	143	162	124	127	197	273	321	341	473	**510**
Equity: 1-5 yr	23	27	47	90	134	180	195	249	674	736	1,428	221	297	**288**
Equity: > 5 yrs	11	6	13	26	25	38	23	25	84	140	383	45	70	**40**

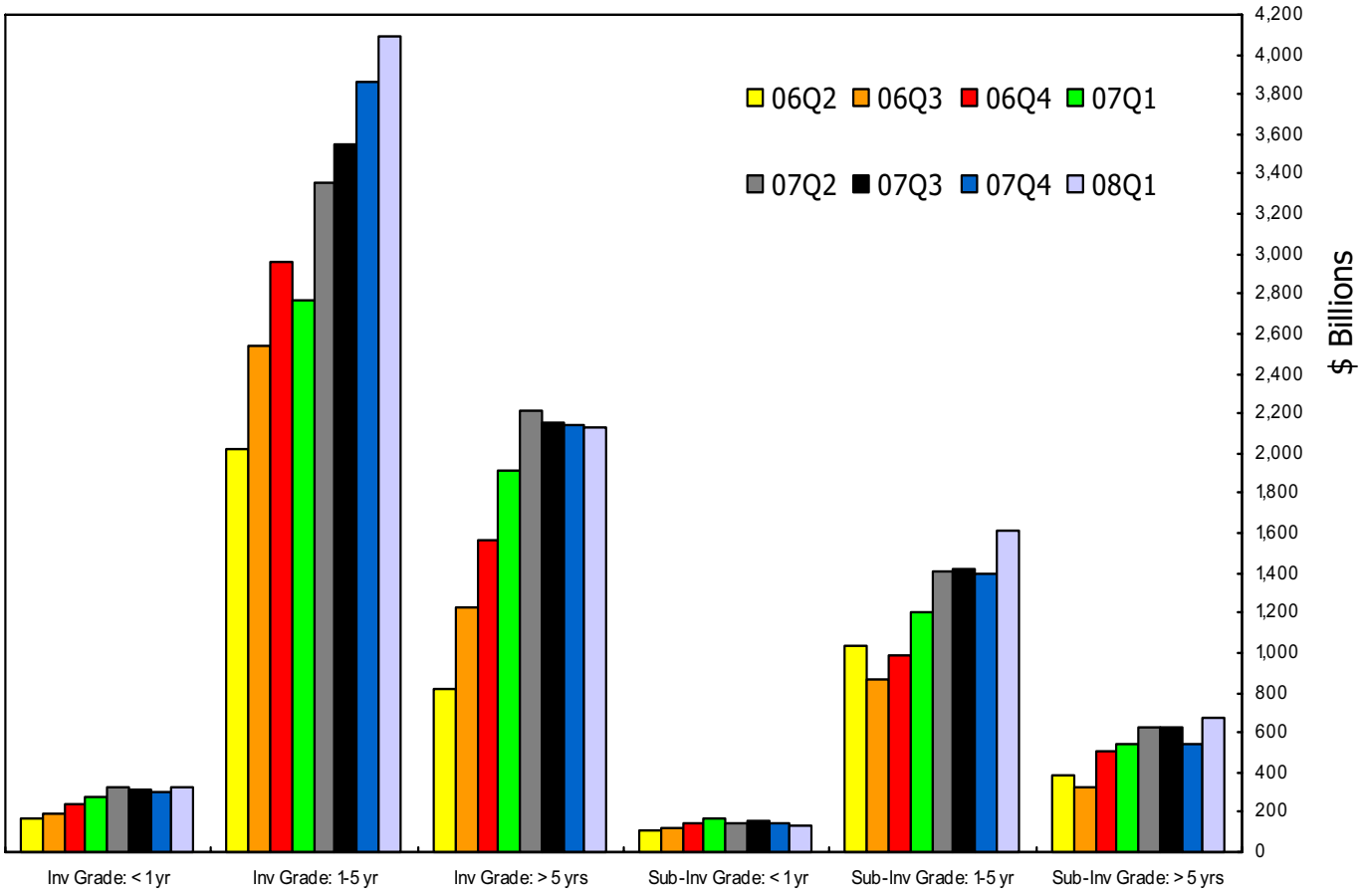
*Note: Figures above exclude foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, basis swaps, and any other contracts not subject to risk-based capital requirements.

Data Source: Notional amounts as reported in Schedule RC-R of Call Reports.

Notional Amounts of Credit Derivative Contracts by Maturity

All Commercial Banks

2006 Q2 – 2008 Q1



Notional Amounts: Credit Derivatives Contracts by Maturity ($ Billions)*

	06Q2	06Q3	06Q4	07Q1	07Q2	07Q3	07Q4	**08Q1**
Investment Grade: < 1 yr	163	193	243	281	328	307	304	**319**
Investment Grade: 1-5 yr	2,023	2,540	2,962	2,768	3,359	3,545	3,860	**4,088**
Investment Grade: > 5 yrs	817	1,224	1,560	1,917	2,210	2,154	2,138	**2,127**
Sub-Investment Grade: < 1 yr	107	117	139	164	144	158	149	**134**
Sub-Investment Grade: 1-5 yr	1,036	869	984	1,201	1,405	1,416	1,400	**1,608**
Sub Investment Grade: > 5 yrs	387	331	506	537	629	621	543	**672**

*Note: Figures above exclude foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, basis swaps, and any other contracts not subject to risk-based capital requirements.

