Office of the Comptroller of the Currency

Washington, DC 20219

OCC's Quarterly Report on Bank Trading and Derivatives Activities
Second Quarter 2014

Executive Summary

- Insured U.S. commercial banks and savings associations reported trading revenue of $6.4 billion in the second quarter, $0.2 billion higher (3.7%) than $6.2 billion in the first quarter, but $0.7 billion lower (9.9%) than $7.1 billion in the second quarter of 2013.

- Credit exposure from derivatives increased in the second quarter. Net current credit exposure (NCCE) increased 2.8%, or $10.0 billion, to $365 billion.

- Trading risk, as measured by Value-at-Risk (VaR), resumed its trend lower in the second quarter. Average VaR across the top 5 dealer banking companies fell 9.7% to $374 million.

- Notional derivatives increased $6.1 trillion, or 2.7%, to $236.8 trillion. Derivative contracts remain concentrated in interest rate products, which comprise 81% of total derivative notional amounts. Credit derivatives, which represent 5% of total derivatives notionals, declined 3.4% from the first quarter to $10.8 trillion.

The OCC's quarterly report on trading revenue and bank derivatives activities is based on call report information provided by all insured U.S. commercial banks, savings associations and trust companies (collectively, "banks"), reports filed by U.S. financial holding companies, and other published data. Beginning in the first quarter of 2012, savings associations reported their financial results in the call reports. As a result, their trading and derivatives activity is now included in the OCC's quarterly derivatives report.

A total of 1,404 insured U.S. commercial banks and savings associations reported derivatives activities at the end of the second quarter, 9 more than in the first quarter. Derivatives activity in the U.S. banking system continues to be dominated by a small group of large financial institutions. Four large commercial banks represent 93% of the total banking industry notional amounts and 86.3% of industry NCCE. The OCC and other supervisors have examiners on-site at the largest banks to evaluate continuously the credit, market, operational, reputation, and compliance risks of bank derivatives activities. In addition to the OCC's on-site supervisory activities, the OCC continues to work with other financial supervisors and major market participants to address infrastructure, clearing, and margining issues in over-the-counter (OTC) derivatives. Activities include development of objectives and milestones for stronger trade processing and improved market transparency across all OTC derivatives categories, migration of certain, highly-liquid products to clearinghouses, and requirements for posting and collecting margin.

Revenue

Insured U.S. commercial banks and savings associations reported $6.4 billion in trading revenue in the second quarter, $0.2 billion higher (3.7%) than first quarter revenue of $6.2 billion, but $0.7 billion lower (9.9%) than in the second quarter of 2013. Strong revenue at the end of the quarter offset weakness in the beginning of the quarter. A $1.0 billion rebound (+23.5%) in interest rate and foreign exchange (FX) revenue, which were relatively weak in the first quarter, more than offset weakness in commodity and credit contracts.

Trading revenue has a strong seasonal bias, with the first quarter of the year normally the strongest. The increase in revenue relative to the first quarter marked only the fourth time since 2000 (and the first time since 2008) that trading revenue increased in the year's second quarter.

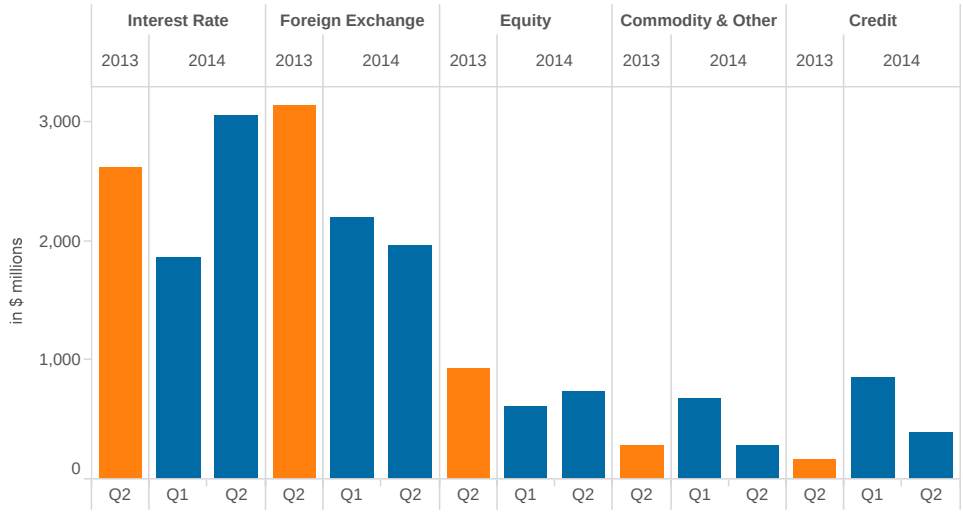
Second quarter trading revenue in 2014 was $0.7 billion lower than in 2013, due to a decline of that same amount in combined interest rate and FX trading revenue. The continuing weakness in trading revenue from rates and FX contracts stems from sustained low levels of both interest rates and volatility. Calm markets with low levels of yields make market participants less likely to invest or otherwise engage in trading and risk management activity.

Quarterly Bank Trading Revenue
in $ millions

	2Q14	1Q14	Q/Q Change	Q/Q % Change	2Q13	Y/Y Change	Y/Y % Change
Interest Rate	3,046	1,852	1,193	64	2,615	431	16
Foreign Exchange	1,962	2,201	-239	-11	3,135	-1,174	-37
Equity	731	607	125	21	926	-195	-21
Commodity & Other	286	679	-393	-58	282	4	1
Credit	394	853	-459	-54	168	226	134
Total Trading Revenue	6,418	6,192	226	4	7,125	-707	-10

	2Q14	Average past 12 Q2's	Past 8 Quarter Average	Past 8 Quarter Hi	Past 8 Quarter Low	Since 2000 Average	Since 2000 Hi	Since 2000 Low
Interest Rate	3,046	1,808	2,785	4,521	406	1,680	9,291	-5,282
Foreign Exchange	1,962	2,053	1,786	3,185	499	1,633	4,274	-1,069
Equity	731	534	565	926	187	536	1,830	-1,059
Commodity & Other	286	239	342	679	30	209	789	-307
Credit	394		93	890	-1,242		2,727	-10,237
Total Trading Revenue	6,418							

Quarterly Bank Trading Revenue
in $ millions



For the first six months of 2014, trading revenue for insured U.S. commercial banks and savings associations was $12.6 billion, $2.0 billion less (13.9%) than in 2013. The weaker performance in 2014 reflects a $2.1 billion decline (19.0%) in combined interest rate and FX revenue, which fell to $9.1 billion. Average revenue for the first half of the year from trading interest rate and FX contracts, the driver of bank trading revenue, has been $10.8 billion since 2009.

YTD Bank Trading Revenue
in $ millions

	2Q14	2Q13	Y/Y Change	Y/Y % Change
Interest Rate	4,898	4,858	40	1
Foreign Exchange	4,163	6,320	-2,157	-34
Equity	1,338	1,764	-426	-24
Commodity & Other	964	646	319	49
Credit	1,246	1,058	188	18
Total Trading Revenue	12,610	14,646	-2,036	-14

Holding Company Quarterly Trading Revenue[1]

To get a more complete picture of trading revenue in the banking system, it is useful to consider consolidated holding company trading performance. As illustrated in the table below, consolidated holding company trading revenue of $14.6 billion in the second quarter was $2.2 billion (13.1%) lower than first quarter revenue of $16.8 billion, but $0.5 billion (3.3%) higher than in the second quarter of 2013. The weakness in trading revenue relative to the first quarter was centered in commodity and credit trading activities, for which revenue collectively declined by $3.3 billion. The decline in commodity and credit revenue more than offset a $0.7 billion improvement in equity revenue.

Quarterly Holding Company Trading Revenue
in $ millions

	2Q14	1Q14	Q/Q Change	Q/Q % Change	2Q13	Y/Y Change	Y/Y % Change
Interest Rate	3,676	3,264	412	13	1,092	2,585	237
Foreign Exchange	2,470	2,524	-54	-2	4,732	-2,263	-48
Equity	4,361	3,625	736	20	3,960	401	10
Commodity & Other	917	2,624	-1,707	-65	1,736	-819	-47
Credit	3,215	4,793	-1,578	-33	2,636	580	22
Total Trading Revenue	14,640	16,831	-2,191	-13	14,156	484	3

For the first six months of 2014, trading revenue for bank holding companies was $31.5 billion, $2.9 billion less (8.6%) than in 2013. The weaker performance in 2014 reflects a $2.6 billion decline (17.7%) in combined interest rate and FX revenue, a trend that has emerged since the end of the financial crisis. Such combined revenue was $11.9 billion in the first half of 2014, well below the average of $16.7 billion from 2009 to 2014.

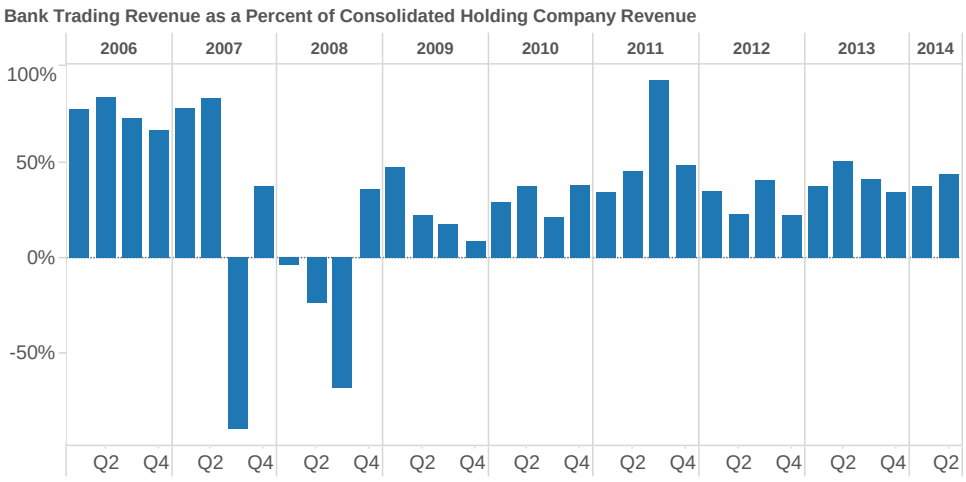
YTD Holding Company Trading Revenue
in $ millions

	2Q14	2Q13	Y/Y Change	Y/Y % Change
Interest Rate	6,941	5,363	1,577	29
Foreign Exchange	4,993	9,146	-4,153	-45
Equity	7,986	8,920	-934	-10
Commodity & Other	3,542	3,061	481	16
Credit	8,009	7,928	81	1
Total Trading Revenue	31,471	34,418	-2,947	-9

Bank Trading Revenue as a Percent of Consolidated Holding Company Revenue

Prior to the financial crisis, trading revenue at banks typically ranged from 60-80% of consolidated holding company trading revenue. Since the financial crisis, and the adoption of bank charters by the former investment banks, the percentage of trading revenue at banks to consolidated company revenue has generally fallen into a range of 30-50%. This decline reflects the significant amount of trading activity by the former investment banks that, while included in holding company results, remains outside the insured commercial bank. More generally, insured U.S. commercial banks and savings associations have more limited legal authorities than do their holding companies, particularly in commodity and equity products.

