



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

OCC BANK DERIVATIVES REPORT SECOND QUARTER 1998

GENERAL

The notional amount of [derivatives](#) in insured commercial bank portfolios increased by \$2.1 trillion (over eight percent) in the second quarter, to \$28.2 trillion. During the second quarter, the notional amount of interest rate contracts rose by \$1.7 trillion, to \$20 trillion. Foreign exchange contracts increased by \$321 billion, to \$7.4 trillion. This figure excludes spot foreign exchange contracts, which decreased by \$16 billion to \$662 billion. Equity, commodity and other contracts rose by \$76 billion, to \$605 billion. Credit derivatives increased 42 percent, to \$129 billion. The number of commercial banks holding derivatives increased by 9, to 461.

[See [Tables 1, 2, and 3](#), [Graphs 1 and 3](#).]

The OCC quarterly report on bank derivatives activities and trading revenues is based on quarterly call report information provided by U.S. commercial banks.

Over 71 percent of the notional amount of derivative positions was comprised of interest rate contracts with an additional 26 percent represented by foreign exchange contracts. Equity, commodity and other contracts accounted for only 2 percent of the total notional amount.

[See [Table 3](#) and [Graph 3](#).]

Holdings of off-balance sheet derivatives continue to be concentrated in the largest banks. Eight commercial banks account for 95 percent of the total notional amount of derivatives in the banking system, with approximately 99 percent held by the top 25 banks. [See [Tables 3, 5](#) and [Graph 4](#).]

Over-the-counter (OTC) and exchange-traded contracts comprised 85 percent and 15 percent, respectively, of the notional holdings as of second quarter of 1998, which has remained virtually the same since the second quarter of 1996. [See [Table 3](#).] OTC contracts tend to be more popular with banks and bank customers because they can be tailored to meet firm-specific risk management needs. However, OTC contracts expose participants to greater credit risks and tend to be less liquid than exchange-traded contracts, which are standardized and fungible.

The notional amounts of short-term contracts (i.e., with remaining maturities of less than one year) increased by \$524 billion from the first quarter of 1998, to \$11.3 trillion. Contracts with remaining maturities of one to five years rose by \$374 billion, to \$6.2 trillion, and long-term (i.e.,

with maturities of five or more years) contracts increased by \$260 billion, to \$2.6 trillion. [See Tables 10, 11 and 12, Graphs 7, 8 and 9.]

RISK

Notional amounts are helpful in measuring the level and trends of derivatives activity. However, these amounts may be a misleading indicator of risk exposure. Data such as fair values and credit risk exposures are more useful for analyzing point-in-time risk exposure, while data such as trading revenues and contractual maturities provide more meaningful information on trends in risk exposure.

Credit exposures are reflected in Table 4. However, Table 4 does not reflect the full effects of bilateral netting on potential future credit exposures (i.e., the add-on component). Under the current risk-based capital guidelines, banks have the option of either calculating their netted potential future credit exposure on a counterparty basis or approximating their netted potential future credit exposure on an aggregate basis. The method chosen must be used consistently and is subject to examiner review.

There was a \$6 billion decrease in the second quarter in total credit exposure from off-balance sheet contracts to \$342 billion. Relative to risk-based capital, total credit exposures for the top eight banks decreased to 243 percent of aggregated risk based capital in the second quarter of 1998 from 260 percent in the first quarter of 1998. The decrease in the dollar amount of total credit exposure appears to be largely due to the increasing benefit from netting contracts. In general, credit exposure would have been significantly higher without the benefit of bilateral netting agreements. The extent of the benefit can be seen by comparing gross positive fair values from Table 6 to the bilaterally-netted current exposures shown on Table 4. [See Tables 4 and 6, Graphs 5a and 5b.]

Past due derivative contracts remained at nominal levels. For all banks, the book value of contracts past due 30 days or more aggregated to only \$31.5 million, or .009 percent of total credit exposure from derivatives contracts. A more complete assessment of the magnitude of troubled derivative exposures would include non-performing contracts as well as past due contracts. Call Report instructions, however, currently do not require banks to report totals for non-performing derivative contracts. Therefore, use of past-due information alone does not provide a complete picture of the extent of troubled derivative exposures. During the second quarter of 1998 banks charged off \$94 million due to credit losses from off-balance sheet derivatives, or .03 percent of total credit exposure. For comparison purposes, net loan charge-offs relative to total loans for the quarter were .16 percent. Banks' relatively small loss figures reflect both the current healthy economic environment and the generally high credit quality of counterparties and end-users with whom banks presently engage in derivatives transactions, as well as the increased use of collateral. [See Graph 5c.]

The Call Report data reflect the significant differences in business strategies among the banks. The preponderance of trading activities, including both customer transactions and proprietary positions, is confined to the very largest banks. The banks with the 25 largest derivatives portfolios hold almost 96 percent of the contracts for trading purposes, primarily customer service transactions, while the remaining 4 percent are held for their own risk management needs. The trading contracts of these banks represent over 94 percent of all notional values in the commercial banking system. Smaller banks tend to limit their use of derivatives to risk management purposes. [See Table 5.]

The gross positive and gross negative fair values of derivatives portfolios are relatively balanced; that is, the value of positions in which the bank has a gain is not significantly different from the value of those positions with a loss. In fact, for derivative contracts held for trading purposes, the eight largest banks have \$362 billion in gross positive fair values and \$361 billion in gross negative fair values. Note that while gross fair value data is more useful than notional amounts in depicting more meaningful market risk exposure, users must be cautioned that these figures do not include the results of cash positions in trading portfolios. Similarly, the data are reported on a legal entity basis and consequently do not reflect the effects of positions in portfolios of affiliates. [See Table 6.]

End-user positions, or derivatives held for risk management purposes, have aggregate gross positive fair values of \$11.3 billion, while the gross negative fair value of these contracts aggregated to \$6.6 billion. Readers should recognize that these figures are only useful in the context of a more complete analysis of each bank's asset/liability structure and risk management process. For example, these figures do not reflect the impact of off-setting positions on the balance sheet. [See Table 6.]

The notional amount of credit derivatives reported by insured commercial banks increased by 42 percent from first quarter levels, or \$38 billion, and now total over \$129 billion. Notional amounts for the fifteen commercially insured institutions that sold credit protection (i.e., assumed credit risk) to other parties was \$58.9 billion, an increase of \$12.5 billion from first quarter levels. The notional amount for the thirteen commercial banks reporting credit derivatives that bought credit protection (i.e., hedged credit risk) from other parties was \$70.2 billion, a \$25 billion increase from the first quarter. [See Tables 1, 3 and Graphs 2, 3 and 4.]

REVENUES

The Call Report data include revenue information regarding trading activities involving cash instruments and [off-balance sheet derivative](#) instruments. The data also show the impact on net interest income and non-interest income from derivatives used in non-trading activities. Note that the revenue data reported in Table 7, Graphs [6a](#) and [6b](#) reflect figures for the second quarter alone, and are not annualized.

Relative to the first quarter of 1998, there was a slight decline in trading revenues from cash instruments and derivatives activities of \$147 million. The revenue figures reported in the second quarter indicate that the banks with derivatives realized over \$2.5 billion in revenue from trading activities, with the top eight banks accounting for more than 81 percent of this figure. In the second quarter, revenues from interest rate positions decreased by \$137 million, generating \$930 million, while revenues from foreign exchange positions increased by \$51 million, to \$1.4 billion. Banks also reported trading revenues of \$212 million from equity, commodity and other (i.e. emerging market debt) trading positions in the second quarter. [See Table 7, Graphs 6a and 6b.]

Derivatives held for purposes other than trading did not have a significant impact on either net interest income or non-interest income in the second quarter. Non-traded derivatives contributed \$71.6 million, or .08 percent to the gross revenues of banks with derivative contracts in the second quarter. These figures reflect a decrease of \$57 million from the first quarter. These results are only useful in the context of a more complete analysis of each bank's asset/liability structure and risk management process.

HIGH-RISK MORTGAGE SECURITIES AND STRUCTURED NOTES

The number of banks reporting either [structured notes](#) or [high-risk mortgage securities](#) remain largely confined to banks with total assets less than \$10 billion. The number of banks reporting high-risk mortgage securities decreased by 5 to 374, in the second quarter. The second quarter aggregated numbers indicate that book values exceeded fair values by approximately \$7 million for high risk mortgage securities, a \$5 million improvement from first quarter levels. The average book value of holdings for these banks relative to total assets for the second quarter of 1998 increased slightly from first quarter levels, to .6 percent. Average depreciation to risk-based capital remained at .01 percent.

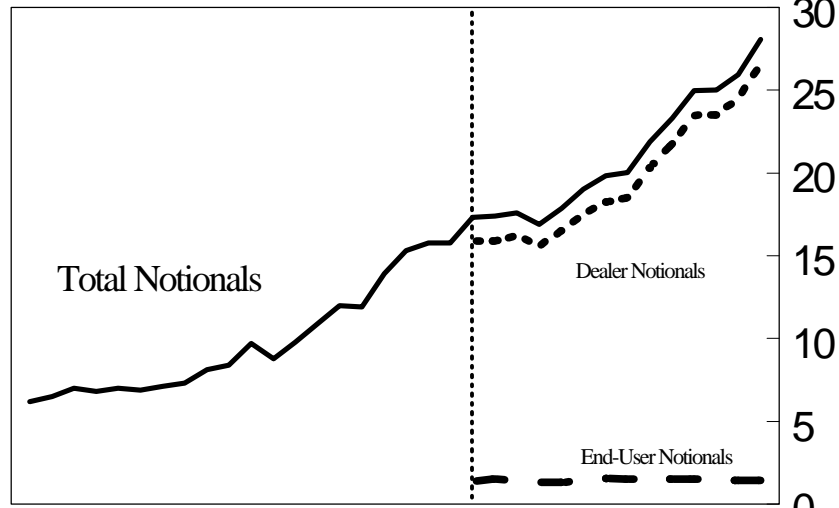
The number of banks reporting structured notes on their books decreased in the second quarter by 258 to 2,173. Book values exceeded fair values by \$18 million for structured notes, an \$11 million dollar improvement from the first quarter. For banks with structured notes, the average book value of holdings relative to total assets remained at .5 percent. The average amount of depreciation to risk-based capital declined slightly to .01 percent. [See Table 8 and Table 9, Graphs 10 and 11.]