Notional amounts as reported in Schedule RC-R of Call reports. As of March 31, 2006, the Call Report began to include maturity breakouts for credit derivatives.

Data Source: Call Reports

TABLE 1

NOTIONAL AMOUNT OF DERIVATIVE CONTRACTS
TOP 25 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL FUTURES (EXCH TR)	TOTAL OPTIONS (EXCH TR)	TOTAL FORWARDS (OTC)	TOTAL SWAPS (OTC)	TOTAL OPTIONS (OTC)	TOTAL CREDIT DERIVATIVES (OTC)	SPOT FX
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$1,810,507	$2,766,242	$7,391,655	$57,540,634	$12,366,997	$8,121,236	$411,173
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	998,518	662,044	3,656,817	25,898,242	3,625,059	3,098,984	173,250
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	281,809	380,133	4,589,482	21,921,982	7,166,837	3,351,191	426,989
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	261,027	187,465	165,554	3,241,223	575,606	453,900	23,280
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	81,229	11,717	458,017	2,090,701	297,060	1,341,013	71,252
6	WELLS FARGO BANK NA	SD	486,886	1,440,229	194,989	22,708	625,411	442,276	152,757	2,088	19,284
7	BANK OF NEW YORK	NY	128,342	1,058,618	58,477	21,056	264,794	348,624	363,615	2,052	30,614
8	STATE STREET BANK&TRUST CO	MA	147,472	904,593	1,339	1,786	817,261	17,888	66,082	238	34,388
9	PNC BANK NATIONAL ASSN	PA	128,623	248,705	28,073	32,788	6,193	135,477	40,380	5,793	1,037
10	SUNTRUST BANK	GA	174,716	241,369	45,716	8,720	24,241	124,495	36,040	2,158	1,493
11	MELLON BANK NATIONAL ASSN	PA	41,727	192,105	10,690	817	150,209	28,737	1,652	0	23,834
12	NORTHERN TRUST CO	IL	67,962	164,605	0	0	153,413	10,359	570	264	17,860
13	NATIONAL CITY BANK	OH	152,519	158,612	28,983	1,200	33,708	36,975	55,496	2,250	493
14	KEYBANK NATIONAL ASSN	OH	97,979	134,344	23,958	1,005	12,491	81,744	6,552	8,594	972
15	U S BANK NATIONAL ASSN	OH	237,269	99,610	3,311	12,000	23,685	49,122	9,836	1,656	690
16	REGIONS BANK	AL	139,766	69,741	8,740	4,000	1,420	52,491	2,867	222	7
17	BRANCH BANKING&TRUST CO	NC	131,916	61,752	7,091	0	9,646	36,578	8,090	348	23
18	FIFTH THIRD BANK	OH	64,564	55,993	33	0	9,129	36,093	10,483	255	922
19	RBS CITIZENS NATIONAL ASSN	RI	130,820	54,602	0	0	4,408	49,074	868	252	244
20	MERRILL LYNCH BANK USA	UT	63,003	46,761	11,650	0	1,522	24,000	342	9,248	0
21	FIRST TENNESSEE BANK NA	TN	37,064	37,901	240	0	18,630	12,956	6,076	0	1
22	LASALLE BANK NATIONAL ASSN	IL	71,098	36,884	0	0	227	24,320	10,068	2,269	0
23	UNION BANK OF CALIFORNIA NA	CA	57,413	32,063	0	0	4,082	17,546	10,435	0	980
24	UBS BANK USA	UT	27,989	31,177	0	0	0	31,177	0	0	0
25	DEUTSCHE BANK TR CO AMERICAS	NY	38,216	30,693	0	0	355	24,348	1,412	4,578	0
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$7,335,274	$179,893,240	$3,856,379	$4,113,680	$18,422,349	$112,277,063	$24,815,180	$16,408,588	$1,238,786
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			2,683,819	450,976	8,017	2,917	74,035	276,266	56,915	32,826	1,909
TOTAL COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	180,344,216	3,864,396	4,116,597	18,496,385	112,553,329	24,872,094	16,441,414	1,240,695

Note: Credit derivatives have been included in the sum of total derivatives. Credit derivatives have been included as an "over the counter" category, although the Call Report does not differentiate by market currently.
Note: Before the first quarter of 1995 total derivatives included spot foreign exchange. Beginning in the first quarter, 1995, spot foreign exchange was reported separately.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-L