[1] The OCC's Quarterly Report on Bank Trading and Derivatives Activities focuses on the activity and performance of insured U.S. commercial banks and savings associations. Discussion of consolidated bank holding company activity and performance is limited to this section, as well as the data in Table 2 and Graph 8.



Source: call reports

In the second quarter, banks generated 44% of consolidated company trading revenue, up from 37% in the first quarter. The improvement is due to a larger share of holding company trading revenue coming from interest rate and FX contracts in the second quarter (42% vs. 34%). The contribution of bank trading revenue from these two sources was 81% of total consolidated revenue from interest rate and FX contracts, up from 70% in the first quarter.

Credit Risk

Credit risk is a significant risk in bank derivatives trading activities. The notional amount of a derivative contract is a reference amount that determines contractual payments, 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 the contract, and the creditworthiness of the counterparty.

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 derivative 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 factors, 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.

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.

in $ billions

	Gross Posivite Fair Values							Gross Negative Fair Values						
	2Q14	1Q14	Q/Q Change	Q/Q % Change	2Q13	Y/Y Change	Y/Y % Change	2Q14	1Q14	Q/Q Change	Q/Q % Change	2Q13	Y/Y Change	Y/Y % Change
Interest Rate	2,627	2,489	138	6	2,907	-280	-10	2,555	2,416	139	6	2,846	-291	-10
Foreign Exchange	328	364	-36	-10	442	-114	-26	323	359	-35	-10	447	-123	-28
Equity	97	92	5	5	93	4	4	97	91	6	7	92	5	6
Commodity	41	41	0	-1	60	-20	-32	40	42	-2	-5	59	-19	-32
Credit	177	182	-5	-3	209	-31	-15	173	179	-6	-3	204	-31	-15
Total Gross Positive Fair Value	3,271	3,169	102	3	3,711	-441	-12	3,188	3,087	101	3	3,647	-460	-13

Source: call reports

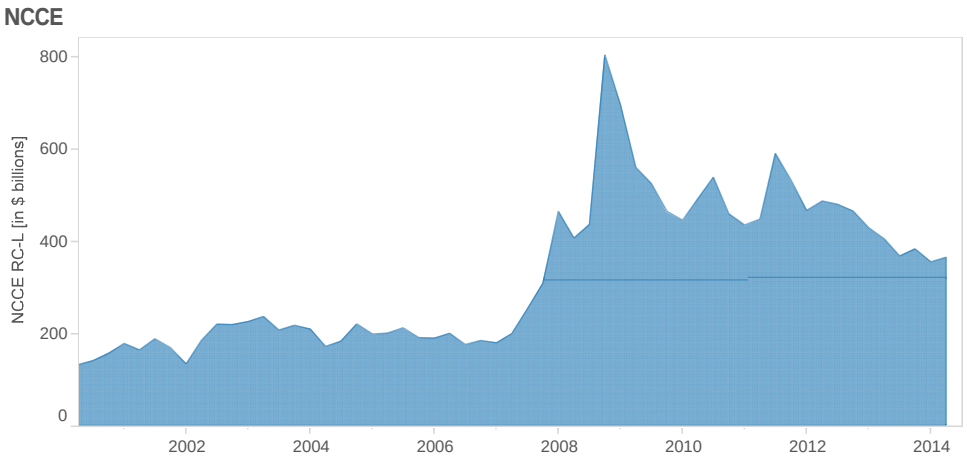
GPFV (i.e., derivatives receivables) increased 3.2% in the second quarter to $3.3 trillion. Receivables from interest rate contracts, which make up 80% of gross derivatives receivables (and hence are the dominant source of credit exposure), increased 5.5% to $2.6 trillion, as interest rates fell during the quarter. Because banks hedge the market risk of their derivatives portfolios, the change in GPFV was matched by a similar increase in GNFVs (i.e., derivatives payables). Derivatives payables increased 3.3% to $3.2 trillion.

A legally enforceable netting agreement with a counterparty creates a single legal obligation for all transactions (called a "netting set") under the agreement. Therefore, when banks have such agreements with their counterparties, contracts with negative values (an amount a bank would pay to its counterparty), can offset contracts with positive values (an amount owed by the counterparty to the bank), leaving a NCCE as shown in the example below:

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

Most, but not necessarily all, derivatives transactions a bank has with an individual counterparty are subject to a legally enforceable netting agreement. For example, some transactions may be subject to the laws of a jurisdiction that does not provide legal certainty of netting agreements, in which case such transactions must be regarded as separate from the netting set. Other transactions may involve non-standard contractual documentation. Transactions that are not subject to the same legally enforceable netting agreement become unique "netting sets" that have distinct values that cannot be netted, and for which the appropriate current credit measure is the gross exposure to the bank, if that amount is positive. In some cases, transactions that fall under separate netting sets may be tied together under a separate legally enforceable netting agreement. While banks can net exposures within a netting set under the same netting agreement, they cannot net exposures across netting sets without a separate legally enforceable netting agreement. As a result, a bank's NCCE to a particular counterparty equals the sum of the credit exposures across all netting sets with that counterparty. A bank's NCCE across all counterparties equals the sum of its NCCE to each of its counterparties.

NCCE is the primary metric used by the OCC to evaluate credit risk in bank derivatives activities. NCCE for insured U.S. commercial banks and saving associations increased $10.0 billion (2.8%) to $365 billion.[2] Notwithstanding the increase during the second quarter, NCCE is near its lowest level since the third quarter of 2007. NCCE peaked at $804 billion at the end of 2008, during the financial crisis, when interest rates had plunged and credit spreads were very high. The difference between very low current market swap rates and prevailing swap rates in dealers' interest rate books, which creates credit exposure, has narrowed due to the extended period of low interest rates and the substantial growth in notional derivatives that has occurred during this low-rate period. The significant decline in NCCE since 2008 results from sharp declines in the GPFV of interest rate and credit contracts. GPFV from interest rate contracts has fallen from $5.1 trillion at the end of 2008 to $2.6 trillion currently. The yield on the 10-year Treasury note, although up sharply in 2013, has generally been below 3% since the fourth quarter of 2008, at the peak of the financial crisis. At June 30, 2014, exposure from credit contracts of $177 billion is $946 billion lower (84.2%) than $1.1 trillion at December 31, 2008.



Source: call reports (Pre-2Q 2009, schedule RC-R; 2Q 2009 onwards, schedule RC-L)

[2] Banks report NCCE in two different sections (RC-R and RC-L) of the call report, and the amounts reported are typically different. In the past, this report has used the amount from RC-R. Effective with this report, it uses the amount from Schedule RC-L, which is a more comprehensive measure of NCCE. A difference between the two measures is that RC-R excludes credit exposure from OTC derivatives not subject to risk-based capital standards (e.g., exchange-traded contracts and written options).

in $ billions

	2Q14	1Q14	Q/Q Change	Q/Q % Change
Total Gross Positive Fair Value	3,271	3,169	102	3
Netting Benefit	2,906	2,814	92	0
NCCE (RC-L)	365	355	10	3
Netting Benefit %	88.84	88.80	0.04	0.05
10-Year Interest Rate Swap (%)	2.62	2.86	-0.24	-8.39
Dollar Index Spot	80	80	0	0
Credit Derivative Index - North America IG (bps)	50	69	-19	-27
Credit Derivative Index - High Volatility (bps)	118	146	-27	-19

Note: Numbers may not add due to rounding.

Legally enforceable netting agreements allowed banks to reduce GPFV exposures by 88.8% ($2.9 trillion) in the second quarter.[3]

The distribution of NCCE in the banking system is concentrated in banks/securities firms (54.1%) and corporations (35.6%). Exposure to hedge funds, sovereign governments and monoline financial firms is very small (10.3% in total). However, the sheer size of aggregate counterparty exposures results in the potential for major losses even in sectors where credit exposure is a small percentage of the total. For example, notwithstanding the minimal share of NCCE to monolines, banks suffered material losses on these exposures during the credit crisis. Because banks have taken credit charges (via credit valuation adjustments) to completely write down their monoline exposures, current credit exposures to monolines are now virtually 0% of total NCCE. Sovereign credit exposures are also a small component (7.7%) of NCCE and, like monoline exposures before the financial crisis, are largely unsecured. Sovereign exposures are an increasing area of focus for bank supervisors as they review counterparty credit risk.

Net Current Credit Exposure by Counterparty Type as a % of Total NCCE

		Banks & Securities Firms	Monoline Financial Firms	Hedge Funds	Sovereign Governments	Corp and All Other Counterparties
2014	Q2	54%	0%	2%	8%	36%
	Q1	56%	0%	3%	8%	34%
2013	Q2	56%	0%	2%	6%	35%
2012	Q2	55%	0%	1%	5%	38%

A more risk sensitive measure of credit exposure would also consider the value of collateral held against counterparty exposures. Commercial banks and savings associations with total assets greater than $10 billion report the fair value of collateral held against various classifications of counterparty exposure.

Reporting banks held collateral against 82.4% of total NCCE at the end of the second quarter, down from 83.8% in the first quarter, due to slightly lower coverage of corporate credit exposures. Credit exposures to banks/securities firms and hedge funds remain very well secured; banks held collateral against 99.6% of their current exposure to banks and securities firms, up from 98.7% in the first quarter. Collateral held against hedge fund exposures increased to 353.7% in the second quarter. Hedge fund exposures have always been very well secured, because banks take “initial margin” on transactions with hedge funds, in addition to fully securing any current credit exposure. Collateral coverage of corporate, monoline and sovereign exposures is much less than for financial institutions and hedge funds. At the end of the second quarter, banks held collateral against 52.7% of corporate counterparty exposures, down from 57.1% in the first quarter.

Fair Value of Collateral to Net Current Credit Exposure

		FV Banks & Securities Firms	FV Monoline Financial Firms	FV Hedge Funds	FV Sovereign Governments	FV Corp and All Other Counterparties	FV/NCCE%
2014	Q2	100%	0%	354%	14%	53%	82%
	Q1	99%	4%	324%	13%	57%	84%
2013	Q2	88%	6%	325%	12%	52%	75%
2012	Q2	94%	4%	336%	14%	34%	70%

Collateral quality held by banks is very high and liquid, with 78% held in cash (both U.S. dollar and non-dollar), and an additional 5.1% held in U.S. Treasuries and government agencies. Supervisors assess changes in the quality of collateral held as a key early warning indicator of potential easing in credit terms. Indeed, the quality of collateral held to secure derivatives exposures has slipped slightly over the past year. “Other” collateral has increased from 12.9% in the second quarter of 2013 to 13.9% currently. Examiners review the collateral management practices of derivatives dealers as a regular part of their ongoing supervision activities.