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Derivatives, Notionals by Type of User

Insured Commercial Banks

\$ Trillions



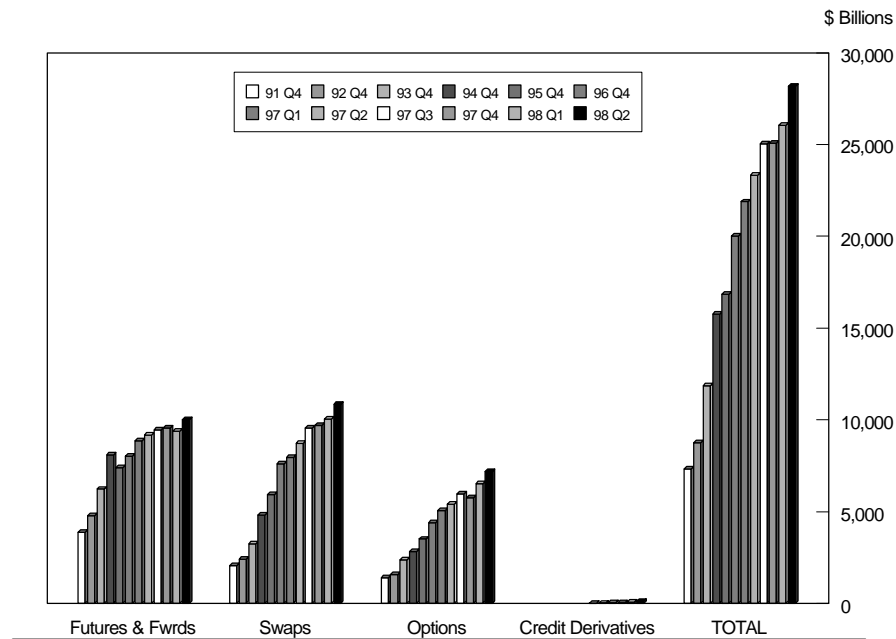
	1990				1991				1992				1993				1994				1995				1996				1997				1998	
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
Total Notionals	6.2	6.5	7.0	6.8	7.0	6.9	7.1	7.3	8.1	8.4	9.7	8.8	9.8	10.9	12.0	11.9	13.9	15.3	15.8	15.8	17.3	17.4	17.6	16.9	17.8	19.0	19.8	20.0	21.9	23.3	25.0	25.0	26.0	28.0
Dealer Notionals																					15.9	15.9	16.2	15.6	16.5	17.5	18.2	18.5	20.3	21.8	23.5	23.5	24.5	26.6
End-User Notionals																					1.4	1.5	1.4	1.3	1.3	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.4

Note: Dotted line indicates that beginning in 1Q95, spot foreign exchange was not included in the definition of total derivatives.

Note: Categories do not include credit derivatives

Derivative Contracts by Product

All Commercial Banks, Second Quarter 1998 Data Are Preliminary



Derivative Contracts by Product (\$ Billions)*

	91 Q4	92 Q4	93 Q4	94 Q4	95 Q4	96 Q4	97 Q1	97 Q2	97 Q3	97 Q4	98 Q1	98 Q2
Futures & Forwards	3,876	4,780	6,229	8,109	7,399	8,041	8,866	9,165	9,466	9,550	9,379	10,003
Swaps	2,071	2,417	3,260	4,823	5,945	7,601	7,950	8,723	9,564	9,705	10,060	10,846
Options	1,393	1,568	2,384	2,841	3,516	4,393	5,052	5,411	5,961	5,754	6,518	7,197
Credit Derivatives							19	26	39	55	91	129
TOTAL	7,339	8,764	11,873	15,774	16,861	20,035	21,887	23,325	25,028	25,064	26,049	28,176

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

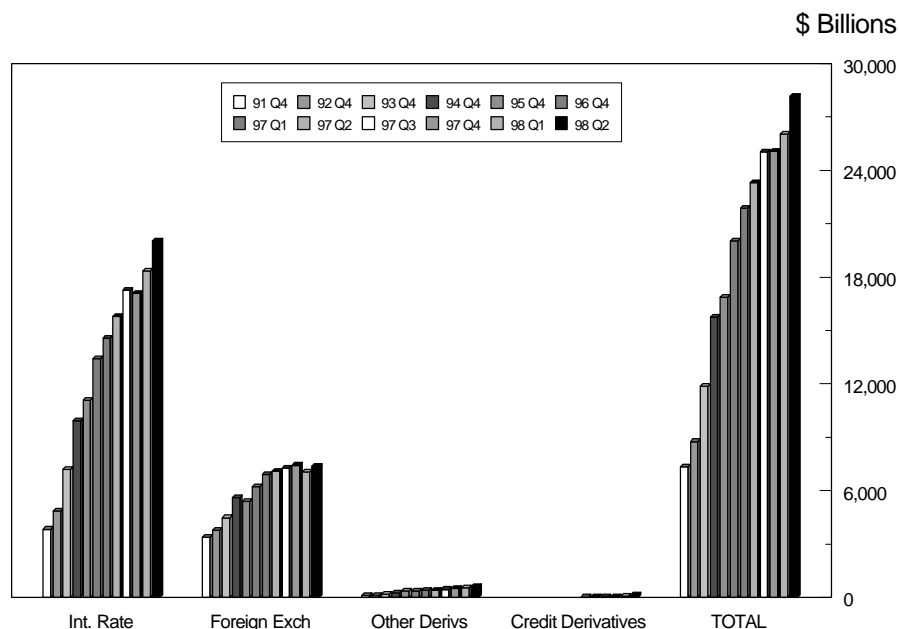
Credit derivatives were reported for the first time in the first quarter of 1997. Currently, the Call Report does not differentiate credit derivatives by product, which have therefore been added as a separate category. As of 1997, credit derivatives have been included in the sum of total derivatives in this chart.

Note: numbers may not add due to rounding.

Data Source: Call Reports

Derivatives Contracts by Type

All Commercial Banks, Second Quarter 1998 Data Are Preliminary



Derivative Contracts by Type (\$ Billions)*

	91 Q4	92 Q4	93 Q4	94 Q4	95 Q4	96 Q4	97 Q1	97 Q2	97 Q3	97 Q4	98 Q1	98 Q2
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Interest Rate	3,837	4,872	7,210	9,926	11,096	13,427	14,562	15,802	17,270	17,085	18,361	20,053
Foreign Exchange	3,394	3,789	4,484	5,605	5,387	6,241	6,919	7,084	7,268	7,430	7,068	7,389
Other Derivatives	109	102	179	243	378	367	387	413	452	494	529	605
Credit Derivatives							19	26	39	55	91	129
TOTAL	7,339	8,764	11,873	15,774	16,861	20,035	21,887	23,325	25,028	25,064	26,049	28,176

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

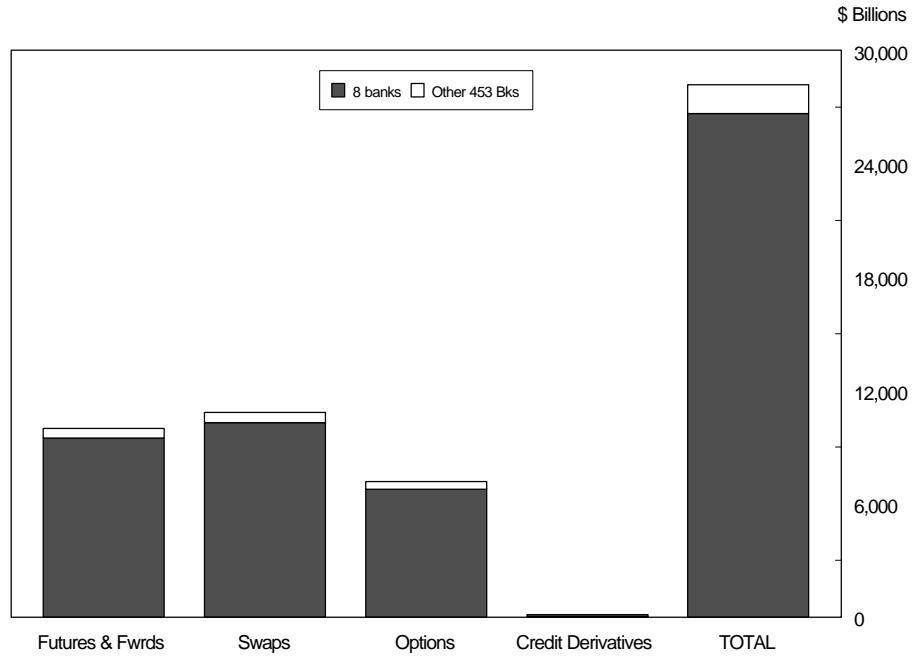
Credit derivatives were reported for the first time in the first quarter of 1997. Currently, the Call Report does not differentiate credit derivatives by contract type, which have therefore been added as a separate category. As of the first quarter of 1997, credit derivatives have been included in the sum of total derivatives.

Note: numbers may not add due to rounding.

Data Source: Call Reports

Eight Banks With Most Derivatives Dominate

All Commercial Banks, Second Quarter 1998 Data Are Preliminary



Concentration of Derivative Contracts, 98Q2 (\$ Billions)*

	\$	%	\$	%	\$	%
	Top 8 Bks	Tot Derivs	Rest 453 Bks	Tot Derivs	All 461 Bks	Tot Derivs
Futures & Fwrds	9,478	33.6	525	1.9	10,003	35.5
Swaps	10,279	36.5	568	2.0	10,847	38.5
Options	6,762	23.9	435	1.5	7,197	25.5
Credit Derivatives	127	0.5	2	0	129	0.5
TOTAL	26,646	94.6	1,530	5.4	28,176	100.0

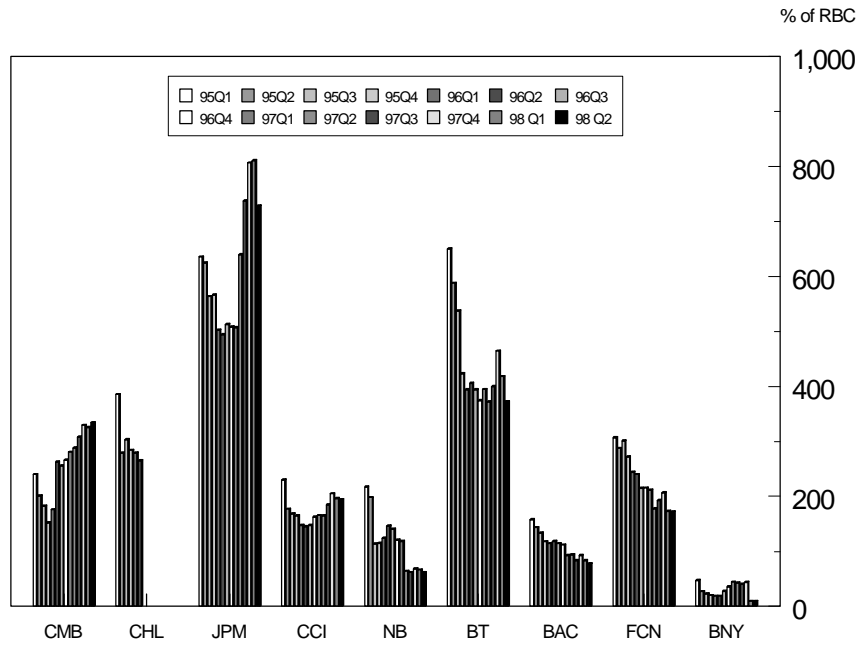
*In billions of dollars; notional value of futures, total exchange traded options, total over the counter options, total forwards, and total swaps. Note that second quarter 1998 data **do not include spot fx** in the total notional amount of derivatives.