TABLE 2

NOTIONAL AMOUNT OF DERIVATIVE CONTRACTS
TOP 25 HOLDING COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	HOLDING COMPANY	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	FUTURES (EXCH TR)	OPTIONS (EXCH TR)	FORWARDS (OTC)	SWAPS (OTC)	OPTIONS (OTC)	CREDIT DERIVATIVES (OTC)	SPOT FX
1	JPMORGAN CHASE & CO.	NY	$1,642,862	$89,831,343	$1,915,199	$2,820,284	$7,398,869	$57,119,637	$12,352,809	$8,224,545	$411,173
2	CITIGROUP INC.	NY	2,199,848	41,310,119	696,237	3,570,002	4,927,299	20,853,726	7,354,914	3,907,941	375,989
3	BANK OF AMERICA CORPORATION	NC	1,743,478	38,956,532	1,080,438	795,404	4,545,133	25,820,440	3,628,820	3,086,298	172,826
4	WACHOVIA CORPORATION	NC	808,575	4,871,992	261,788	188,988	171,226	3,198,911	580,824	470,255	23,280
5	HSBC NORTH AMERICA HOLDINGS INC.	IL	493,011	4,247,881	86,844	12,717	486,336	2,017,426	304,542	1,340,016	73,528
6	TAUNUS CORPORATION	NY	750,323	1,436,203	134,948	234,787	744,414	282,673	16,685	22,696	110
7	WELLS FARGO & COMPANY	CA	595,221	1,425,976	198,418	23,513	625,483	429,840	145,740	2,982	19,284
8	BANK OF NEW YORK MELLON CORPORATION, THE	NY	205,151	1,208,593	69,168	21,874	382,673	367,885	364,941	2,052	48,580
9	STATE STREET CORPORATION	MA	154,479	904,043	1,339	1,786	817,261	17,338	66,082	238	34,388
10	PNC FINANCIAL SERVICES GROUP, INC., THE	PA	140,026	244,832	28,200	33,021	6,631	131,232	40,140	5,607	1,037
11	SUNTRUST BANKS, INC.	GA	178,987	241,768	45,716	8,720	24,241	123,894	37,040	2,158	1,493
12	METLIFE, INC.	NY	557,132	177,547	9,149	0	17,774	64,627	82,827	3,169	0
13	NORTHERN TRUST CORPORATION	IL	77,480	164,582	1	0	153,413	10,336	570	264	17,860
14	NATIONAL CITY CORPORATION	OH	155,047	155,971	28,983	1,200	33,708	34,334	55,496	2,250	493
15	KEYCORP	OH	101,596	139,754	24,358	2,010	12,491	84,698	7,602	8,594	972
16	BARCLAYS GROUP US INC.	DE	485,626	118,310	5,227	0	60,427	23,397	25,345	3,914	0
17	U.S. BANCORP	MN	241,781	103,369	3,311	12,000	23,685	52,881	9,836	1,656	690
18	REGIONS FINANCIAL CORPORATION	AL	144,251	71,231	8,740	4,000	1,420	53,621	3,227	222	7
19	CITIZENS FINANCIAL GROUP, INC.	RI	161,759	67,130	0	0	4,408	61,172	1,291	259	244
20	FIFTH THIRD BANCORP	OH	111,396	60,124	33	0	9,129	38,998	11,188	776	922
21	BB&T CORPORATION	NC	136,417	58,113	7,096	0	9,646	32,928	8,097	348	23
22	CAPITAL ONE FINANCIAL CORPORATION	VA	150,609	40,326	0	0	1,021	39,306	0	0	1
23	FIRST HORIZON NATIONAL CORPORATION	TN	37,269	38,301	240	0	18,630	13,356	6,076	0	1
24	UNIONBANCAL CORPORATION	CA	57,933	31,663	0	0	4,082	17,146	10,435	0	980
25	TD BANKNORTH INC.	ME	118,171	27,943	0	0	12,111	11,216	4,541	74	18
TOP 25 HOLDING COMPANIES WITH DERIVATIVES			$11,448,430	$185,933,647	$4,605,431	$7,730,306	$20,491,511	$110,901,017	$25,119,068	$17,086,314	$1,183,898

Note: Currently, the Y-9 report does not differentiate credit derivatives by contract type. Credit derivatives have been included in the sum of total derivatives.
Note: Prior to the first quarter of 2005, total derivatives included spot foreign exchange. Beginning in that quarter, spot foreign exchange has been reported separately.
Note: Numbers may not add due to rounding.
Data source: Consolidated Financial Statements for Bank Holding Companies, FR Y- 9, schedule HC-L