Fair Value of Collateral

		Cash U.S. Dollar	Cash Other	U.S. Treas Securities	U.S. Gov't Agency	Corp Bonds	Equity Securities	All Other Collateral
2014	Q2	46%	32%	2%	3%	1%	2%	14%
	Q1	46%	31%	3%	3%	1%	2%	14%
2013	Q2	44%	31%	4%	6%	1%	2%	13%
2012	Q2	46%	33%	3%	6%	1%	1%	10%

During the second quarter, 24 banks reported $56 million in net charge-offs of derivatives exposures. In the first quarter, 16 banks reported $13 million in net charge-offs. Net charge-offs in the second quarter of 2014 represented 0.015% of the NCCE from derivative contracts. [See Graph 7.] For comparison purposes, Commercial and Industrial (C&I) loan net charge-offs increased $28 million, or 3%, to $934 million. Net C&I charge-offs were unchanged from the first quarter at 0.056% of total C&I loans. Charge-offs of derivatives exposures typically are associated with problem commercial lending exposures, where the borrower has an associated swap transaction.

The level of charge-offs of derivatives credit exposures is typically much less than for C&I exposures. Two factors account for the historically favorable charge-off performance of derivatives. First, the credit quality of the typical derivatives counterparty is higher than the credit quality of the typical C&I borrower. Second, most of the large credit exposures from derivatives, whether from other dealers, large non-dealer banks, or hedge funds, are collateralized daily, typically by cash and/or government securities.

Market Risk

Value-at-Risk

Banks control market risk in trading operations primarily by establishing limits against potential losses. VaR is a statistical measure that banks use to quantify the maximum expected loss, 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 trading portfolios to assess the potential for loss beyond the VaR measure. Banks and supervisors have been working to expand the use of stress analyses to complement the VaR risk measurement process that is typically used when assessing a bank's exposure to market risk.

in $ millions

	JPMORGAN	CITIGROUP	BANK OF AMERICA	GOLDMAN	MORGAN STANLEY	TOTAL
Q2'14	55	135	59	77	48	374
Q1'14	42	156	84	82	50	414
Q/Q Change	13	-21	-25	-5	-2	-40
Q/Q % Change	31	-13	-30	-6	-4	-10
Equity Capital	227,314	211,362	237,411	70,755	81,629	828,471
2013 Net Income	17,923	13,908	11,431	8,040	2,932	54,234
Avg VaR/Equity %	0.02	0.06	0.02	0.11	0.06	0.05
Avg VaR/Net Income %	0.31	0.97	0.52	0.96	1.64	0.69

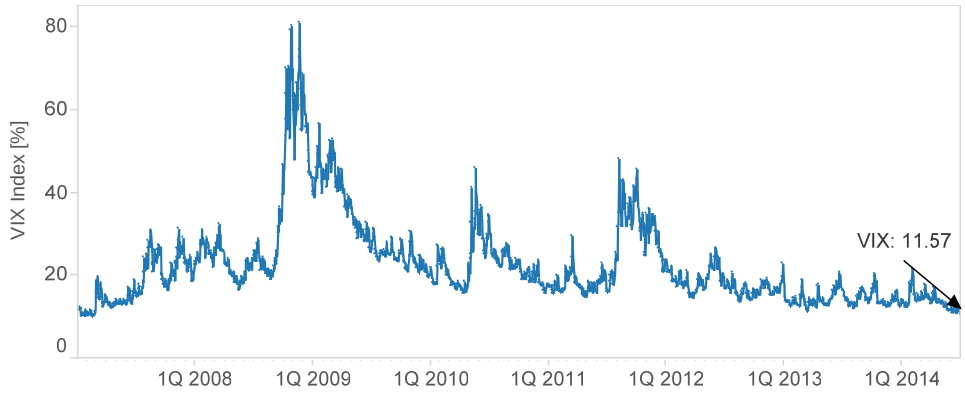
Source: 10K & 10Q Securities and Exchange Commission (SEC) Reports.

The large trading banks disclose 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 above, market risks reported by the five largest banking companies, as measured by VaR, are small as a percentage of their capital. Because of mergers, and VaR measurement systems incorporating higher volatility price changes throughout the credit crisis (compared to the very low volatility environment prior to the crisis), bank VaR measures had generally increased throughout the credit crisis. After the peak of the financial crisis, as more normal market conditions emerged and Federal Reserve policy accommodation continued, volatility declined and bank VaR measures have broadly trended lower.

VaR measures are not comparable across firms, due both to methodological differences in calculating VaR, as well as differences in the scope of coverage. These differences can result in materially different VaR estimates across firms, even for the same portfolios. When assessing trading risk in the banking system, it is therefore appropriate to review the trend in VaR at individual firms, not in aggregate across firms.

Because of methodological differences in calculating VaR, readers are cautioned that a higher VaR figure at a particular bank may not necessarily imply that the bank has more trading risk than another bank with a lower VaR. For example, JPMorgan, Goldman Sachs and Morgan Stanley calculate VaR using a 95% confidence interval. If those firms used a 99% confidence interval, as does Bank of America and Citigroup, their VaR estimates would be meaningfully higher. The data series used to measure risk also is an important factor in the calculated risk measure. The VaR measure for a single portfolio of exposures will be different if the time period used to measure risk is not the same. Firms using a longer period over which to measure risk may include the higher volatility period of the financial crisis, and therefore their measured VaR will be higher than firms that use a less volatile data series. Indeed, one major reason for the decline in VaR at large trading firms is the sharply lower volatility environment that has prevailed since the end of the financial crisis. While some firms may have reduced their appetite to take market risk, consistent with tepid client demand and regulatory changes, the material decline in measured risk across the banking industry is largely a function of the sustained, extremely low, volatility environment. The chart below of the VIX index, which measures the market's expectation of stock market volatility of S&P 500 index options over the next 30-day period, illustrates the extended period of low volatility.

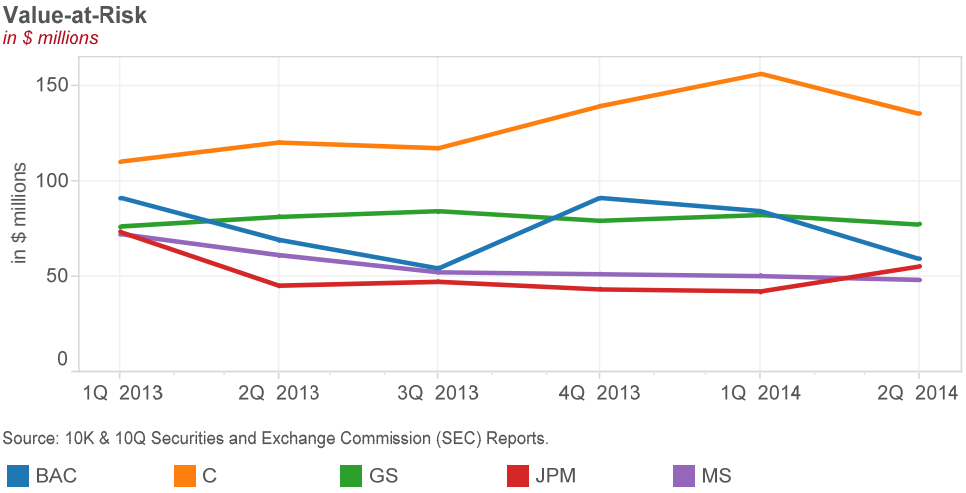
VIX



Source: Bloomberg

The scope of coverage of the VaR measure is also important when reviewing risks across institutions. Some firms disclose VaR based only on their trading/intermediation activity, while others also include risks from hedging mortgage-servicing assets, fair value option portfolios, and asset/liability management activities.

The chart below illustrates the trend over the past five quarters in average VaR at each of the large trading companies. VaR declined for all five of the large trading companies, except JPMorgan Chase, in the second quarter.



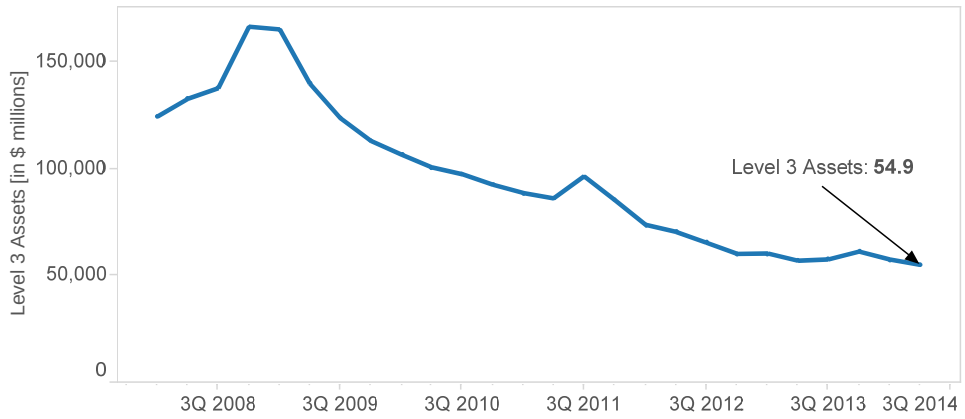
Source: 10K & 10Q Securities and Exchange Commission (SEC) Reports.

To test the effectiveness of VaR measurement systems, trading institutions track the number of times that daily losses exceed VaR estimates. Under the Market Risk Rule, which establishes regulatory capital requirements for U.S. commercial banks and savings associations 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. Some banks disclose the number of such "exceptions" in their published financial reports. Because of the unusually high market volatility and large write-downs in Collateralized Debt Obligations (CDOs) during the financial crisis, as well as poor market liquidity, a number of banks experienced back-test exceptions and therefore an increase in their capital multiplier. Currently, however, none of the top 4 trading banks are required to hold additional capital for market risk due to back-test exceptions.

Level 3 Trading Assets

Another measure used to assess market risk is the volume of, and changes in, level 3 trading assets. Since the peak of the financial crisis at the end of 2008, major dealers have sharply reduced the volume of level 3 trading assets. Because the fair value of these illiquid exposures cannot be determined by using observable measures, such as market prices, banks estimate them using pricing models. Level 3 assets held by the top 4 trading banks peaked at $166 billion at the end of 2008. At the end of the second quarter of 2014, the top 4 trading banks held $54.9 billion of level 3 assets, down 4.3% from the first quarter and 67.1% lower ($112 billion) than the peak level from 2008.

Level 3 Assets at the Top 4 Banks
in $ Millions

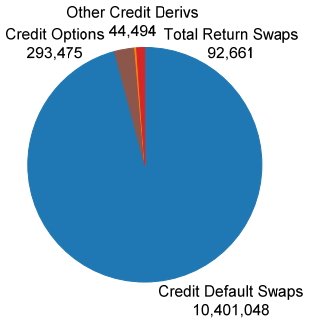


Source: call reports

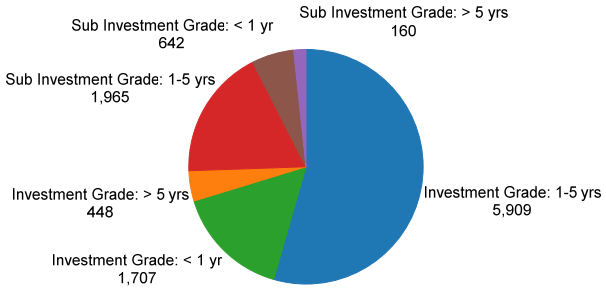
Credit Derivatives

The secular trend toward declining notional amounts of credit derivatives continued in the second quarter, with notionals falling another $387 billion (3.4%) to $10.8 trillion. Contracts referencing non-investment grade entities declined by $179 billion, in addition to a $208 billion decrease in contracts for investment grade firms. The decline in the second quarter is the ninth in the past eleven quarters. Credit derivatives outstanding remain well below the peak of $16.4 trillion in the first quarter of 2008. From year-end 2003 to 2008, credit derivative contracts grew at a 100% compounded annual growth rate. Industry efforts to eliminate offsetting trades ("trade compression"), as well as reduced demand for structured products, has led to a decline in credit derivative notionals. 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 reference entities. As shown in the first chart below, credit default swaps are the dominant product at 96.3% of all credit derivatives notionals. [See charts below, Tables 11 and 12, and Graph 14.]