Credit derivatives were reported for the first time in the first quarter of 1997. Currently, the Call Report does not differentiate credit derivatives by contract type, which have therefore been added as a separate category. Credit derivatives have been included in the sum of total derivatives here.

Data Source: Call Reports

Percentage of Credit Exposure to Risk Based Capital

Top 8 Commercial Banks with Derivatives, Second Quarter 1998 Data Are Preliminary



Percentage of Credit Exposure to Risk Based Capital (top banks 98Q2) (%)*

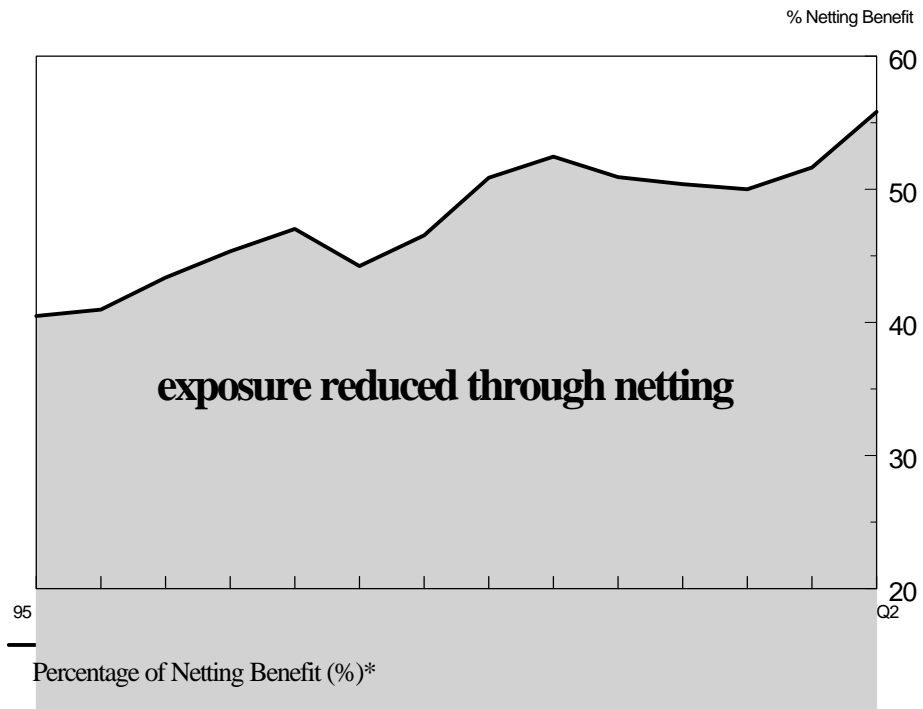
	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
Chase Man. Bk (CMB)	175.8	262.5	255.9	265.8	280.6	288.3	308.2	329.5	325.7	334.3
Chemical (CHL)	278.7	264.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Morgan Gmty (JPM)	502.5	493.9	512.7	507.7	507.1	639.6	737.0	806.4	810.2	727.6
Citibank (CCI)	147.7	145.3	147.4	162.1	165.4	165.0	184.3	204.9	196.1	193.7
NationsBank (NB)	124.3	145.9	140.3	120.1	118.4	64.2	61.8	68.2	66.5	60.9
Bankers Trust (BT)	393.9	406.1	394.2	374.6	394.5	371.8	400.1	464.4	417.9	372.5
Bk of America (BAC)	114.2	118.5	114.2	112.0	92.8	93.9	83.5	92.2	83.6	77.4
First Chicago (FCN)	244.0	239.7	214.6	215.5	211.7	177.7	192.9	206.5	173.4	172.1
Bk of NY (BNY)	18.9	18.8	27.6	35.5	44.5	42.2	40.4	44.1	9.6	8.8
Avg % (Top Bks)	234.0	244.0	237.0	267.0	242.0	244.0	266.0	290.0	260.4	243.4
Avg % (All Bks)	6.2	6.5	6.1	6.4	5.9	6.2	6.4	7.4	6.9	6.4

*Note: The third quarter 1996 Call Report reflected the merger between Chase and Chemical banks. Prior quarters are not merger-adjusted and may not be comparable.

Data Source: Call Report

Netting Benefit: Amount of Gross Exposure Eliminated Through Bilateral Netting

All Commercial Banks with Derivatives, Second Quarter 1998 Data Are Preliminary

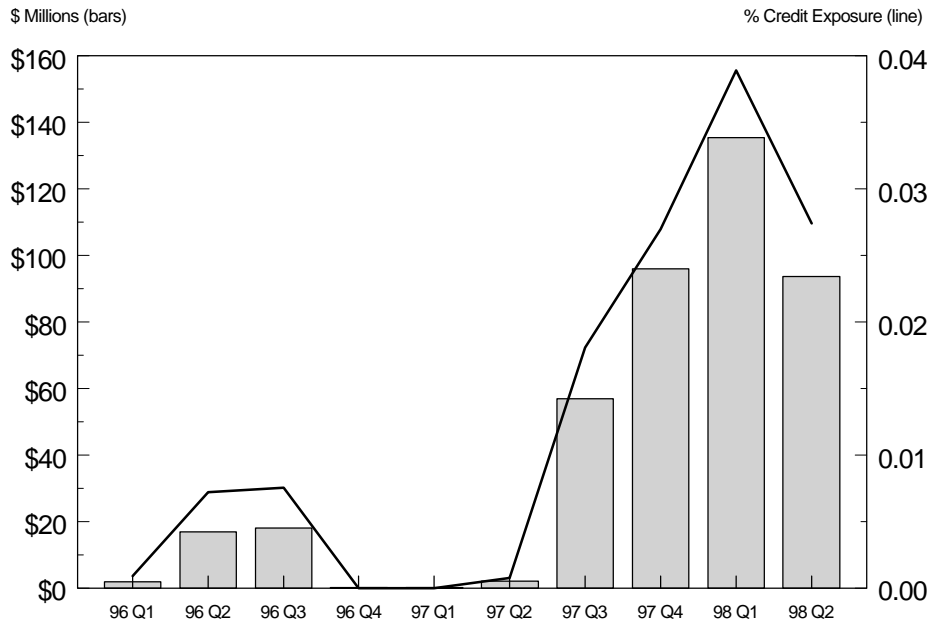


*Note: The ratio of the netting benefit is defined as $[1 - (\text{bilaterally netted contracts} / \text{gross positive fair values})]$

Data Source: Call Report

Quarterly Charge-Offs (Credit Losses) From Derivatives

All Commercial Banks with Derivatives, Second Quarter 1998 Data Are Preliminary



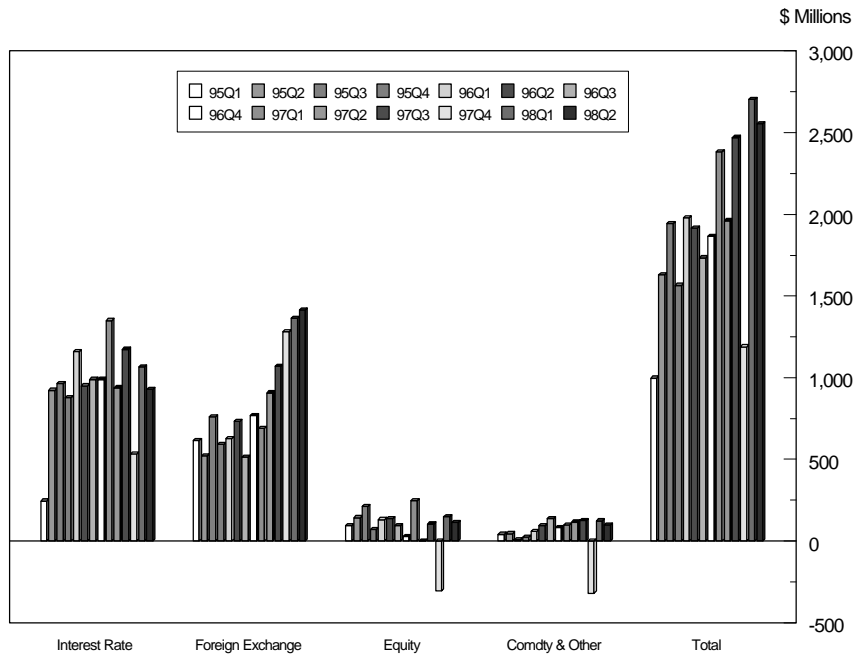
Quarterly Charge-Offs (Credit Losses) From Derivatives (\$ Millions)

* Note that the figures are for each quarter alone, not year-to-date.

Data Source: Call Report

Quarterly Trading Revenue - Cash & Off-Balance Sheet Positions

All Commercial Banks, Second Quarter 1998 Data Are Preliminary



Cash & Off-Balance Sheet Revenue (\$ Millions)*

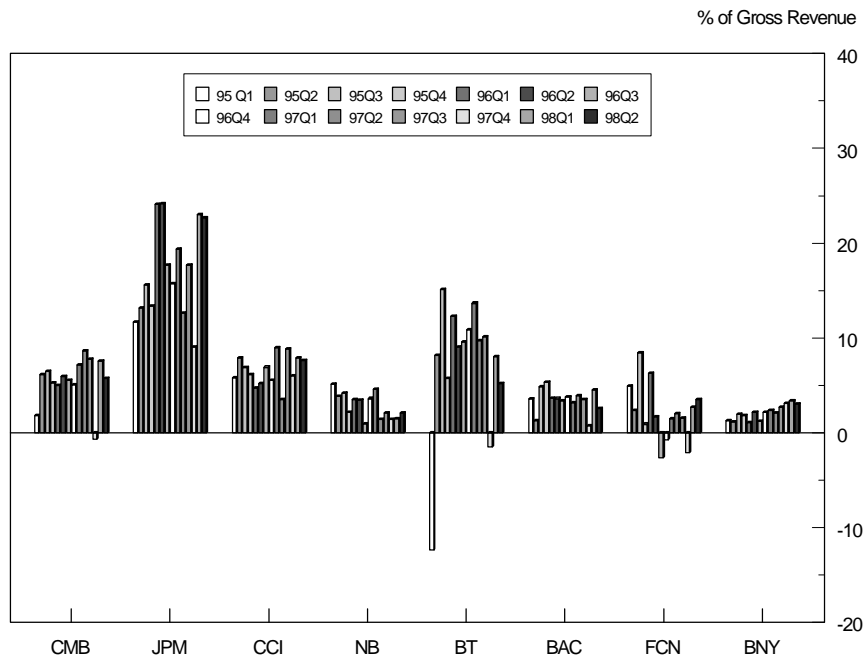
	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
Interest Rate	245	923	964	879	1,159	951	990	990	1,350	939	1,173	534	1,067	930
Foreign Exchange	616	520	761	592	628	732	514	767	690	908	1,070	1,281	1,363	1414
Equity	95	143	211	71	131	138	93	27	246	1	103	-305	148	114
Comdty & Other	41	45	7	24	60	95	137	82	97	115	125	-320	124	98
Tot Trading Rev*	997	1,631	1,943	1,566	1,978	1,917	1,734	1,866	2,383	1,962	2,471	1,190	2,703	2556

* Note that the trading revenue figures above are for cash and off-balance sheet activities. Revenue figures are for each quarter alone, not year-to-date.