TABLE 3

DISTRIBUTION OF DERIVATIVE CONTRACTS
TOP 25 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	PERCENT EXCH TRADED CONTRACTS	PERCENT OTC CONTRACTS	PERCENT INT RATE CONTRACTS	PERCENT FOREIGN EXCH CONTRACTS	PERCENT OTHER CONTRACTS	PERCENT CREDIT DERIVATIVES
					(%)	(%)	(%)	(%)	(%)	(%)
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	5.1	94.9	79.6	8.7	2.7	9.0
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	4.4	95.6	83.2	7.4	1.2	8.2
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	1.8	98.2	75.9	14.3	0.8	8.9
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	9.2	90.8	83.4	4.8	2.5	9.3
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	2.2	97.8	49.9	16.5	2.2	31.3
6	WELLS FARGO BANK NA	SD	486,886	1,440,229	15.1	84.9	94.2	3.4	2.3	0.1
7	BANK OF NEW YORK	NY	128,342	1,058,618	7.5	92.5	82.4	16.4	1.0	0.2
8	STATE STREET BANK&TRUST CO	MA	147,472	904,593	0.3	99.7	3.1	96.9	0.0	0.0
9	PNC BANK NATIONAL ASSN	PA	128,623	248,705	24.5	75.5	85.4	11.7	0.5	2.3
10	SUNTRUST BANK	GA	174,716	241,369	22.6	77.4	90.8	3.6	4.7	0.9
11	MELLON BANK NATIONAL ASSN	PA	41,727	192,105	6.0	94.0	20.9	77.7	1.4	0.0
12	NORTHERN TRUST CO	IL	67,962	164,605	0.0	100.0	4.6	95.2	0.0	0.2
13	NATIONAL CITY BANK	OH	152,519	158,612	19.0	81.0	96.3	2.2	0.0	1.4
14	KEYBANK NATIONAL ASSN	OH	97,979	134,344	18.6	81.4	81.4	11.7	0.4	6.4
15	U S BANK NATIONAL ASSN	OH	237,269	99,610	15.4	84.6	87.1	11.1	0.1	1.7
16	REGIONS BANK	AL	139,766	69,741	18.3	81.7	99.1	0.6	0.0	0.3
17	BRANCH BANKING&TRUST CO	NC	131,916	61,752	11.5	88.5	99.1	0.3	0.0	0.6
18	FIFTH THIRD BANK	OH	64,564	55,993	0.1	99.9	68.3	30.4	0.8	0.5
19	RBS CITIZENS NATIONAL ASSN	RI	130,820	54,602	0.0	100.0	92.0	7.5	0.0	0.5
20	MERRILL LYNCH BANK USA	UT	63,003	46,761	24.9	75.1	73.7	3.3	3.3	19.8
21	FIRST TENNESSEE BANK NA	TN	37,064	37,901	0.6	99.4	100.0	0.0	0.0	0.0
22	LASALLE BANK NATIONAL ASSN	IL	71,098	36,884	0.0	100.0	92.5	0.6	0.7	6.2
23	UNION BANK OF CALIFORNIA NA	CA	57,413	32,063	0.0	100.0	72.9	13.9	13.3	0.0
24	UBS BANK USA	UT	27,989	31,177	0.0	100.0	100.0	0.0	0.0	0.0
25	DEUTSCHE BANK TR CO AMERICAS	NY	38,216	30,693	0.0	100.0	50.9	7.4	26.8	14.9
	TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES		$7,335,274	$179,893,240	$7,970,059	$171,923,180	$141,494,953	$18,466,451	$3,523,248	$16,408,588
	OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES		2,683,819	450,976	10,934	440,042	369,802	30,984	17,364	32,826
	TOTAL FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES		10,019,092	180,344,216	7,980,994	172,363,222	141,864,755	18,497,435	3,540,612	16,441,414
				(%)	(%)	(%)	(%)	(%)	(%)	(%)
	TOP 25 COMMERCIAL BANKS & TC: % OF TOTAL COMMERCIAL BKS &TCs WITH DERIVATIVES			99.7	4.4	95.3	78.5	10.2	2.0	9.1
	OTHER COMMERCIAL BANKS & TCs: % OF TOTAL COMMERCIAL BKs & TCs WITH DERIVATIVES			0.3	0.0	0.2	0.2	0.0	0.0	0.0
	TOTAL FOR COMMERCIAL BANKs & TCs: % OF TOTAL COMMERCIAL BANKs & TCs WITH DERIVATIVES			100.0	4.4	95.6	78.7	10.3	2.0	9.1

Note: Currently, the Call Report does not differentiate credit derivatives by over the counter or exchange traded. Credit derivatives have been included in the "over the counter" category as well as in the sum of total derivatives here.
Note: "Foreign Exchange" does not include spot fx.
Note: "Other" is defined as the sum of commodity and equity contracts.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-L