Credit Derivatives Composition by Product Type



Credit Derivatives Composition by Maturity & Quality of Underlying Reference Entity



Source: call reports

Contracts referencing investment grade entities with maturities from 1-5 years, which fell by $334 billion (5.3%) in the quarter, represent the largest segment of the market at 55% of all credit derivatives notionals, down slightly from 56% in the first quarter. Contracts of all tenors that reference investment grade entities are 74% of the market. [See chart on right above.]

The notional amount for the 47 insured U.S. commercial banks and savings associations that sold credit protection (i.e., assumed credit risk) was $5.3 trillion, down $322 billion (5.8%) from the first quarter. The notional amount for the 46 banks that purchased credit protection (i.e., hedged credit risk) was $5.6 trillion, $65 billion lower (1.2%) than in the first quarter. [See Tables 1, 3, 11 and 12 and Graphs 2, 3 and 4.]

Notionals

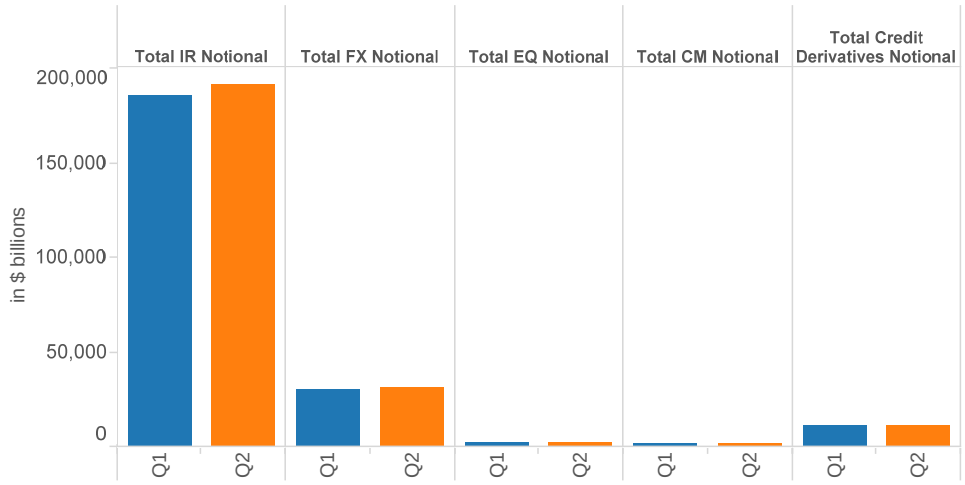
Changes in notional amounts are generally reasonable reflections of business activity, and therefore can provide insight into potential revenue and operational issues. However, the notional amount of derivative contracts does not provide a useful measure of either market or credit risks.

The notional amount of derivative contracts held by insured U.S. commercial banks and savings associations in the second quarter increased by $6.1 trillion (2.7%) to $236.8 trillion. Notionals for interest rate contracts increased by $5.7 trillion (3.1%).

On a product basis, the increase in notionals resulted from a $7 trillion increase (5.0%) in swaps contracts to $146 trillion, which offset decreases in options ($1.4 trillion).

Notwithstanding the increase in second quarter notional derivatives, the general decline in notionals since 2011 has resulted from trade compression efforts, as well as the lower volatility environment, which has led to less need for risk management products. Trade compression continues to be a significant factor in reducing the amount of notional derivatives outstanding. Trade compression aggregates a large number of swap contracts with similar factors, such as risk or cash flows, into fewer trades. Compression removes economic redundancy in a derivatives book and reduces both operational risks and capital costs for large dealers.

The four banks with the most derivatives activity hold 92.5% of all derivatives, while the largest 25 banks account for nearly 100% of all contracts. [See Tables 3, 5 and Graph 4.]



Source: call reports

Interest rate contracts continue to represent the lion's share of the derivatives market at 80.9% of total derivatives. FX and credit derivatives are 13.1% and 4.6% of total notionals, respectively. Commodity and equity derivatives are each less than 1% of total notional derivatives.

in $ billions

	2Q14	1Q14	Q/Q Change	Q/Q % Change	2Q13	Y/Y Change	Y/Y % Change	% of Notionals
Interest Rate	191,552	185,830	5,722	3	188,190	3,361	2	81
Foreign Exchange	30,985	30,170	815	3	28,800	2,185	8	13
Equity	2,198	2,151	47	2	2,121	78	4	1
Commodity	1,214	1,263	-49	-4	1,367	-153	-11	1
Credit Derivatives	10,832	11,219	-387	-3	13,382	-2,551	-19	5
Total Notionals	236,781	230,632	6,149	3	233,860	2,921	1	

Souce: call reports

Swap contracts continue to represent the bulk of the derivatives market for insured commercial banks at $146 trillion, or 61.9% of all notionals.

in $ billions

	2Q14	1Q14	Q/Q Change	Q/Q % Change	2Q13	Y/Y Change	Y/Y % Change	% of Notionals
Futures & Forwards	45,312	44,424	888	2	43,970	1,342	3	19
Swaps	146,468	139,451	7,016	5	141,027	5,441	4	62
Options	34,170	35,538	-1,369	-4	35,481	-1,312	-4	14
Credit Derivatives	10,832	11,219	-387	-3	13,382	-2,551	-19	5
Total Notionals	236,781	230,632	6,149	3	233,860	2,921	1	

Souce: call reports

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, commodity, credit, and 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 (GNFV): 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 (GPFV): 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.

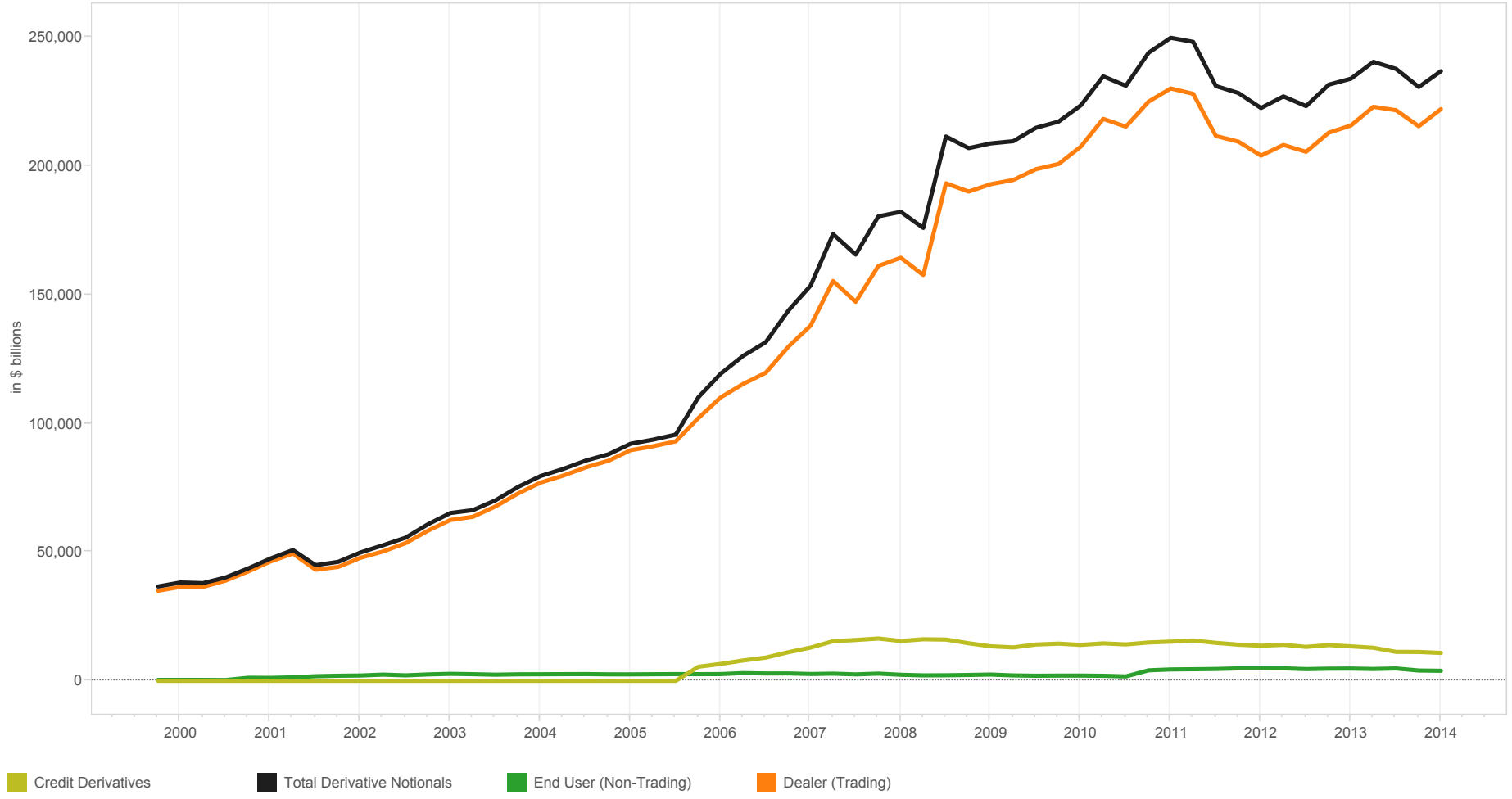
Total Credit Exposure (TCE): The sum total of net current credit exposure (NCCE) and potential future exposure (PFE).

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.