Data Source: Call Reports

Quarterly Trading Revenue as a Percentage of Gross Revenue Cash & Off-Balance Sheet Positions

Top Commercial Banks with Derivatives, Second Quarter 1998 Data are Preliminary



Trading Revenue as a Percentage of Gross Revenue (top banks, 98 Q2 ranking, ratios in %)*

	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
Chase Man. Bk (CMB)	1.8	6.1	6.5	5.2	5.0	5.9	5.5	5.0	7.2	8.6	7.8	-0.7	7.5	5.7
J.P. Morgan (JPM)	11.7	13.2	15.6	13.3	24.1	24.2	17.7	15.7	19.4	12.6	17.7	9.1	23.0	22.7
Citibank (CCI)	5.8	7.9	6.9	6.1	4.7	5.2	6.9	5.5	8.9	3.5	8.9	6.0	7.9	7.6
NationsBank (NB)	5.1	3.9	4.2	2.2	3.5	3.4	0.9	3.6	4.6	1.4	2.1	1.4	1.5	2.1
Bankers Trust (BT)	-12.4	8.1	15.1	5.8	12.3	9.0	9.6	10.8	13.7	9.7	10.1	-1.5	8.0	5.2
Bank America (BAC)	3.5	1.3	4.8	5.3	3.6	3.6	3.4	3.8	3.2	3.9	3.5	0.7	4.5	2.5
First Chicago (FCN)	4.9	2.3	8.4	0.9	6.3	1.7	-2.7	-0.7	1.5	2.0	1.5	-2.1	2.7	3.5
Bank of NY (BNY)	1.3	1.2	1.9	1.8	1.1	2.1	1.2	2.1	2.4	2.0	2.7	3.1	3.4	3.0
Total % (Top Banks)	3.6	6.8	8.5	5.4	8.2	7.3	5.9	6.2	8.0	5.9	7.6	2.5	7.7	6.7
Total % (All Banks)	1.4	2.3	2.6	2.0	2.6	2.5	2.3	2.4	3.0	2.4	2.8	1.3	3.0	2.7

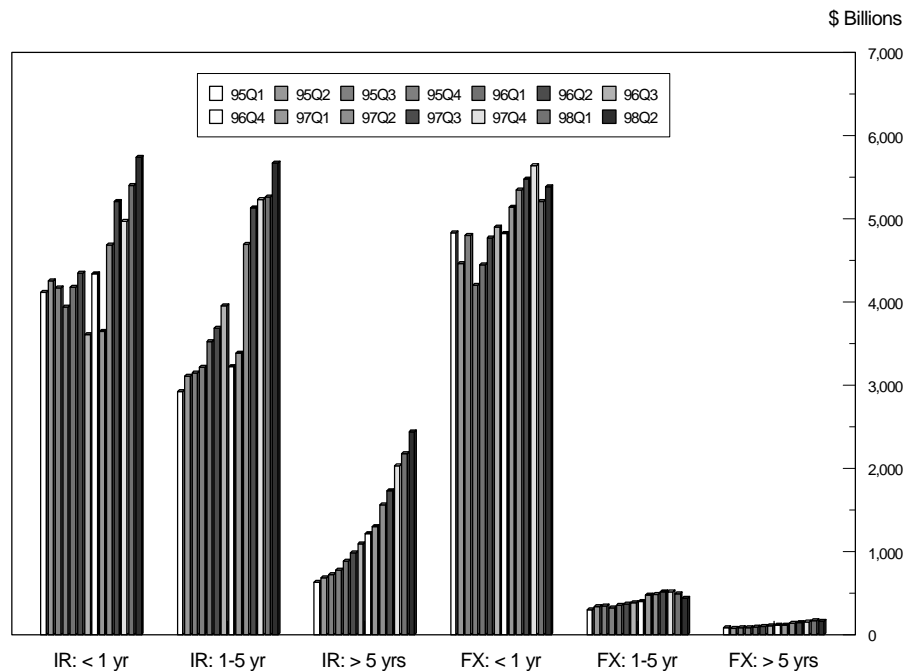
* Note: Trading revenue figures above are for cash and off balance sheet activities. Revenue figures are for each quarter alone, not year-to-date.

* Note: The third quarter 1996 Call Report reflected the merger between Chase and Chemical. Prior quarters include the sum of Chase and Chemical Banks' trading figures for comparison purposes.

Data Source: Call Report

Notional Amounts for Interest Rate and Foreign Exchange Contracts by Maturity

All Commercial Banks, Second Quarter 1998 Data Are Preliminary



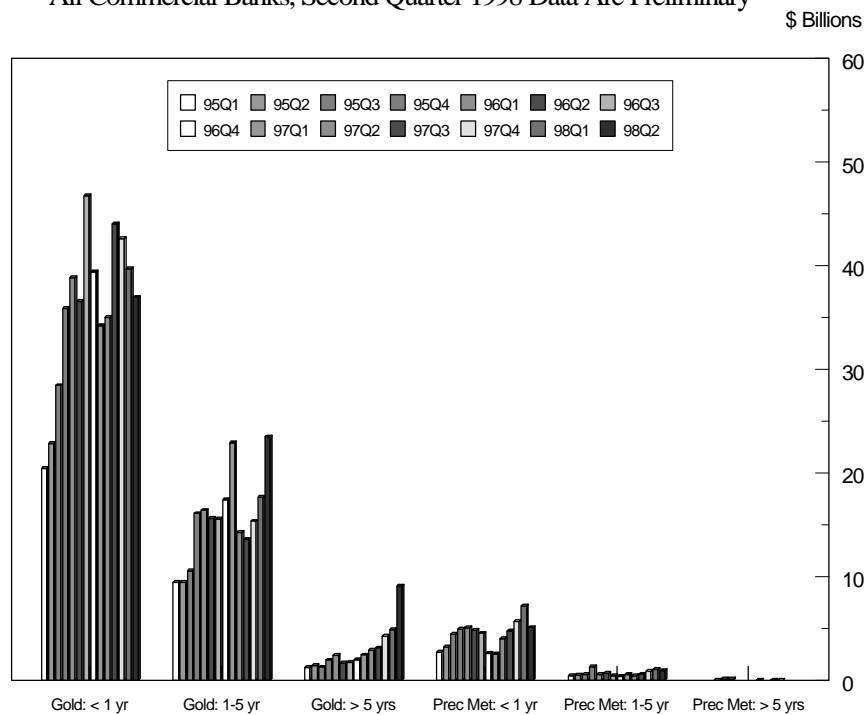
Notional Amounts: Interest Rate and Foreign Exchange Contracts by Maturity (\$ Billions)*

	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
IR: < 1 yr	4,117	4,255	4,175	3,942	4,176	4,349	3,608	4,339	3,650	4,684	5,211	4,974	5,401	5,744
IR: 1-5 yr	2,925	3,107	3,147	3,215	3,525	3,687	3,954	3,223	3,385	4,691	5,133	5,230	5,265	5,673
IR: > 5 yrs	630	683	723	775	887	986	1,095	1,214	1,302	1,565	1,735	2,029	2,174	2,439
FX: < 1 yr	4,833	4,465	4,802	4,206	4,445	4,771	4,902	4,826	5,144	5,347	5,483	5,639	5,213	5,390
FX: 1-5 yr	302	337	341	324	350	366	383	402	475	485	516	516	492	441
FX: > 5 yrs	82	76	84	87	92	100	104	113	116	133	143	151	167	158

Data Source: Call Report

Notional Amounts for Gold and Precious Metals Contracts by Maturity

All Commercial Banks, Second Quarter 1998 Data Are Preliminary

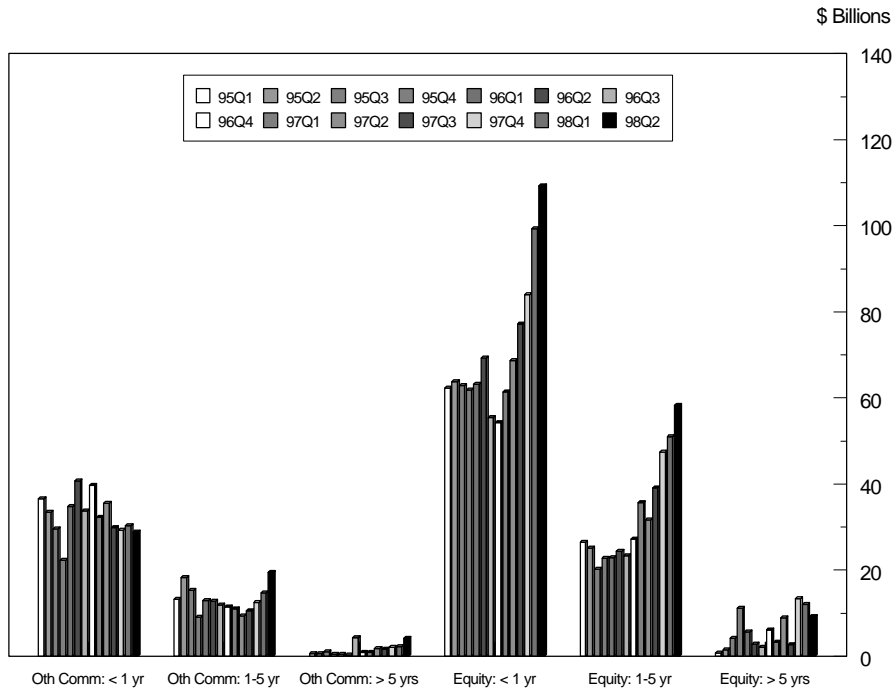


Notional Amounts: Gold and Precious Metals Contracts by Maturity (\$ Billions)*

	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
Gold: < 1 yr	20.4	22.8	28.4	35.9	38.8	36.5	46.8	39.4	34.2	35.0	44.1	42.6	39.7	37.0
Gold: 1-5 yr	9.4	9.5	10.6	16.1	16.4	15.6	15.6	17.4	22.9	14.3	13.6	15.4	17.7	23.5
Gold: > 5 yrs	1.2	1.4	1.3	1.9	2.4	1.7	1.7	2.0	2.4	2.9	3.1	4.2	4.9	9.1
Prec Met: < 1 yr	2.7	3.2	4.4	5.0	5.1	4.8	4.5	2.6	2.6	4.0	4.7	5.7	7.1	5.1
Prec Met: 1-5 yr	0.4	0.5	0.6	1.3	0.5	0.7	0.4	0.4	0.5	0.4	0.6	0.9	1.1	0.9
Prec Met: > 5 yrs	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0

Data Source: Call Report

Notional Amounts for Commodity and Equity Contracts by Maturity
 All Commercial Banks, Second Quarter 1998 Data Are Preliminary