TABLE 4

CREDIT EQUIVALENT EXPOSURES
TOP 25 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	BILATERALLY NETTED CURRENT CREDIT EXPOSURE	POTENTIAL FUTURE EXPOSURE	TOTAL CREDIT EXPOSURE FROM ALL CONTRACTS*	TOTAL CREDIT EXPOSURE TO CAPITAL RATIO
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$128,697	$351,805	$480,502	411.6
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	59,147	163,194	222,341	215.4
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	123,111	215,207	338,318	279.1
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	29,435	19,355	48,790	77.6
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	52,844	63,712	116,556	721.3
6	WELLS FARGO BANK NA	SD	486,886	1,440,229	18,877	7,192	26,069	59.1
7	BANK OF NEW YORK	NY	128,342	1,058,618	6,684	5,030	11,714	122.2
8	STATE STREET BANK&TRUST CO	MA	147,472	904,593	8,806	7,299	16,105	187.4
9	PNC BANK NATIONAL ASSN	PA	128,623	248,705	3,941	1,685	5,626	49.1
10	SUNTRUST BANK	GA	174,716	241,369	5,378	1,417	6,795	38.8
11	MELLON BANK NATIONAL ASSN	PA	41,727	192,105	2,148	1,143	3,290	92.3
12	NORTHERN TRUST CO	IL	67,962	164,605	2,854	1,916	4,770	107.2
13	NATIONAL CITY BANK	OH	152,519	158,612	1,732	413	2,145	14.8
14	KEYBANK NATIONAL ASSN	OH	97,979	134,344	3,194	1,552	4,746	40.2
15	U S BANK NATIONAL ASSN	OH	237,269	99,610	1,594	33	1,626	7.3
16	REGIONS BANK	AL	139,766	69,741	1,318	461	1,779	13.7
17	BRANCH BANKING&TRUST CO	NC	131,916	61,752	811	294	1,104	10.2
18	FIFTH THIRD BANK	OH	64,564	55,993	1,424	479	1,903	29.8
19	RBS CITIZENS NATIONAL ASSN	RI	130,820	54,602	733	420	1,153	11.9
20	MERRILL LYNCH BANK USA	UT	63,003	46,761	122	313	435	5.9
21	FIRST TENNESSEE BANK NA	TN	37,064	37,901	696	134	830	24.3
22	LASALLE BANK NATIONAL ASSN	IL	71,098	36,884	640	171	812	11.2
23	UNION BANK OF CALIFORNIA NA	CA	57,413	32,063	805	556	1,361	23.5
24	UBS BANK USA	UT	27,989	31,177	341	31	372	19.4
25	DEUTSCHE BANK TR CO AMERICAS	NY	38,216	30,693	797	994	1,791	21.0
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$7,335,274	$179,893,240	$456,129	$844,806	$1,300,934	103.8
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			2,683,819	450,976	8,469	4,010	12,479	1.3
TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	180,344,216	464,598	848,815	1,313,413	3.9

*Total credit exposure is the sum of bilaterally netted current credit exposure and potential future exposure.

Commercial banks also hold on-balance sheet assets in volumes that are multiples of bank capital. For example:

EXPOSURES FROM OTHER ASSETS ALL COMMERCIAL BANKS	EXPOSURE TO RISK BASED CAPITAL
1-4 FAMILY MORTGAGES	186%
C&I LOANS	131%
SECURITIES NOT IN TRADING ACCOUNT	149%

Note: Total credit exposure is defined as the credit equivalent amount from derivative contracts (RC-R line 54) or the sum of Net Current Credit Exposure and PFE.
Note: The total credit exposure to capital ratio is calculated using risk based capital (tier one plus tier two capital).
Note: Currently, the Call Report does not differentiate credit derivatives by contract type. Credit derivatives have been included in the sum of total derivatives here.
Note: Numbers may not add due to rounding.
Data source: Call Reports, Schedule RC-R.

TABLE 5

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS HELD FOR TRADING
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL HELD FOR TRADING & MTM	% HELD FOR TRADING & MTM	TOTAL NOT FOR TRADING MTM	% NOT FOR TRADING MTM
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$81,876,035	$81,856,523	100.0	$19,512	0.0
2	BANK OF AMERICA NA	NC	1,355,154	34,840,681	34,603,779	99.3	236,902	0.7
3	CITIBANK NATIONAL ASSN	NV	1,292,503	34,340,243	33,477,366	97.5	862,877	2.5
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,430,875	4,320,317	97.5	110,558	2.5
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	2,938,723	2,923,569	99.5	15,155	0.5
TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES			**$4,909,930**	**$158,426,557**	**$157,181,553**	**99.2**	**$1,245,004**	**0.8**
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			5,109,163	5,476,245	3,925,139	71.7	1,551,106	28.3
TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			**10,019,092**	**163,902,802**	**161,106,692**	**98.3**	**2,796,110**	**1.7**

Note: Currently, the Call Report does not differentiate between traded and not-traded credit derivatives. Credit derivatives have been excluded from the sum of total derivatives here.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-L

TABLE 6

GROSS FAIR VALUES OF DERIVATIVE CONTRACTS
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

					TRADING		NOT FOR TRADING		CREDIT DERIVATIVES	
RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	GROSS POSITIVE FAIR VALUE*	GROSS NEGATIVE FAIR VALUE**	GROSS POSITIVE FAIR VALUE*	GROSS NEGATIVE FAIR VALUE**	GROSS POSITIVE FAIR VALUE*	GROSS NEGATIVE FAIR VALUE**
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$1,120,914	$1,087,220	$827	$273	$243,348	$236,287
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	684,343	673,288	1,550	2,018	106,697	99,219
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	591,143	574,856	3,714	5,030	140,456	130,864
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	112,425	110,855	3,748	2,315	20,348	19,171
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	76,042	75,685	406	142	42,619	43,010
TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$4,909,930	$174,792,882	$2,584,867	$2,521,905	$10,245	$9,778	$553,468	$528,551
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			5,109,163	5,551,334	65,877	62,967	20,084	13,118	2,540	467
TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	180,344,216	2,650,743	2,584,872	30,329	22,896	556,008	529,018