Graph 1

Derivative Notionals by Type

Insured U.S. Commerical Banks and Savings Associations



in $ billions

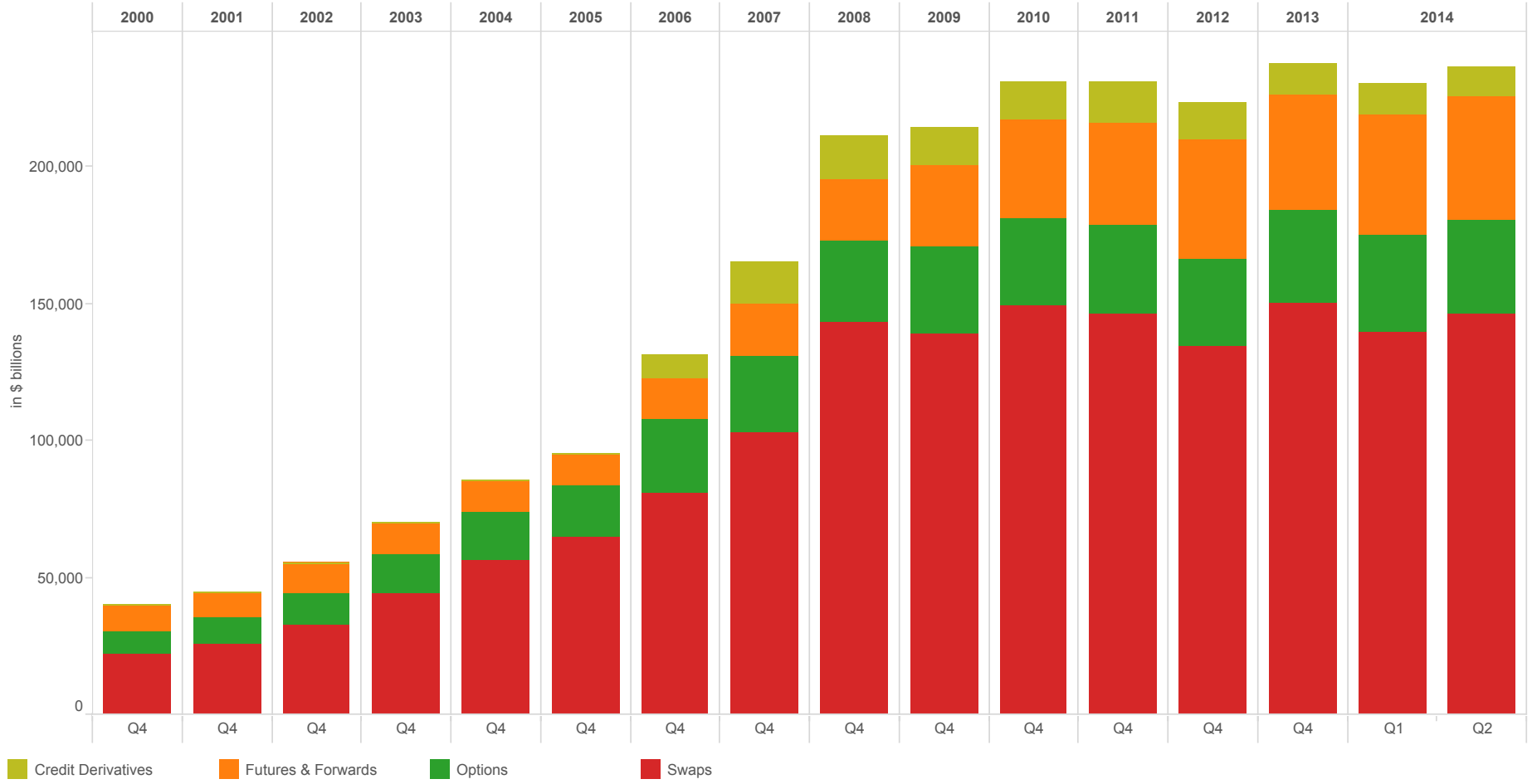
	2010				2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total Derivative Notionals	217,202	223,481	234,765	231,099	243,932	249,723	248,146	230,998	228,279	222,465	226,987	223,202	231,542	233,860	240,400	237,658	230,632	236,781
Dealer (Trading)	200,723	207,486	218,260	215,244	224,950	230,067	227,975	211,626	209,383	203,997	208,122	205,452	212,907	215,702	222,941	221,602	215,406	222,046
End User (Non-Trading)	2,028	2,034	1,956	1,704	4,081	4,427	4,510	4,613	4,845	4,843	4,867	4,560	4,733	4,776	4,610	4,812	4,008	3,903
Credit Derivatives	14,451	13,961	14,550	14,151	14,900	15,229	15,661	14,759	14,051	13,624	13,998	13,190	13,901	13,382	12,849	11,245	11,219	10,832

Note: Numbers may not add due to rounding. Total derivative notionals are now reported including credit derivatives, for which regulatory reporting does not differentiate between trading and non-trading.
Data Source: call reports

Graph 2

Derivative Contracts by Product

Insured U.S. Commercial Banks and Savings Associations



in $ billions

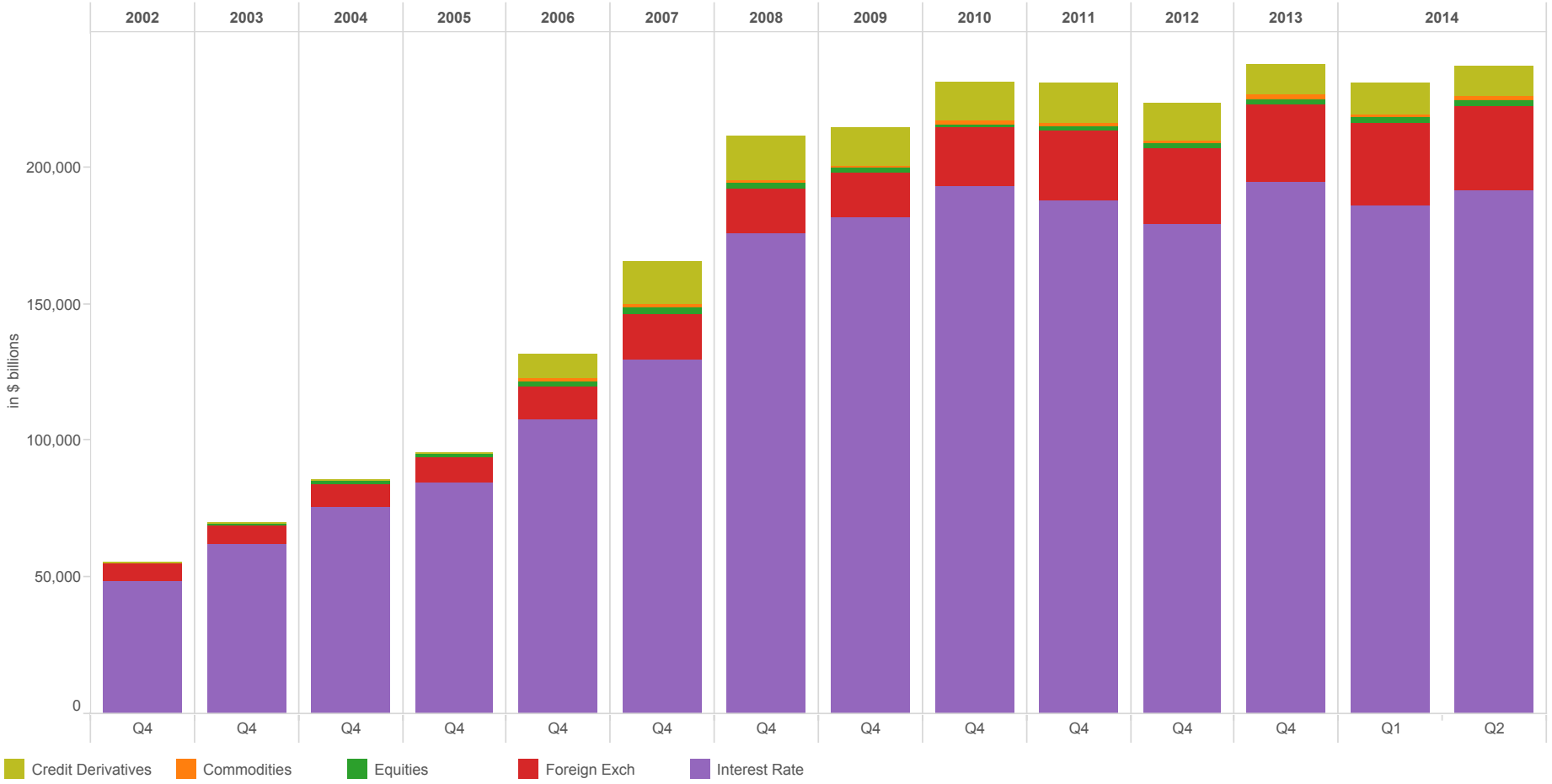
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q1	Q2
Futures & Forwards	11,383	11,406	11,370	12,057	14,882	18,867	22,529	29,652	35,539	37,469	43,621	42,022	44,424	45,312
Swaps	32,622	44,090	56,411	64,712	81,340	103,102	143,111	139,138	149,331	146,266	134,726	150,591	139,451	146,468
Options	11,580	14,616	17,754	18,858	26,277	27,727	29,747	31,884	32,078	32,505	31,664	33,800	35,538	34,170
Credit Derivatives	0	0	0	0	9,020	15,863	16,029	14,112	14,151	14,759	13,190	11,245	11,219	10,832
Total Derivative Notionals	55,585	70,112	85,536	95,627	131,519	165,559	211,416	214,786	231,099	230,998	223,202	237,658	230,632	236,781

*Notional amount of total: futures, exchange traded options, over the counter options, forwards and swaps.
Note: Numbers may not add due to rounding
Data Source: call reports