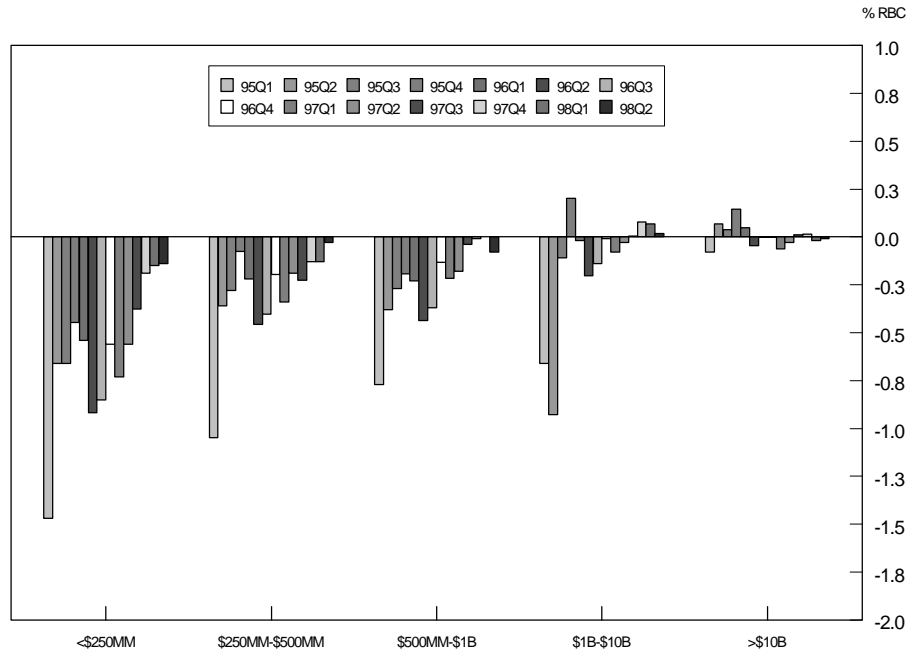
Notional Amounts: Commodity and Equity Contracts by Maturity (\$ Billions)*

	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
Oth Comm: < 1 yr	36.6	33.5	29.5	22.3	34.8	40.8	33.8	39.6	32.2	35.5	29.8	29.3	30.3	28.8
Oth Comm: 1-5 yr	13.2	18.3	15.3	9.1	12.9	12.7	11.9	11.4	11.0	9.3	10.6	12.5	14.7	19.4
Oth Comm: > 5 yrs	0.6	0.6	1.0	0.4	0.4	0.3	4.4	0.9	0.9	1.8	1.6	2.1	2.2	4.1
Equity: < 1 yr	62.2	63.8	62.9	61.8	63.1	69.2	55.4	54.2	61.4	68.7	77.1	84.0	99.2	109.3
Equity: 1-5 yr	26.5	25.1	20.2	22.8	22.9	24.3	23.3	27.2	35.7	31.7	39.1	47.4	50.9	58.2
Equity: > 5 yrs	0.7	1.4	4.1	11.1	5.7	2.8	2.0	6.1	3.2	8.9	2.6	13.4	12.0	9.2

Data Source: Call Report

Percent of Depreciation or Appreciation in High Risk Mortgage Securities to Risk Based Capital

All Commercial Banks by Asset Size, Second Quarter 1998 Data Are Preliminary



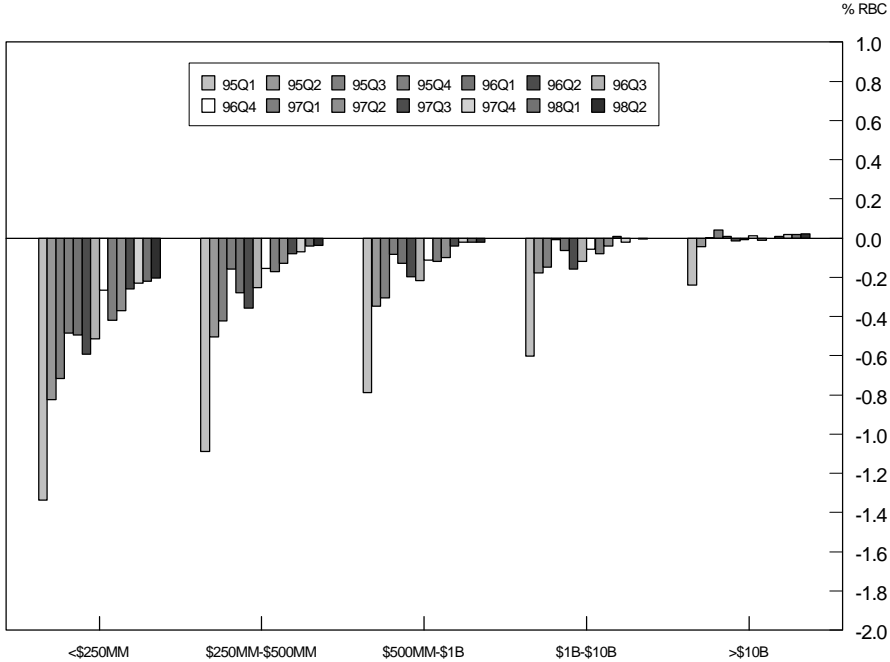
Percent of (Depreciation) or Appreciation in High Risk Mortgage Securities to Risk Based Capital (%)

	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
<\$250MM	-1.47	\$-0.66	-0.66	-0.45	-0.54	-0.92	-0.85	-0.56	-0.73	0.56	-0.38	-0.19	-0.16	-0.14
\$250MM-\$500MM	-1.05	-0.36	-0.28	-0.08	-0.22	-0.46	-0.40	-0.20	-0.34	-0.19	-0.23	-0.13	-0.13	-0.03
\$500MM-\$1B	-0.77	-0.38	-0.27	-0.19	-0.23	-0.44	-0.37	-0.13	-0.22	-0.18	-0.04	-0.01	0.00	-0.08
\$1B-\$10B	-0.66	-0.93	-0.11	0.20	-0.02	-0.20	-0.14	-0.01	-0.08	-0.03	0.00	0.08	0.08	0.02
>\$10B	-0.08	0.07	0.04	0.15	0.05	-0.04	0.00	0.00	-0.06	-0.03	0.01	0.02	-0.02	-0.01
Avg All Bks (%)	-0.39	\$0.26	-0.07	-0.10	-0.02	-0.15	-0.08	-0.04	-0.11	-0.06	0.01	0.01	-0.01	-0.01

Data Source: Call Report

Percent of Depreciation or Appreciation in Structured Notes
to Risk Based Capital

All Commercial Banks by Asset Size, Second Quarter 1998 Data Are Preliminary



Percent of (Depreciation) or Appreciation in Structured Notes to Risk Based Capital (%)

	95Q1	95Q2	95Q3	95Q4	96Q1	96Q2	96Q3	96Q4	97Q1	97Q2	97Q3	97Q4	98Q1	98Q2
<\$250MM	-1.34	-0.83	-0.72	-0.49	-0.50	-0.59	-0.51	-0.27	-0.42	-0.37	-0.26	-0.23	-0.22	-0.20
\$250MM-\$500MM	-1.09	-0.51	-0.42	-0.16	-0.28	-0.36	-0.25	-0.16	-0.17	-0.13	-0.08	-0.07	-0.04	-0.04
\$500MM-\$1B	-0.79	-0.35	-0.31	-0.08	-0.13	-0.20	-0.22	-0.11	-0.12	-0.10	0.00	-0.02	-0.02	-0.02
\$1B-\$10B	-0.60	-0.18	-0.15	0.00	-0.06	-0.16	-0.12	-0.06	-0.08	-0.04	0.00	-0.02	0.00	0.00
>\$10B	-0.24	-0.05	0.00	0.04	0.01	-0.02	-0.01	0.01	-0.01	0.00	0.00	0.02	0.02	0.02
Avg All Bks (%)	-0.71	-0.33	-0.26	-0.13	-0.15	-0.20	-0.17	-0.10	-0.13	-0.08	-0.04	-0.03	-0.02	-0.01

Data Source: Call Report

TABLE 1

**NOTIONAL AMOUNT OF OFF BALANCE SHEET DERIVATIVES CONTRACTS OF THE 25
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ 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	CHASE MANHATTAN BANK	NY	\$302,162	\$8,188,471	\$576,599	\$191,542	\$2,511,450	\$3,874,704	\$1,018,769	\$15,407	\$201,567
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,414,091	\$925,280	\$470,476	\$1,125,687	\$2,995,499	\$1,819,462	\$77,688	\$53,440
3	CITIBANK NA	NY	\$285,343	\$3,315,490	\$208,886	\$80,126	\$1,559,772	\$786,640	\$665,039	\$15,027	\$200,553
4	NATIONSBANK NA	NC	\$232,397	\$2,355,717	\$251,543	\$796,476	\$126,826	\$632,886	\$535,249	\$12,737	\$11,147
5	BANKERS TRUST CO	NY	\$131,252	\$2,188,822	\$138,230	\$68,449	\$672,277	\$939,723	\$365,752	\$4,391	\$106,158
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,710,360	\$192,247	\$17,836	\$765,697	\$565,360	\$167,742	\$1,478	\$6,547
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$47,644	\$18,750	\$322,366	\$449,367	\$365,819	\$0	\$30,652
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$10,464	\$36,032	\$43,318	\$35,044	\$144,588	\$0	\$11,281
9	REPUBLIC NB OF NEW YORK	NY	\$54,749	\$244,271	\$12,692	\$3,450	\$106,482	\$39,815	\$81,782	\$50	\$14,305
10	FIRST UNION NATIONAL BANK	NC	\$213,300	\$214,999	\$36,610	\$42,968	\$6,603	\$87,442	\$41,368	\$9	\$2,293
11	BANKBOSTON NA	MA	\$68,216	\$129,178	\$21,277	\$22,323	\$37,833	\$27,827	\$18,742	\$1,177	\$5,119
12	STATE STREET BANK & TRUST	MA	\$42,484	\$115,603	\$375	\$90	\$113,168	\$1,437	\$532	\$0	\$5,633
13	FLEET NATIONAL BANK	RI	\$71,599	\$69,916	\$50	\$183	\$8,684	\$27,770	\$33,229	\$0	\$1,389
14	MELLON BANK NA	PA	\$39,497	\$69,108	\$7,175	\$600	\$31,514	\$19,215	\$10,603	\$0	\$3,249
15	WELLS FARGO BANK NA	CA	\$85,642	\$68,662	\$13,753	\$39	\$2,681	\$23,992	\$28,197	\$0	\$333
16	KEYBANK NA	OH	\$71,245	\$52,832	\$10,491	\$4,185	\$2,614	\$24,582	\$10,961	\$0	\$708
17	BANK ONE NA	OH	\$25,222	\$35,808	\$0	\$0	\$0	\$34,841	\$956	\$10	\$0
18	PNC BANK NA	PA	\$70,272	\$34,954	\$1,246	\$0	\$5,484	\$14,691	\$13,483	\$50	\$202
19	NATIONAL CITY BANK	OH	\$25,553	\$32,502	\$4,219	\$46	\$587	\$19,709	\$7,850	\$92	\$161
20	CHASE MANHATTAN BANK NA	DE	\$31,666	\$27,033	\$94	\$0	\$8,026	\$8,555	\$10,358	\$0	\$0
21	WACHOVIA BANK NA	NC	\$61,489	\$22,031	\$168	\$0	\$4,214	\$12,212	\$4,615	\$821	\$628
22	FIRST TENNESSEE BANK NA	TN	\$15,577	\$20,923	\$0	\$40	\$8,106	\$651	\$12,126	\$0	\$1
23	CITIBANK SOUTH DAKOTA NA	SD	\$13,569	\$18,768	\$2,769	\$1,140	\$0	\$12,622	\$2,237	\$0	\$0
24	CHASE BANK OF TEXAS NA	TX	\$24,909	\$18,460	\$0	\$4,200	\$1,143	\$6,717	\$6,400	\$0	\$509
25	CITIBANK NEVADA NA	NV	\$6,991	\$17,777	\$2,725	\$1,700	\$11	\$11,159	\$2,181	\$0	\$0
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,422,016	\$27,839,167	\$2,464,537	\$1,760,650	\$7,464,541	\$10,652,461	\$5,368,041	\$128,937	\$655,873
OTHER 436 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,582,097	\$336,733	\$18,514	\$8,842	\$55,542	\$193,939	\$59,631	\$265	\$5,917
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,175,900	\$2,483,051	\$1,769,492	\$7,520,083	\$10,846,399	\$5,427,672	\$129,202	\$661,790