Note: Currently, the Call Report does not differentiate between traded and non-traded credit derivatives. Credit derivatives have been included in the sum of total derivatives here.
*Market value of contracts that have a positive fair value as of the end of the quarter.
**Market value of contracts that have a negative fair value as of the end of the quarter.
Note: Numbers may not sum due to rounding.
Data source: Call Reports, schedule RC-L

TABLE 7

TRADING REVENUES FROM CASH INSTRUMENTS AND DERIVATIVES
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: REVENUE FIGURES ARE FOR THE QUARTER (NOT YEAR-TO-DATE)
DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL TRADING REV FROM CASH & OFF BAL SHEET POSITIONS	TRADING REV FROM INT RATE POSITIONS	TRADING REV FROM FOREIGN EXCH POSITIONS	TRADING REV FROM EQUITY POSITIONS	TRADING REV FROM COMMOD & OTH POSITIONS	TRADING REV FROM CREDIT POSITIONS
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$2,473	$2,303	$193	($101)	$255	($177)
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	(988)	58	318	(114)	(187)	(1,062)
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	(380)	677	364	61	78	(1,560)
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	444	610	46	58	(68)	(202)
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	(500)	(608)	409	59	71	(430)
TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$4,909,930	$174,792,882	$1,050	$3,040	$1,330	($37)	$149	($3,432)
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			5,109,163	5,551,334	82	(275)	754	22	21	(439)
TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	180,344,216	1,132	2,765	2,084	(15)	170	(3,871)

Note: Effective in the first quarter of 2007, trading revenues from credit exposures are reported separately, along with the four other types of exposures. The total derivatives column includes credit exposure
Note: Trading revenue is defined here as "trading revenue from cash instruments and off balance sheet derivative instruments.
Note: Numbers may not sum due to rounding.
Data source: Call Reports, schedule RI.

TABLE 8

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS BY CONTRACT TYPE & MATURITY
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	INT RATE MATURITY < 1 YR	INT RATE MATURITY 1 - 5 YRS	INT RATE MATURITY > 5 YRS	INT RATE ALL MATURITIES	FOREIGN EXCH MATURITY < 1 YR	FOREIGN EXCH MATURITY 1 - 5 YRS	FOREIGN EXCH MATURITY > 5 YRS	FOREIGN EXCH ALL MATURITIES
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$24,757,969	$20,974,280	$16,420,179	$62,152,428	$5,138,911	$826,279	$223,968	$6,189,158
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	6,167,931	7,413,762	5,555,056	19,136,749	1,883,601	366,873	179,484	2,429,958
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	9,613,789	8,619,869	6,417,181	24,650,839	3,772,916	535,876	211,701	4,520,493
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	359,038	786,966	549,094	1,695,098	128,914	16,168	7,992	153,074
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	438,523	901,223	561,026	1,900,772	418,156	116,783	74,901	609,840
	TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES		$4,909,930	$174,792,882	$41,337,251	$38,696,099	$29,502,536	$109,535,886	$11,342,498	$1,861,979	$698,046	$13,902,523
	OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES		5,109,163	5,551,334	1,282,258	1,048,544	600,908	2,931,710	1,182,089	62,860	16,661	1,261,610
	TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES		10,019,092	180,344,216	42,619,508	39,744,644	30,103,444	112,467,595	12,524,587	1,924,840	714,707	15,164,134

Note: Figures above exclude any contracts not subject to risk-based capital requirements, such as foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, and basis swaps.
Therefore, the total notional amount of derivatives by maturity will not add to the total derivatives figure in this table.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-R

TABLE 9

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS BY CONTRACT TYPE & MATURITY
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	GOLD MATURITY < 1 YR	GOLD MATURITY 1 - 5 YRS	GOLD MATURITY > 5 YRS	GOLD ALL MATURITIES	PREC METALS MATURITY < 1 YR	PREC METALS MATURITY 1 - 5 YRS	PREC METALS MATURITY > 5 YRS	PREC METALS ALL MATURITIES
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$54,713	$37,879	$2,638	$95,230	$11,272	$1,187	$5	$12,464
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	1,169	396	-	1,565	210	40	-	250
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	3,577	1,453	97	5,127	715	54	0	769
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	0	0	0	0	0	0	0	0
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	25,845	3,270	-	29,115	6,528	626	-	7,154
TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$4,909,930	$174,792,882	$85,303	$42,998	$2,735	$131,037	$18,725	$1,907	$5	$20,637
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			5,109,163	5,551,334	366	0	0	366	0	0	0	0
TOTAL FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	180,344,216	85,669	42,998	2,735	131,402	18,725	1,907	5	20,637