Graph 3

Derivatives Contracts by Type

Insured U.S. Commercial Banks and Savings Associations



in $ billions

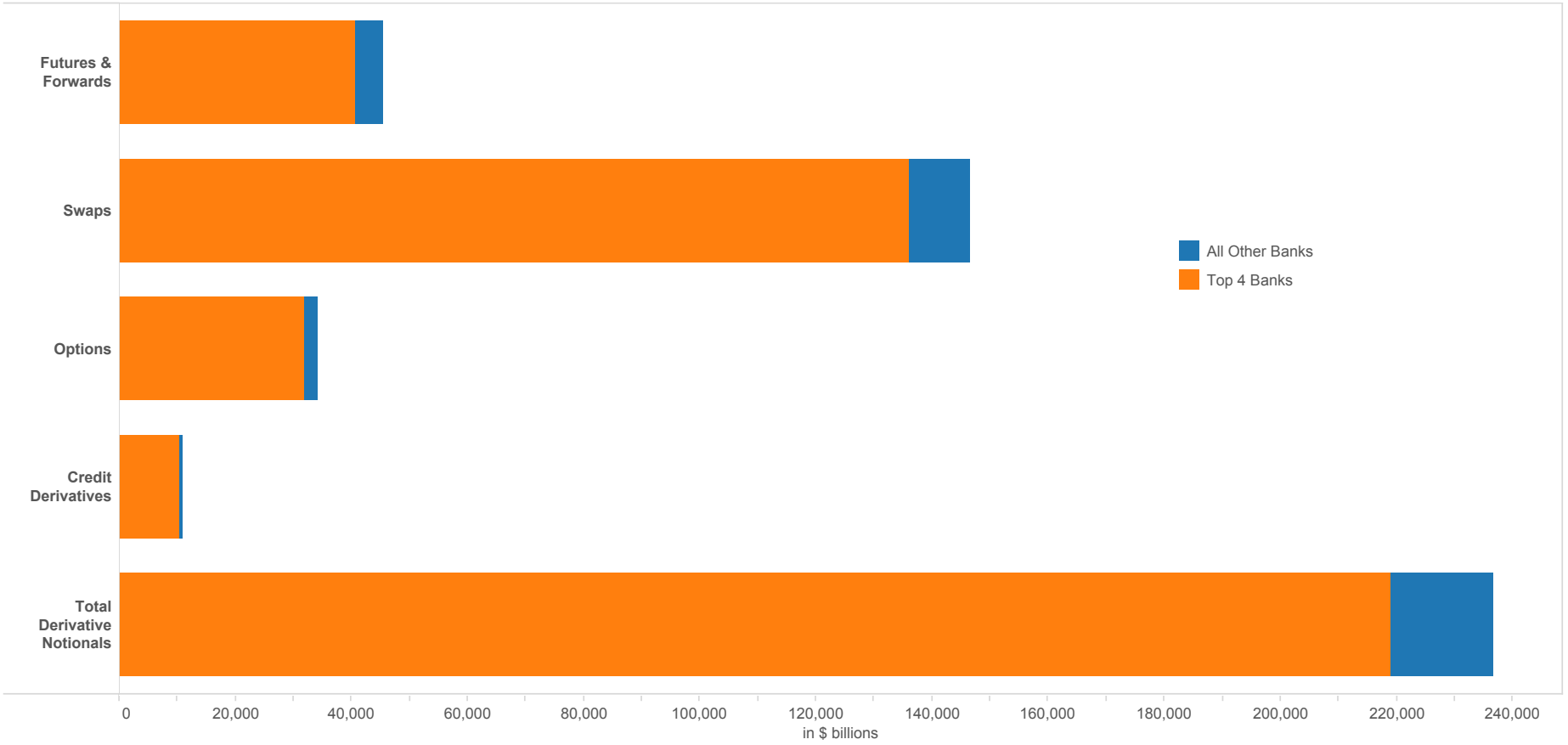
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q1	Q2
Credit Derivatives	0	0	0	0	9,020	15,863	16,029	14,112	14,151	14,759	13,190	11,245	11,219	10,832
Commodities	226	223	284	552	893	1,067	1,061	979	1,195	1,330	1,397	1,209	1,263	1,214
Equities	787	829	1,112	1,255	2,271	2,524	2,207	1,685	1,364	1,606	1,970	2,060	2,151	2,198
Foreign Exch	6,081	7,185	8,607	9,289	11,900	16,614	16,224	16,555	20,990	25,436	27,706	28,589	30,170	30,985
Interest Rate	48,491	61,876	75,533	84,530	107,435	129,491	175,895	181,454	193,399	187,866	178,939	194,555	185,830	191,552

*Notional amount of total: futures, exchange traded options, over the counter options, forwards, and swaps.
Note: As of 2Q06 equities and commodities types are shown as separate categories. They were previously shown as "Other Derivs." Numbers may not add due to rounding.
Data Source: call reports

Graph 4

Four Banks Dominate in Derivatives

Insured U.S. Commercial Banks and Savings Associations



$ Top 4 Banks

Futures & Forwards	40,542
Swaps	136,097
Options	31,922
Credit Derivatives	10,464
Total Derivative Notionals	219,025

$ All Banks

Futures & Forwards	45,312
Swaps	146,468
Options	34,170
Credit Derivatives	10,832
Total Derivative Notionals	236,781

*Notional amount of total: futures, exchange traded options, over the counter options, forwards, and swaps.
Data Source: call reports

Graph 5

Credit Exposure to Risk-Based Capital

Top 4 Insured U.S. Commercial Banks and Savings Associations by Derivative Holdings

Total Credit Exposure to Risk Based Capital (%)

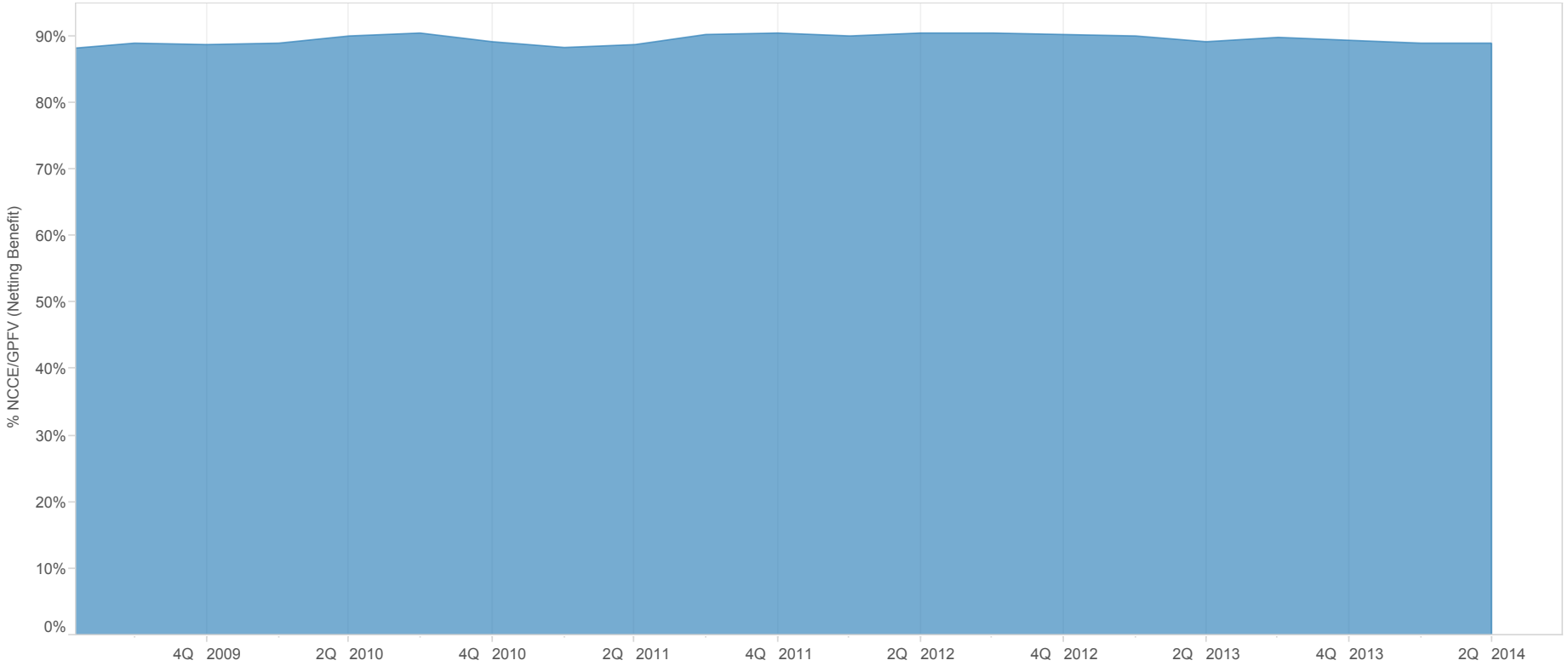
	2009				2010				2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
JPMORGAN CHASE	323	283	290	265	266	257	267	265	275	274	285	256	250	246	247	229	219	217	205	183	183	189
BANK OF AMERICA	173	140	137	153	164	166	177	174	182	182	187	176	149	141	139	132	129	125	121	117	109	107
CITIBANK	213	209	203	180	180	171	197	182	185	203	195	177	172	174	174	174	169	167	165	152	151	156
GOLDMAN SACHS	1,048	921	858	766	666	685	638	628	781	788	801	794	751	738	727	705	703	693	719	741	689	620
Grand Total	439	388	372	341	319	320	320	312	356	362	367	351	330	325	322	310	305	300	303	298	283	268

Note: The methodology to calculate the Credit Risk Exposure to Capital ratio for the Top 4 category uses a weighted average of total current credit exposure.
Data Source: call reports

Graph 6

Netting Benefit: Amount of Gross Credit Exposure Eliminated Through Bilateral Netting

Top 4 Insured U.S. Commercial Banks and Savings Associations by Derivative Holdings



Netting Benefit (%)

2009				2010				2011			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	88.0%	88.8%	88.5%	88.9%	90.0%	90.3%	89.1%	88.2%	88.6%	90.2%	90.4%

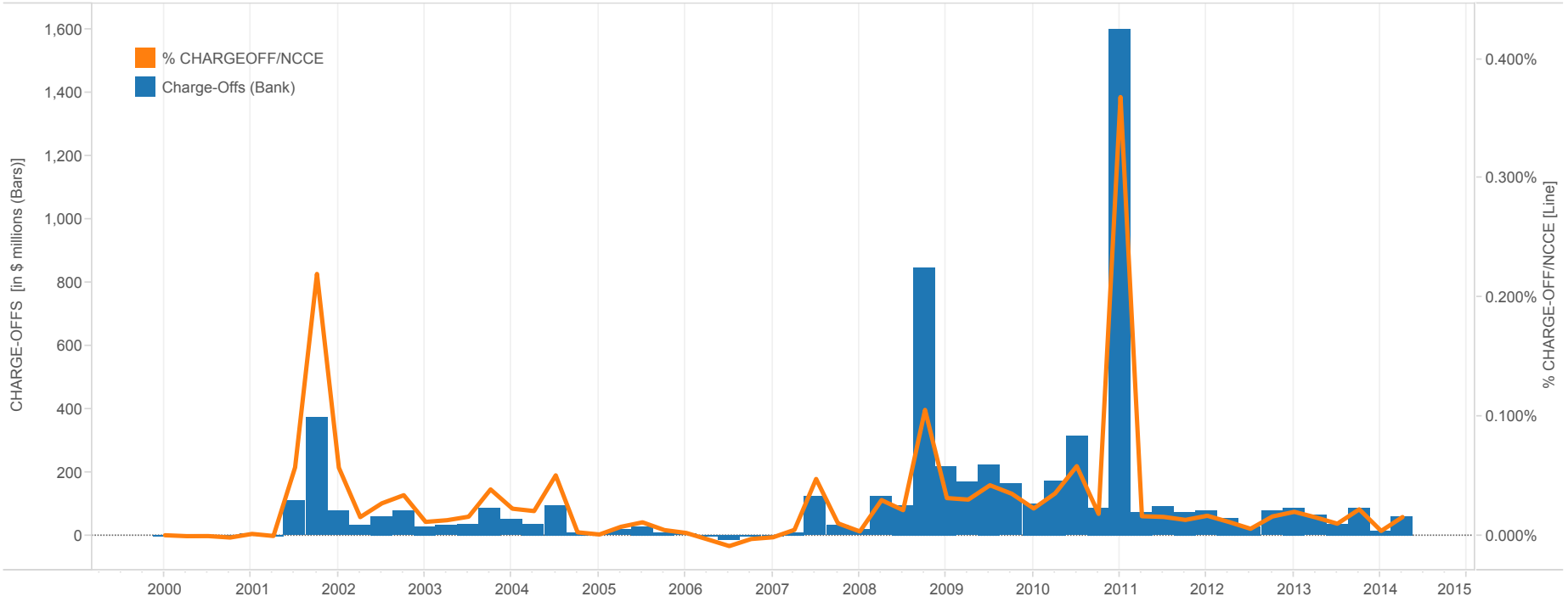
2012				2013				2014	
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
89.9%	90.3%	90.3%	90.2%	89.8%	89.1%	89.7%	89.4%	88.8%	88.8%

*The netting benefit is defined as: $ amount of netting benefits/gross positive fair value.
Data Source: call reports