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: Before the first quarter of 1995 total derivatives included spot foreign exchange. Beginning in the first quarter, 1995, spot foreign exchange was reported separately.

Data source: Call Report, schedule RC-L

TABLE 2

**NOTIONAL AMOUNT OF OFF BALANCE SHEET DERIVATIVE CONTRACTS OF THE 25
HOLDING COMPANIES WITH THE MOST OFF BALANCE SHEET DERIVATIVES CONTRACTS
JUNE 30, 1998, \$ 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	SPOT FX
1	CHASE MANHATTAN CORPORATION	NY	\$366,995	\$8,298,515	\$581,407	\$252,716	\$2,531,148	\$3,886,961	\$1,030,876	\$15,407	\$202,008
2	JP MORGAN & CO INCORPORATED	NY	\$280,777	\$7,447,215	\$938,696	\$487,898	\$1,165,483	\$2,964,410	\$1,813,039	\$77,688	\$53,440
3	CITICORP	NY	\$330,751	\$3,299,448	\$214,965	\$84,058	\$1,556,822	\$763,888	\$664,688	\$15,027	\$198,686
4	NATIONSBANK CORP	NC	\$307,985	\$2,324,963	\$251,773	\$801,983	\$126,287	\$626,019	\$506,164	\$12,737	\$11,147
5	BANKERS TRUST CO	NY	\$172,311	\$2,203,295	\$151,034	\$75,222	\$673,123	\$930,855	\$363,442	\$9,619	\$106,164
6	BANK OF AMERICA CORPORATION	CA	\$263,885	\$1,709,303	\$196,822	\$17,836	\$775,343	\$553,397	\$164,427	\$1,478	\$6,456
7	FIRST NB OF CHICAGO CORPORATION	IL	\$119,781	\$1,198,669	\$48,387	\$18,931	\$323,619	\$443,599	\$364,133	\$0	\$30,729
8	BANK OF NEW YORK COMPANY	NY	\$63,003	\$263,609	\$10,464	\$36,032	\$43,318	\$29,209	\$144,586	\$0	\$11,281
9	REPUBLIC NB OF NEW YORK CORPORATION	NY	\$59,919	\$244,259	\$13,404	\$4,342	\$106,718	\$37,963	\$81,782	\$50	\$14,607
10	FIRST UNION CORPORATION	NC	\$228,996	\$221,600	\$43,218	\$42,969	\$9,517	\$83,159	\$42,727	\$9	\$2,293
11	BANKBOSTON CORPORATION	MA	\$70,499	\$127,816	\$21,245	\$22,323	\$37,124	\$27,207	\$18,742	\$1,177	\$5,119
12	STATE STREET CORPORATION	MA	\$46,711	\$115,603	\$375	\$90	\$113,168	\$1,437	\$532	\$0	\$5,633
13	NORWEST CORPORATION	MN	\$93,153	\$91,683	\$5,277	\$12,463	\$32,157	\$8,568	\$33,194	\$25	\$256
14	FLEET FINANCIAL GROUP, INC.	MA	\$100,817	\$69,883	\$50	\$183	\$8,684	\$27,499	\$33,467	\$0	\$1,389
15	WELLS FARGO & COMPANY	CA	\$93,200	\$68,023	\$13,780	\$39	\$2,691	\$24,392	\$27,122	\$0	\$333
16	MELLON BANK CORPORATION	PA	\$47,603	\$66,656	\$7,175	\$600	\$31,516	\$16,761	\$10,603	\$0	\$3,249
17	KEYCORP	OH	\$75,677	\$54,797	\$10,691	\$4,185	\$2,696	\$25,656	\$11,569	\$0	\$708
18	BANC ONE CORPORATION	OH	\$124,781	\$36,207	\$245	\$106	\$100	\$32,369	\$3,347	\$40	\$112
19	PNC BANK CORP.	PA	\$75,918	\$34,081	\$1,251	\$0	\$5,484	\$13,804	\$13,491	\$50	\$202
20	NATIONAL CITY CORPORATION	OH	\$81,258	\$33,478	\$4,219	\$531	\$4,172	\$16,995	\$7,469	\$92	\$161
21	ABN AMRO NORTH AMERICA, INC	IL	\$54,010	\$31,046	\$7,749	\$0	\$360	\$18,760	\$4,177	\$0	\$8
22	FIRST TENNESSEE NATIONAL CORP.	TN	\$16,572	\$20,923	\$0	\$40	\$8,106	\$651	\$12,126	\$0	\$1
23	WACHOVIA CORPORATION	NC	\$64,818	\$20,831	\$168	\$0	\$4,214	\$11,012	\$4,615	\$821	\$628
24	SUNTRUST BANKS, INC	GA	\$61,393	\$19,187	\$0	\$7	\$748	\$15,255	\$3,177	\$0	\$80
25	NORTHERN TRUST CORPORATION	IL	\$29,777	\$15,976	\$204	\$0	\$12,912	\$2,698	\$162	\$0	\$1,602
TOTALS FOR THE TOP 25 HOLDING COMPANIES WITH DERIVATIVES			\$3,230,590	\$28,017,066	\$2,522,599	\$1,862,554	\$7,575,510	\$10,562,524	\$5,359,657	\$134,220	\$656,292

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: In previous quarters, total derivatives included spot foreign exchange. Beginning in the first quarter, 1995, spot foreign exchange is reported separately.

Data source: Consolidated Financial Statements for Bank Holding Companies, FR Y-9, schedule HC-F

TABLE 3

**DISTRIBUTION OF OFF BALANCE SHEET DERIVATIVES CONTRACTS OF THE 25
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE SHEET DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ MILLIONS, RATIOS IN PERCENT
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	CHASE MANHATTAN BANK	NY	\$302,162	\$8,188,471	9.4	90.6	76.8	21.80	1.2	0.2
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,414,091	18.8	81.2	76.6	19.0	3.4	1.0
3	CITIBANK NA	NY	\$285,343	\$3,315,490	8.7	91.3	44.1	53.1	2.3	0.5
4	NATIONSBANK NA	NC	\$232,397	\$2,355,717	44.4	55.5	91.8	5.9	1.7	0.5
5	BANKERS TRUST CO	NY	\$131,252	\$2,188,822	9.4	90.6	63.0	33.2	3.6	0.2
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,710,360	12.3	87.7	56.0	43.3	0.6	0.1
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	5.5	94.5	75.6	23.3	1.1	0.0
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	17.3	82.7	46.5	53.5	0.0	0.0
9	REPUBLIC NB OF NEW YORK	NY	\$54,749	\$244,271	6.6	93.4	27.1	61.8	11.1	0.0
10	FIRST UNION NATIONAL BANK	NC	\$213,300	\$214,999	37.0	63.0	94.1	5.9	0.0	0.0
11	BANKBOSTON NA	MA	\$68,216	\$129,178	33.8	66.3	67.0	29.8	2.3	0.9
12	STATE STREET BANK & TRUST	MA	\$42,484	\$115,603	0.4	99.6	1.9	98.1	0.0	0.0
13	FLEET NATIONAL BANK	RI	\$71,599	\$69,916	0.3	99.7	96.0	3.7	0.3	0.0
14	MELLON BANK NA	PA	\$39,497	\$69,108	11.3	88.8	54.4	45.1	0.5	0.0
15	WELLS FARGO BANK NA	CA	\$85,642	\$68,662	20.1	79.9	96.5	3.5	0.0	0.0
16	KEYBANK NA	OH	\$71,245	\$52,832	27.8	72.2	94.2	5.8	0.0	0.0
17	BANK ONE NA	OH	\$25,222	\$35,808	0.0	100.0	100.0	0.0	0.0	0.0
18	PNC BANK NA	PA	\$70,272	\$34,954	3.6	96.4	96.4	3.5	0.0	0.1
19	NATIONAL CITY BANK	OH	\$25,553	\$32,502	13.1	86.9	98.1	1.6	0.0	0.3
20	CHASE MANHATTAN BANK NA	DE	\$31,666	\$27,033	0.3	99.7	99.2	0.1	0.7	0.0
21	WACHOVIA BANK NA	NC	\$61,489	\$22,031	0.8	99.2	81.9	14.3	0.0	3.7
22	FIRST TENNESSEE BANK NA	TN	\$15,577	\$20,923	0.2	99.8	100.0	0.0	0.0	0.0
23	CITIBANK SOUTH DAKOTA NA	SD	\$13,569	\$18,768	20.8	79.2	100.0	0.0	0.0	0.0
24	CHASE BANK OF TEXAS NA	TX	\$24,909	\$18,460	22.8	77.3	80.6	6.9	12.5	0.0
25	CITIBANK NEVADA NA	NV	\$6,991	\$17,777	24.9	75.1	100.0	0.0	0.0	0.0
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,422,016	\$27,839,167	\$4,225,187	\$23,613,979	\$19,756,221	\$7,349,771	\$604,238	\$128,937
OTHER 436 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,582,097	\$336,733	\$27,356	\$309,378	\$296,546	\$39,456	\$466	\$265
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,175,900	\$4,252,543	\$23,923,357	\$20,052,767	\$7,389,228	\$604,704	\$129,202
TOP 25 COMMERCIAL BANKS & TC: % OF ALL 461 BKS & TCs WITH DERIVATIVES				98.8	15.0	83.8	70.1	26.1	2.1	0.5
OTHER 436 COMMERCIAL BANKS & TCs: % OF ALL 461 BKS & TCs WITH DERIVATIVES				1.2	0.1	1.1	1.1	0.1	0.0	0.0
TOTAL AMOUNTS FOR ALL 461 BKS & TCs: % OF ALL 461 BKS & TCs WITH DERIVATIVES				100.0	15.1	84.9	71.2	26.2	2.1	0.5