Note: Figures above exclude any contracts not subject to risk-based capital requirements, such as foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, and basis swaps.
Therefore, the total notional amount of derivatives by maturity will not add to the total derivatives figure in this table.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-R

TABLE 10

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS BY CONTRACT TYPE & MATURITY
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	OTHER COMM MATURITY < 1 YR	OTHER COMM MATURITY 1 - 5 YRS	OTHER COMM MATURITY > 5 YRS	OTHER COMM ALL MATURITIES	EQUITY MATURITY < 1 YR	EQUITY MATURITY 1 - 5 YRS	EQUITY MATURITY > 5 YRS	EQUITY ALL MATURITIES
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$222,087	$194,902	$26,057	$443,046	$298,620	$154,221	$8,922	$461,763
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	9,039	3,907	47	12,993	58,508	41,259	10,993	110,761
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	11,072	6,054	3,874	21,000	110,926	46,584	14,852	172,362
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	4,569	10,338	599	15,506	24,187	12,877	2,189	39,253
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	1,469	722	-	2,191	8,669	18,558	1,986	29,213
TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$4,909,930	$174,792,882	$248,236	$215,923	$30,577	$494,735	$500,910	$273,499	$38,942	$813,351
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			5,109,163	5,551,334	17,116	17,128	175	34,420	8,794	14,281	1,017	24,092
TOTAL FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	180,344,216	265,352	233,051	30,752	529,155	509,703	287,780	39,960	837,443

Note: Figures above exclude any contracts not subject to risk-based capital requirements, such as foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, and basis swaps.
Therefore, the total notional amount of derivatives by maturity will not add to the total derivatives figure in this table.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-R

TABLE 11

NOTIONAL AMOUNTS OF CREDIT DERIVATIVE CONTRACTS BY CONTRACT TYPE & MATURITY
TOP 5 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

						CREDIT DERIVATIVES INVESTMENT GRADE				CREDIT DERIVATIVES SUB-INVESTMENT GRADE			
RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL CREDIT DERIVATIVES	MATURITY < 1 YR	MATURITY 1 - 5 YRS	MATURITY > 5 YRS	ALL MATURITIES	MATURITY < 1 YR	MATURITY 1 - 5 YRS	MATURITY > 5 YRS	ALL MATURITIES
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$89,997,271	$8,121,236	$156,035	$1,876,203	$1,097,839	$3,130,077	$61,870	$872,036	$310,064	$1,243,970
2	BANK OF AMERICA NA	NC	1,355,154	37,939,665	3,098,984	32,223	943,970	334,277	1,310,470	26,151	182,807	107,431	316,389
3	CITIBANK NATIONAL ASSN	NV	1,292,503	37,691,434	3,351,191	70,219	725,997	426,344	1,222,560	32,288	363,588	148,213	544,089
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,884,775	453,900	42,149	196,553	53,265	291,967	4,455	85,372	72,106	161,933
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	4,279,737	1,341,013	15,625	328,353	205,856	549,834	7,991	94,331	33,369	135,692
	TOP 5 COMMERCIAL BANKS & TCs WITH DERIVATIVES		$4,909,930	$174,792,882	$16,366,325	$316,251	$4,071,076	$2,117,581	$6,504,908	$132,755	$1,598,134	$671,183	$2,402,073
	OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES		5,109,163	5,551,334	75,089	2,455	17,121	9,554	29,131	1,352	9,618	1,103	12,074
	TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES		10,019,092	180,344,216	16,441,414	318,706	4,088,198	2,127,135	6,534,039	134,108	1,607,752	672,287	2,414,147

Note: Figures above exclude any contracts not subject to risk-based capital requirements, such as foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, and basis swaps.
Therefore, the total notional amount of derivatives by maturity will not add to the total derivatives figure in this table.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-R

TABLE 12

DISTRIBUTION OF CREDIT DERIVATIVE CONTRACTS
TOP 25 COMMERCIAL BANKS AND TRUST COMPANIES IN DERIVATIVES
MARCH 31, 2008, $ MILLIONS
NOTE: DATA ARE PRELIMINARY