Graph 7

Quarterly (Charge-Offs)/Recoveries from Derivatives

Insured U.S. Commercial Banks and Savings Associations with Derivatives



in $ millions

	2000				2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Charge-Offs	0.0	-1.0	-1.0	-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

	2004				2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Charge-Offs	46.7	34.9	92.2	5.4	1.3	14.2	23.0	8.3	3.6	-7.0	-16.0	-5.8	-3.1	9.1	119.5	30.7

	2008				2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Charge-Offs	15	120	92	847	217	168	221	162	100	173	313	83	1,601	72	91	69

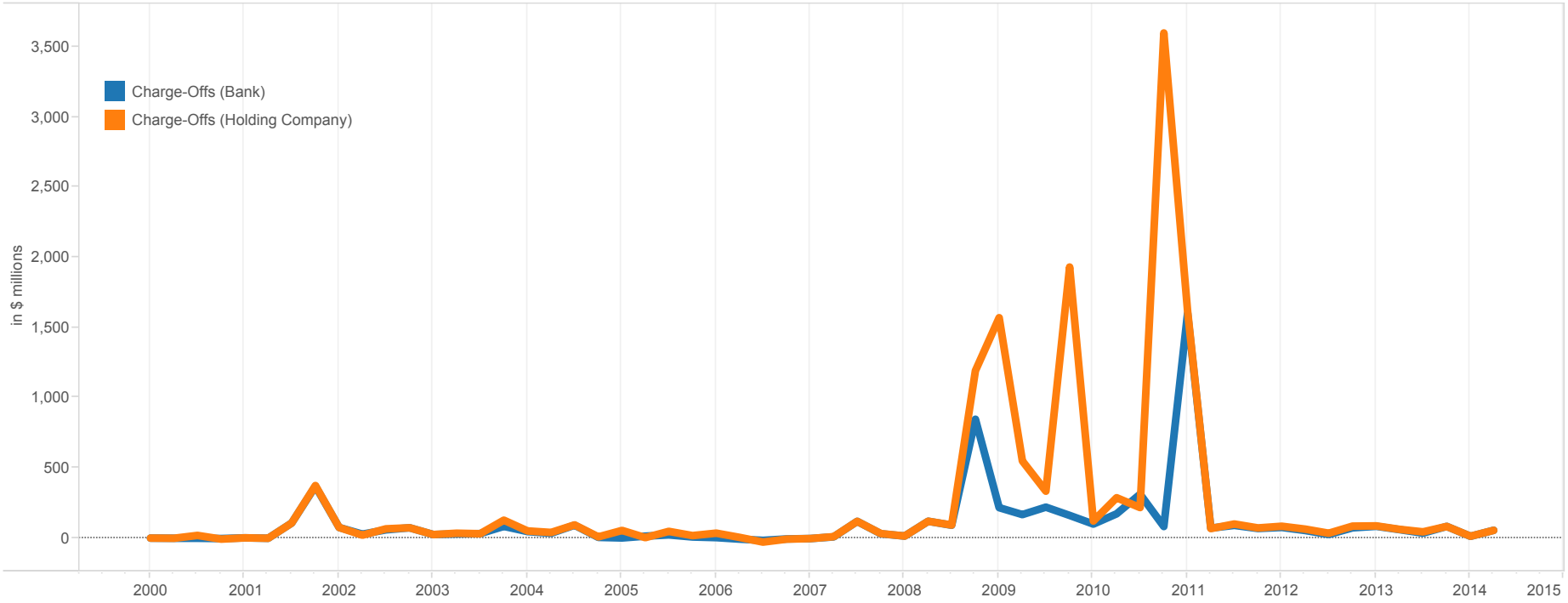
	2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Charge-Offs	76.35	54.34	26.12	73.44	84.28	60.72	35.77	83.45	12.87	55.87

Note: The figures are for each quarter alone, not year-to-date.
Prior to Q209, RC-R NCCE was used. Q209 onward reflects NCCE from RC-L.
Data Source: call reports

Graph 8

Quarterly (Charge-Offs)/Recoveries from Derivatives

Insured U.S. Commercial Banks and Savings Associations with Derivatives Compared with Holding Companies



in $ millions

	2000				2001				2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Charge-Offs (Bank)	0	-1	-1	-3	2	-1	107	370	76	28	59	74	25	30	32	84	47	35	92	5
Charge-Offs (Holding Company)	0	-1	19	-7	2	-1	107	375	76	21	66	74	25	35	31	128	51	40	94	9

	2005				2006				2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Charge-Offs (Bank)	1	14	23	8	4	-7	-16	-6	-3	9	119	31	15	120	92	847	217	168	221	162
Charge-Offs (Holding Company)	55	4	48	18	35	5	-28	-7	-3	10	119	32	15	120	93	1,192	1,570	549	334	1,931

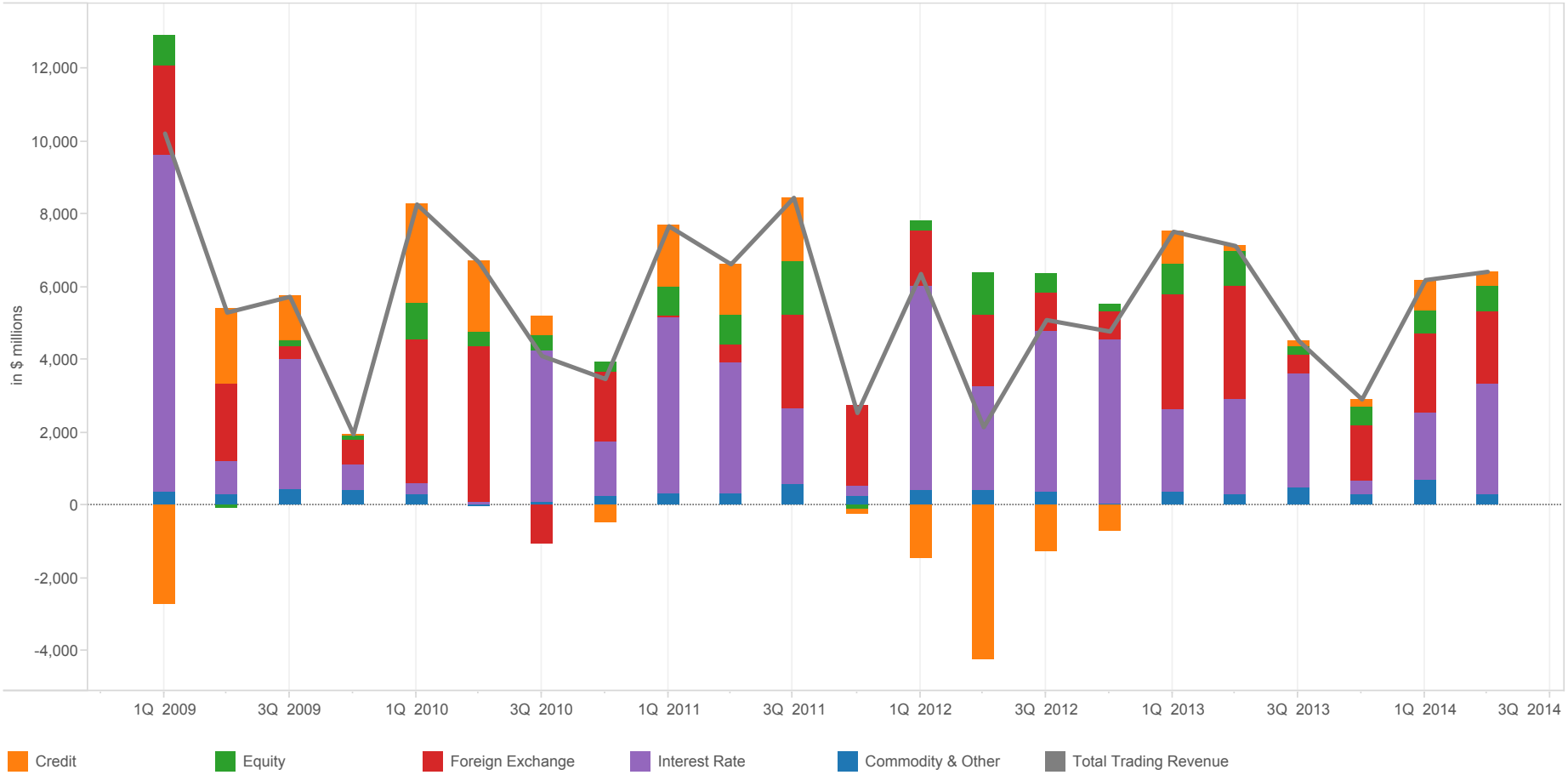
	2010				2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Charge-Offs (Bank)	100	173	313	83	1,601	72	91	69	76	54	26	73	84	61	36	83	13	56
Charge-Offs (Holding Company)	122	288	218	3,598	1,617	68	100	73	85	64	35	85	87	63	45	83	14	56

Note: The figures are for each quarter alone, not year-to-date.
Data Source: call reports & Y-9

Graph 9

Quarterly Trading Revenue (Cash & Derivative Positions)