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: 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 Report, schedule RC-L

TABLE 4

**CREDIT EQUIVALENT EXPOSURE OF THE 25
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE SHEET DERIVATIVES CONTRACTS
JUNE 30, 1998, \$ MILLIONS, RATIOS IN PERCENT
NOTE: DATA ARE PRELIMINARY**

RANK	BANKNAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	BILATERALLY NETTED CURRENT EXPOSURE	FUTURE EXPOSURE (NEW RBC ADD ON)	TOTAL CREDIT EXPOSURE FROM ALL CONTRACTS	TOTAL CREDIT EXPOSURE TO CAPITAL RATIO (%)
1	CHASE MANHATTAN BANK	NY	\$302,162	\$8,188,471	\$37,641	\$46,808	\$84,449	334.3
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,414,091	\$57,685	\$50,514	\$108,198	727.6
3	CITIBANK NA	NY	\$285,343	\$3,315,490	\$26,722	\$23,884	\$50,606	193.7
4	NATIONS BANK NA	NC	\$232,397	\$2,355,717	\$4,870	\$7,843	\$12,713	60.9
5	BANKERS TRUST CO	NY	\$131,252	\$2,188,822	\$17,650	\$17,492	\$35,142	372.5
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,710,360	\$8,467	\$10,254	\$18,721	77.4
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$4,186	\$7,357	\$11,543	172.1
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$268	\$267	\$534	8.8
9	REPUBLIC NB OF NEW YORK	NY	\$54,749	\$244,271	\$2,329	\$2,185	\$4,514	102.5
10	FIRST UNION NATIONAL BANK	NC	\$213,300	\$214,990	\$1,121	\$893	\$2,014	11.2
11	BANKBOSTON NA	MA	\$68,216	\$129,178	\$567	\$684	\$1,251	18.3
12	STATE STREET BANK & TRUST	MA	\$42,484	\$115,603	\$1,050	\$1,093	\$2,143	92.9
13	FLEET NATIONAL BANK	RI	\$71,599	\$69,916	\$310	\$257	\$567	7.3
14	MELLON BANK NA	PA	\$39,497	\$69,108	\$583	\$444	\$1,027	24.9
15	WELLS FARGO BANK NA	CA	\$85,642	\$68,662	\$328	\$238	\$566	7.3
16	KEYBANK NA	OH	\$71,245	\$52,832	\$374	\$213	\$586	7.7
17	BANK ONE NA	OH	\$25,222	\$35,808	\$302	\$221	\$522	19.0
18	PNC BANK NA	PA	\$70,272	\$34,954	\$440	\$115	\$555	8.0
19	NATIONAL CITY BANK	OH	\$25,553	\$32,502	\$212	\$159	\$371	15.0
20	CHASE MANHATTAN BANK NA	DE	\$31,666	\$27,033	\$297	\$122	\$419	12.3
21	WACHOVIA BANK NA	NC	\$61,489	\$22,031	\$180	\$164	\$344	5.1
22	FIRST TENNESSEE BANK NA	TN	\$15,577	\$20,923	\$30	\$47	\$77	6.9
23	CITIBANK SOUTH DAKOTA NA	SD	\$13,569	\$18,768	\$127	\$61	\$188	9.6
24	CHASE BANK OF TEXAS NA	TX	\$24,909	\$18,460	\$85	\$141	\$226	11.3
25	CITIBANK NEVADA NA	NV	\$6,991	\$17,777	\$150	\$71	\$221	20.4
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,422,016	\$27,839,167	\$165,972	\$171,528	\$337,500	Average% 93.1
OTHER 436 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,582,097	\$336,733	\$2,769	\$1,793	\$4,562	N/A
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,175,900	\$168,740	\$173,321	\$342,061	6.4

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

EXPOSURES FROM OTHER ASSETS	EXPOSURE TO RISK BASED CAPITAL:
ALL COMMERCIAL BANKS	ALL BANKS
1-4 FAMILY MORTGAGES	150%
C&I LOANS	170%
SECURITIES NOT IN TRADING ACCOUNT	181%

Note: The numbers reported above for future credit exposures reflect gross add-ons.

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: Before the first quarter of 1995 total derivatives included spot foreign exchange. Beginning in the first quarter, 1995, spot foreign exchange was reported separately.

Source: Call Report Schedule RC-R

TABLE 5

**NOTIONAL AMOUNTS OF OFF BALANCE SHEET DERIVATIVES CONTRACTS HELD FOR TRADING OF THE 8
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE SHEET DERIVATIVES CONTRACTS
JUNE 30, 1998, \$ MILLIONS, RATIOS IN PERCENT
NOTE: DATA ARE PRELIMINARY**

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL HELD FOR TRADING & MTM	% HELD FOR TRADING & MTM	TOTAL NOT TRADED MTM & NOT MTM	% NOT TRADED MTM & NOT MTM
1	CHASE MANHATTAN BANK	NY	\$302,162	\$8,173,064	\$7,867,192	96.3	\$305,872	3.7
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,335,403	\$7,247,199	98.8	\$89,204	1.2
3	CITIBANK NA	NY	\$285,343	\$3,300,463	\$3,146,890	95.3	\$153,403	4.6
4	NATIONSBANK NA	NC	\$232,397	\$2,342,980	\$2,270,371	96.9	\$72,609	3.1
5	BANKERS TRUST CO	NY	\$131,252	\$2,184,431	\$2,118,361	97.0	\$66,070	3.0
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,708,882	\$1,579,614	92.4	\$129,268	7.6
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$1,197,349	99.5	\$6,596	0.5
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$265,436	98.5	\$4,010	1.5
TOP 8 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,500,036	\$26,518,615	\$25,692,412	96.9	\$827,032	3.1
OTHER 453 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,504,077	\$1,528,083	\$907,462	59.4	\$615,471	40.3
TOP 25 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,422,016	\$27,710,230	\$26,509,642	95.7	\$1,196,550	4.3
OTHER 436 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,582,097	\$336,468	\$90,232	26.8	\$245,954	73.1
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,046,698	\$26,599,874	94.8	\$1,442,504	5.1

Note: Currently, the Call Report does not differentiate between traded and non-traded credit derivatives. Credit derivatives have been excluded from the sum of total derivatives here.

Note: In previous quarters, total derivatives included spot foreign exchange. Beginning in the first quarter, 1995, spot foreign exchange is reported separately.

Data source: Call Report, schedule RC-L

TABLE 6

**GROSS FAIR VALUES OF OFF BALANCE SHEET DERIVATIVE CONTRACTS OF THE 8
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE SHEET DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ MILLIONS
NOTE: DATA ARE PRELIMINARY**

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TRADED :	TRADED :	NOT TRADED :	NOT TRADED :
					(MTM) GROSS POSITIVE FAIR VALUE*	(MTM) GROSS NEGATIVE FAIR VALUE**	(MTM & NOT MTM) GROSS POSITIVE FAIR VALUE*	(MTM & NOT MTM) GROSS NEGATIVE FAIR VALUE**
1	CHASE MANHATTAN BANK	NY	\$302,162	\$8,173,064	\$100,767	\$105,453	\$1,728	\$1,770
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,335,403	\$114,615	\$110,941	\$704	\$208
3	CITIBANK NA	NY	\$285,343	\$3,300,463	\$45,350	\$45,626	\$880	\$594
4	NATIONSBANK NA	NC	\$232,397	\$2,342,980	\$15,495	\$15,688	\$652	\$88
5	BANKERS TRUST CO	NY	\$131,252	\$2,184,431	\$44,553	\$43,219	\$507	\$460
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,708,882	\$24,418	\$23,138	\$1,001	\$898
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$14,741	\$14,914	\$99	\$16
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$1,915	\$1,900	\$36	\$42
TOP 8 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,500,036	\$26,518,615	\$361,853	\$360,879	\$5,608	\$4,076
OTHER 453 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,504,077	\$1,528,083	\$8,835	\$8,514	\$5,721	\$2,506
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,046,698	\$370,688	\$369,393	\$11,328	\$6,582

Note: Currently, the Call Report does not differentiate credit derivatives by gross negative and positive fair values. Credit derivatives have been excluded from the sum of total derivatives here.
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.
*Market value of contracts that have a positive fair value as of the end of the second quarter, 1998.
**Market value of contracts that have a negative fair value as of the end of the second quarter, 1998.
Note: Numbers may not sum due to rounding.
Data source: Call Report, schedule RC-L

TABLE 7

**TRADING REVENUE FROM CASH INSTRUMENTS AND OFF BALANCE SHEET DERIVATIVES OF THE 8
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE SHEET DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ MILLIONS
NOTE: DATA ARE PRELIMINARY
NOTE: REVENUE FIGURES ARE FOR SECOND QUARTER (NOT YEAR-TO-DATE)**

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
1	CHASE MANHATTAN BANK	NY	\$302,162	\$8,173,064	\$338	\$26	\$270	\$23	\$19
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,335,403	\$746	\$402	\$221	\$90	\$33
3	CITIBANK NA	NY	\$285,343	\$3,300,463	\$584	\$186	\$360	\$38	\$0
4	NATIONSBANK NA	NC	\$232,397	\$2,342,980	\$84	\$60	\$15	\$7	\$2
5	BANKERS TRUST CO	NY	\$131,252	\$2,184,431	\$118	\$7	\$154	(\$47)	\$4
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,708,882	\$133	(\$1)	\$101	\$0	\$33
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$37	\$8	\$26	\$1	\$2
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$39	\$8	\$31	\$0	\$0
TOP 8 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,500,036	\$26,518,615	\$2,080	\$696	\$1,178	\$113	\$93
OTHER 453 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,504,077	\$1,528,083	\$476	\$234	\$236	\$1	\$5
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,046,698	\$2,556	\$930	\$1,414	\$114	\$98

Note: Currently, the Call Report does not include trading revenues from credit derivatives. Credit derivatives have been excluded from the sum of total derivatives here.

Note: Trading revenue is defined here as "trading revenue from cash instruments and off balance sheet derivative instruments."

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 sum due to rounding.