						TOTAL CREDIT DERIVATIVES		BOUGHT				SOLD			
RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL CREDIT DERVATIVES	BOUGHT	SOLD	CREDIT DEFAULT SWAPS	TOTAL RETURN SWAPS	CREDIT OPTIONS	OTHER CREDIT DERIVATIVES	CREDIT DEFAULT SWAPS	TOTAL RETURN SWAPS	CREDIT OPTIONS	OTHER CREDIT DERIVATIVES
1	JPMORGAN CHASE BANK NA	OH	$1,407,568	$81,876,035	$8,121,236	$4,143,616	$3,977,620	$4,119,788	$10,142	$3,212	$10,474	$3,970,637	$2,393	$3,865	$725
2	BANK OF AMERICA NA	NC	1,355,154	34,840,681	3,098,984	1,528,171	1,570,814	1,509,905	12,739	5,527	0	1,545,769	25,045	0	0
3	CITIBANK NATIONAL ASSN	NV	1,292,503	34,340,243	3,351,191	1,759,907	1,591,284	1,728,307	31,412	188	0	1,578,005	13,029	250	0
4	WACHOVIA BANK NATIONAL ASSN	NC	666,241	4,430,875	453,900	238,442	215,458	220,471	17,971	0	0	201,304	14,154	0	0
5	HSBC BANK USA NATIONAL ASSN	DE	188,463	2,938,723	1,341,013	651,080	689,934	634,637	16,293	150	0	676,385	13,549	0	0
6	WELLS FARGO BANK NA	SD	486,886	1,438,141	2,088	1,246	842	1,246	0	0	0	832	0	10	0
7	BANK OF NEW YORK	NY	128,342	1,056,566	2,052	2,050	2	1,884	166	0	0	2	0	0	0
8	STATE STREET BANK&TRUST CO	MA	147,472	904,355	238	238	0	238	0	0	0	0	0	0	0
9	PNC BANK NATIONAL ASSN	PA	128,623	242,912	5,793	3,985	1,808	3,985	0	0	0	1,808	0	0	0
10	SUNTRUST BANK	GA	174,716	239,212	2,158	1,297	861	756	541	0	0	313	541	0	7
11	MELLON BANK NATIONAL ASSN	PA	41,727	192,105	0	0	0	0	0	0	0	0	0	0	0
12	NORTHERN TRUST CO	IL	67,962	164,341	264	264	0	264	0	0	0	0	0	0	0
13	NATIONAL CITY BANK	OH	152,519	156,363	2,250	1,407	843	1,407	0	0	0	843	0	0	0
14	KEYBANK NATIONAL ASSN	OH	97,979	125,749	8,594	4,436	4,158	4,436	0	0	0	3,573	585	0	0
15	U S BANK NATIONAL ASSN	OH	237,269	97,953	1,656	481	1,175	56	0	0	425	0	0	0	1,175
16	REGIONS BANK	AL	139,766	69,519	222	57	165	57	0	0	0	165	0	0	0
17	BRANCH BANKING&TRUST CO	NC	131,916	61,405	348	62	285	0	52	0	10	0	0	0	285
18	FIFTH THIRD BANK	OH	64,564	55,738	255	72	183	0	0	0	72	0	0	0	183
19	RBS CITIZENS NATIONAL ASSN	RI	130,820	54,351	252	217	35	0	0	0	217	35	0	0	0
20	MERRILL LYNCH BANK USA	UT	63,003	37,513	9,248	9,248	0	9,248	0	0	0	0	0	0	0
21	FIRST TENNESSEE BANK NA	TN	37,064	37,901	0	0	0	0	0	0	0	0	0	0	0
22	LASALLE BANK NATIONAL ASSN	IL	71,098	34,614	2,269	767	1,502	0	0	767	0	0	0	1,502	0
23	UNION BANK OF CALIFORNIA NA	CA	57,413	32,063	0	0	0	0	0	0	0	0	0	0	0
24	UBS BANK USA	UT	27,989	31,177	0	0	0	0	0	0	0	0	0	0	0
25	DEUTSCHE BANK TR CO AMERICAS	NY	38,216	26,115	4,578	4,578	0	100	4,478	0	0	0	0	0	0
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			$7,335,274	$163,484,652	$16,408,588	$8,351,619	$8,056,969	$8,236,784	$93,794	$9,844	$11,198	$7,979,672	$69,295	$5,627	$2,375
OTHER COMMERCIAL BANKS & TCs WITH DERIVATIVES			2,683,819	418,151	32,826	31,238	1,588	27,088	59	57	4,034	354	25	195	1,014
TOTAL AMOUNT FOR COMMERCIAL BANKS & TCs WITH DERIVATIVES			10,019,092	163,902,802	16,441,414	8,382,857	8,058,557	8,263,872	93,852	9,901	15,232	7,980,026	69,320	5,822	3,389
					(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
TOP 25 COMMERCIAL BANKS & TC: % OF TOTAL COMMERCIAL BANKS &TCs WITH DERIVATIVES					99.8	50.8	49.0	50.1	0.6	0.1	0.1	48.5	0.4	0.0	0.0
OTHER COMMERCIAL BANKS & TCs: % OF TOTAL COMMERCIAL BANKs & TCs WITH DERIVATIVES					0.2	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AMOUNT FOR COMMERCIAL BANKs & TCs: % OF TOTAL COMMERCIAL BANKs & TCs WITH DERIVATIVES					100.0	51.0	49.0	50.3	0.6	0.1	0.1	48.5	0.4	0.0	0.0

Note: Credit derivatives have been excluded from the sum of total derivatives here.
Note: Numbers may not add due to rounding.
Data source: Call Reports, schedule RC-L