Data source: Call Report, schedule RC-I

TABLE 8

**HIGH RISK MORTGAGE SECURITIES
FOR ALL COMMERCIAL BANKS REPORTING HIGH RISK MORTGAGE SECURITIES
JUNE 30, 1998, \$ MILLIONS, RATIOS IN PERCENT
NOTE: DATA ARE PRELIMINARY**

FOR UNIVERSE OF BANKS WITH HIGH RISK MORTGAGE SECURITIES

ASSET SIZE	TOTAL # OF BKS	# BKS WITH HIGH RISK MORTGAGE SECURITIES	TOTAL ASSETS	TOTAL RISK BASED CAPITAL	HIGH RISK MORTGAGE SECURITIES FAIR VALUE	HIGH RISK MORTGAGE SECURITIES BOOK VALUE	BOOK VALUE CONCENTRATION (% OF TOT ASSETS) (%)	APPRECIATION OR (DEPRECIATION) FAIR - BOOK	APPRECIATION OR (DEPRECIATION) TO BOOK VALUE (%)	APPRECIATION OR (DEPRECIATION) TO RISK BASED CAPITAL (%)
\$ LT 250 MM	7,685	256	\$23,994	\$2,513	\$220	\$224	0.93	(\$3.6)	(1.60)	(0.14)
\$250MM - \$500MM	621	44	\$15,503	\$1,539	\$244	\$245	1.58	(\$0.4)	(0.16)	(0.03)
\$500MM - \$1B	304	22	\$15,816	\$1,324	\$149	\$150	0.95	(\$1.0)	(0.68)	(0.08)
\$1B - \$10B	310	37	\$145,163	\$12,607	\$1,304	\$1,301	0.90	\$2.7	0.21	0.02
GT \$10 B	64	15	\$333,181	\$29,884	\$1,477	\$1,481	0.44	(\$4.2)	(0.28)	(0.01)
TOTAL	8,984	374	\$533,656	\$47,867	\$3,394	\$3,401	Average % 0.64	(\$6.5)	Average % (0.19)	Average % (0.01)

Note: High risk mortgage securities include "Held to Maturity" and "Available for Sale" accounts.
Data source: Call Report, schedule RC-B

TABLE 9

STRUCTURED NOTES
FOR ALL COMMERCIAL BANKS REPORTING STRUCTURED NOTES
JUNE 30, 1998, \$ MILLIONS, RATIOS IN PERCENT
NOTE: DATA ARE PRELIMINARY

FOR UNIVERSE OF BANKS WITH STRUCTURED NOTES

ASSET SIZE	TOTAL # OF BKS	# BKS WITH STRUCTURED NOTES	TOTAL ASSETS	TOTAL RISK BASED CAPITAL	STRUCTURED NOTES DOLLAR AMOUNT FAIR VALUE	STRUCTURED NOTES DOLLAR AMOUNT BOOK VALUE	BOOK VALUE CONCENTRATION (% OF TOT ASSETS)	APPRECIATION OR (DEPRECIATION) FAIR - BOOK	APPRECIATION OR (DEPRECIATION) TO BOOK VALUE	APPRECIATION OR (DEPRECIATION) TO RISK BASED CAPITAL
							(%)		(%)	(%)
\$ LT 250 MM	7,685	1,777	\$155,717	\$16,366	\$2,003	\$2,037	1.31	(\$33.1)	(1.63)	(0.20)
\$250MM - \$500MM	621	195	\$68,357	\$6,381	\$581	\$583	0.85	(\$2.4)	(0.42)	(0.04)
\$500MM - \$1B	304	86	\$60,406	\$5,407	\$554	\$555	0.92	(\$1.1)	(0.20)	(0.02)
\$1B - \$10B	310	92	\$262,725	\$22,395	\$2,871	\$2,872	1.09	(\$1.0)	(0.03)	(0.00)
GT \$10B	64	23	\$948,482	\$83,910	\$1,769	\$1,749	0.18	\$19.5	1.12	0.02
TOTAL	8,984	2,173	\$1,495,686	\$134,459	\$7,778	\$7,796	Average % 0.52	(\$18.1)	Average % (0.23)	Average % (0.01)

Note: Structured notes include "Held to Maturity" and "Available for Sale" accounts.

Data source: Call Report, schedule RC-B

**NOTIONAL AMOUNT OF OFF BALANCE SHEET DERIVATIVES CONTRACTS BY CONTRACT TYPE & MATURITY FOR THE 8
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ 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	CHASE MANHATTAN BANK	NY	\$302,162	\$8,173,064	\$2,166,477	\$2,161,559	\$686,425	\$5,014,461	\$1,448,275	\$106,567	\$28,811	\$1,583,653
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,335,403	\$1,576,443	\$1,361,689	\$840,747	\$3,778,879	\$829,089	\$163,083	\$86,168	\$1,078,340
3	CITIBANK NA	NY	\$285,343	\$3,300,463	\$671,471	\$287,314	\$112,149	\$1,070,934	\$1,376,513	\$57,038	\$20,950	\$1,454,501
4	NATIONSBANK NA	NC	\$232,397	\$2,342,980	\$253,745	\$381,481	\$209,235	\$844,461	\$65,431	\$14,394	\$2,359	\$82,184
5	BANKERS TRUST CO	NY	\$131,252	\$2,184,431	\$322,955	\$472,779	\$182,764	\$978,498	\$616,685	\$51,034	\$9,179	\$676,898
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,708,882	\$240,983	\$258,273	\$107,696	\$606,952	\$538,094	\$22,246	\$5,109	\$565,449
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$248,513	\$316,458	\$145,339	\$710,310	\$215,036	\$11,667	\$3,219	\$229,922
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$18,540	\$29,965	\$7,615	\$56,121	\$257	\$0	\$0	\$257
TOP 8 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,500,036	\$26,518,615	\$5,499,127	\$5,269,518	\$2,291,970	\$13,060,616	\$5,089,380	\$426,029	\$155,795	\$5,671,205
OTHER 453 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,504,077	\$1,528,083	\$244,413	\$403,724	\$147,295	\$795,432	\$301,057	\$14,660	\$1,724	\$317,442
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,046,698	\$5,743,540	\$5,673,242	\$2,439,266	\$13,856,048	\$5,390,438	\$440,690	\$157,519	\$5,988,646

Note: Currently, the Call Report does not include maturity breakouts for credit derivatives. Credit derivatives have been excluded from the sum of total derivatives here.

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

Data source: Call Report, schedule RC-R

TABLE 11

**NOTIONAL AMOUNT OF OFF BALANCE SHEET DERIVATIVES CONTRACTS BY CONTRACT TYPE & MATURITY FOR THE 8
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ MILLIONS
NOTE: DATA ARE PRELIMINARY**

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	GOLD	GOLD	GOLD	GOLD	PREC METALS	PREC METALS	PREC METALS	PREC METALS
					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	CHASE MANHATTAN BANK	NY	\$302,162	\$8,173,064	\$8,031	\$11,497	\$5,547	\$25,075	\$341	\$90	\$0	\$431
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,335,403	\$13,409	\$4,949	\$940	\$19,298	\$1,891	\$243	\$0	\$2,134
3	CITIBANK NA	NY	\$285,343	\$3,300,463	\$3,306	\$2,469	\$2,141	\$7,916	\$78	\$94	\$0	\$172
4	NATIONS BANK NA	NC	\$232,397	\$2,342,980	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	BANKERS TRUST CO	NY	\$131,252	\$2,184,431	\$2,718	\$1,678	\$285	\$4,681	\$124	\$54	\$0	\$178
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,708,882	\$0	\$1	\$0	\$1	\$59	\$0	\$0	\$59
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,940	\$26	\$67	\$0	\$94	\$0	\$0	\$0	\$0
8	BANK OF NEW YORK	NY	\$59,284	\$269,440	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOP 8 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,500,036	\$26,518,615	\$27,490	\$20,661	\$8,913	\$57,064	\$2,493	\$481	\$0	\$2,974
OTHER 453 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,504,077	\$1,528,083	\$9,477	\$2,836	\$148	\$12,461	\$2,598	\$466	\$0	\$3,064
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,046,698	\$36,967	\$23,497	\$9,062	\$69,526	\$5,091	\$947	\$0	\$6,039

Note: Currently, the Call Report does not include maturity breakouts for credit derivatives. Credit derivatives have been excluded from the sum of total derivatives here.

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

Data source: Call Report, schedule RC-R

**NOTIONAL AMOUNT OF OFF BALANCE SHEET DERIVATIVES CONTRACTS BY CONTRACT TYPE & MATURITY FOR THE 8
COMMERCIAL BANKS AND TRUST COMPANIES WITH THE MOST OFF BALANCE DERIVATIVE CONTRACTS
JUNE 30, 1998, \$ 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	CHASE MANHATTAN BANK	NY	\$302,162	\$8,173,064	\$4,705	\$8,110	\$224	\$13,039	\$7,829	\$7,795	\$602	\$16,226
2	MORGAN GUARANTY TR CO OF NY	NY	\$188,258	\$7,335,403	\$12,541	\$3,596	\$1,989	\$18,127	\$53,927	\$22,398	\$5,735	\$82,059
3	CITIBANK NA	NY	\$285,343	\$3,300,463	\$2,458	\$3,833	\$90	\$6,381	\$13,758	\$8,363	\$345	\$22,466
4	NATIONSBANK NA	NC	\$232,397	\$2,342,980	\$3,742	\$1,138	\$140	\$5,020	\$8,472	\$1,864	\$370	\$10,706
5	BANKERS TRUST CO	NY	\$131,252	\$2,184,431	\$1,992	\$880	\$1,082	\$3,954	\$17,801	\$13,691	\$2,044	\$33,536
6	BANK OF AMERICA NT&SA	CA	\$239,149	\$1,708,882	\$1,743	\$1,567	\$395	\$3,705	\$432	\$241	\$0	\$673
7	FIRST NB OF CHICAGO	IL	\$62,191	\$1,203,946	\$1,074	\$270	\$203	\$1,546	\$4,478	\$2,218	\$0	\$6,696
8	BANK OF NEW YORK	NY	\$59,284	\$269,446	\$0	\$0	\$0	\$0	\$0	\$3	\$0	\$3
TOP 8 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$1,500,036	\$26,518,615	\$28,255	\$19,394	\$4,123	\$51,772	\$106,697	\$56,573	\$9,096	\$172,365
OTHER 453 COMMERCIAL BANKS & TCs WITH DERIVATIVES			\$2,504,077	\$1,528,083	\$200	\$0	\$0	\$200	\$2,581	\$0	\$70	\$4,319
TOTAL AMOUNTS FOR ALL 461 BKS & TCs WITH DERIVATIVES			\$4,004,113	\$28,046,698	\$28,455	\$19,394	\$4,123	\$51,972	\$109,278	\$58,240	\$9,166	\$176,684

Note: Currently, the Call Report does not include maturity breakouts for credit derivatives. Credit derivatives have been excluded from the sum of total derivatives here.

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

Data source: Call Report, schedule RC-R

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 obligation, 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.

Derivative: A financial contract whose value is derived from the performance of assets, interest rates, currency exchange rates, or indexes. 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.

Exchange-Traded Derivative Contracts: Standardized derivative contracts transacted on an organized exchange and which usually have margin requirements.

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 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.

High-Risk Mortgage Securities: Securities where the price or expected average life is highly sensitive to interest rate changes, as determined by the FFIEC policy statement on high-risk mortgage securities. See also OCC Banking Circular 228 (rev.)

Off-Balance Sheet Derivative Contracts: Derivative contracts that generally do not involve booking assets or liabilities (i.e., swaps, futures, forwards, and options).

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

Structured Notes: Non-mortgage-backed debt securities, whose cash flow characteristics depend on one or more indices and/or have embedded forwards or options.

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.