Insured U.S. Commercial Banks and Savings Associations



in $ millions

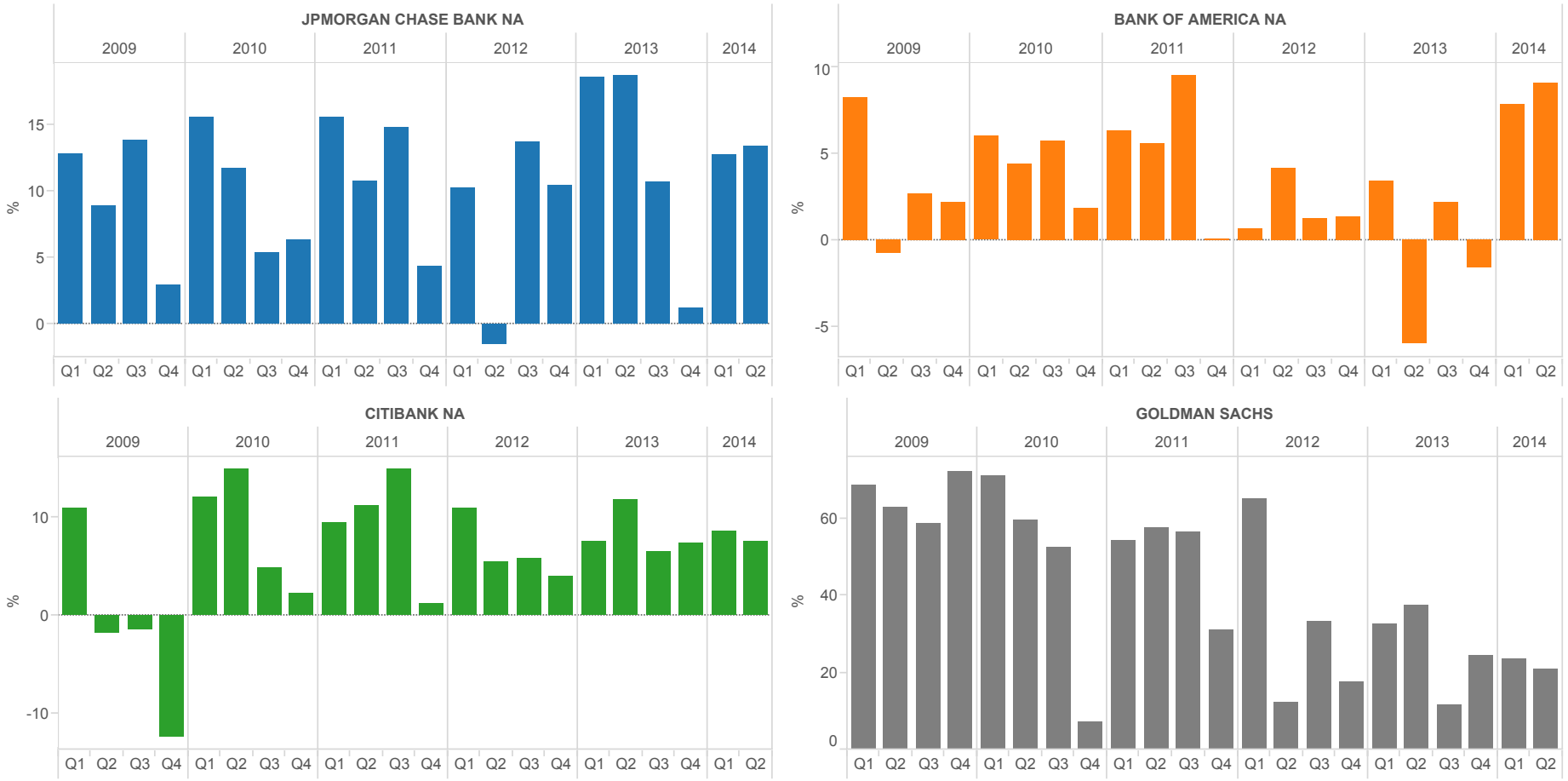
	2009				2010				2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Commodity & Other	352	273	446	389	297	-25	94	258	319	307	558	259	412	390	350	30	364	282	481	265	679	286
Credit	-2,710	2,046	1,204	27	2,727	1,937	515	-472	1,699	1,406	1,764	-102	-1,444	-4,243	-1,242	-713	890	168	178	219	853	394
Equity	847	-87	155	143	979	417	404	301	762	808	1,442	-111	260	1,140	508	187	838	926	232	489	607	731
Foreign Exchange	2,437	2,132	354	671	3,962	4,274	-1,069	1,903	35	491	2,595	2,235	1,505	1,990	1,020	753	3,185	3,135	499	1,532	2,201	1,962
Interest Rate	9,291	933	3,573	726	304	73	4,161	1,482	4,855	3,611	2,093	257	5,627	2,870	4,457	4,521	2,243	2,615	3,136	406	1,852	3,046
Total Trading Revenue	10,217	5,298	5,732	1,957	8,269	6,676	4,106	3,472	7,671	6,624	8,451	2,539	6,359	2,147	5,093	4,778	7,520	7,125	4,527	2,911	6,192	6,418

*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

Graph 10

Quarterly Trading Revenue as a Percentage of Gross Revenue (Cash & Derivatives Positions)

Top 4 Insured U.S. Commercial Banks and Savings Associations by Derivative Holdings



Trading Revenue to Gross Revenue (%)*

	2009				2010				2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
JPMORGAN CHASE	12.84	8.93	13.82	2.99	15.57	11.74	5.39	6.35	15.64	10.84	14.82	4.33	10.24	-1.48	13.79	10.50	18.65	18.73	10.67	1.24	12.77	13.45
BANK OF AMERICA	8.24	-0.78	2.66	2.16	5.97	4.44	5.76	1.82	6.34	5.60	9.48	0.07	0.67	4.16	1.28	1.35	3.39	-5.97	2.14	-1.58	7.80	9.11
CITIBANK	10.81	-1.75	-1.53	-12.40	12.00	14.82	4.84	2.15	9.44	11.11	14.79	1.18	10.95	5.36	5.74	3.94	7.45	11.71	6.39	7.33	8.55	7.47
GOLDMAN SACHS	68.54	62.83	58.96	72.41	71.25	59.50	52.60	7.04	54.26	57.61	56.57	30.93	65.27	12.48	33.26	17.68	32.65	37.30	11.54	24.45	23.67	20.91

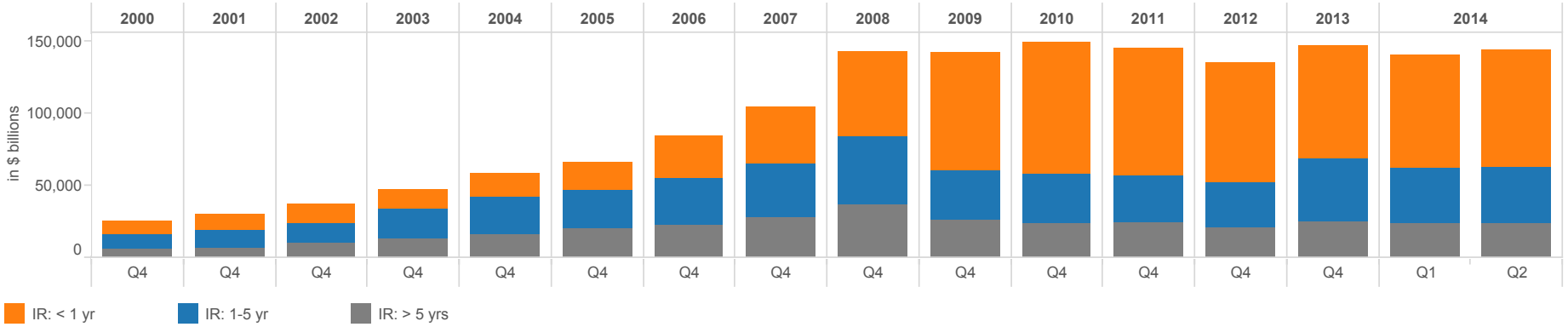
*The trading revenue figures above are for cash and derivative activities. Revenue figures are quarterly, not year-to-date numbers.
Note: Gross Revenue equals interest income plus non-interest income.
Data Source: call reports

Graph 11

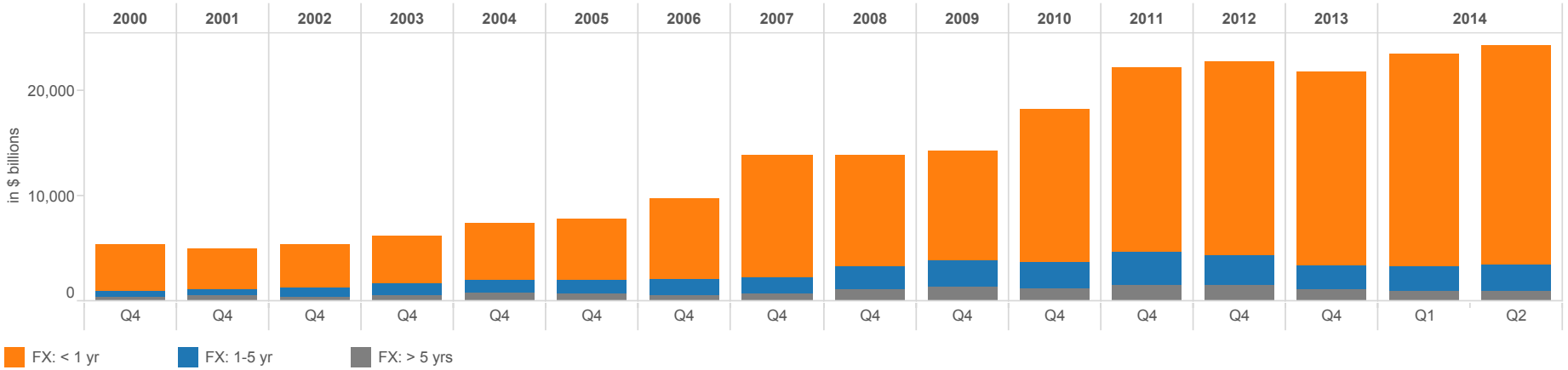
Notional Amounts of Interest Rate and Foreign Exchange Contracts by Maturity

Insured U.S. Commercial Banks and Savings Associations

Interest Rate



Foreign Exchange



in $ billions

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q1	Q2
IR: < 1 yr	9,708	10,379	12,982	13,581	15,921	18,483	29,552	39,085	58,618	81,236	90,843	87,812	83,065	77,933	77,936	81,212
IR: 1-5 yr	9,925	11,709	14,328	20,404	25,893	27,683	31,386	37,222	47,456	33,970	33,497	32,750	30,482	44,473	37,668	38,532
IR: > 5 yrs	5,843	7,451	9,735	13,117	16,492	19,825	23,273	27,724	36,868	26,374	24,307	24,168	21,411	24,886	24,282	24,202
FX: < 1 yr	4,359	3,785	4,043	4,470	5,349	5,687	7,690	11,592	10,561	10,416	14,467	17,538	18,345	18,349	20,099	20,748
FX: 1-5 yr	592	661	829	1,114	1,286	1,354	1,416	1,605	2,168	2,449	2,433	3,088	2,888	2,326	2,299	2,420
FX: > 5 yrs	345	492	431	577	760	687	593	619	1,080	1,346	1,289	1,503	1,480	1,029	974	1,016

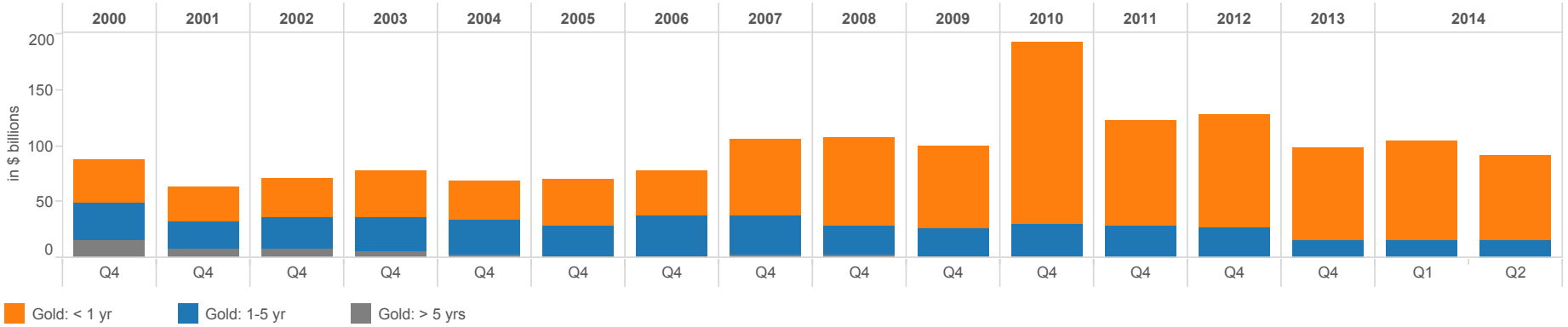
Note: Figures above exclude foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, basis swaps, and any other contracts not subject to risk-based capital requirements.
Data Source: call reports

Graph 12

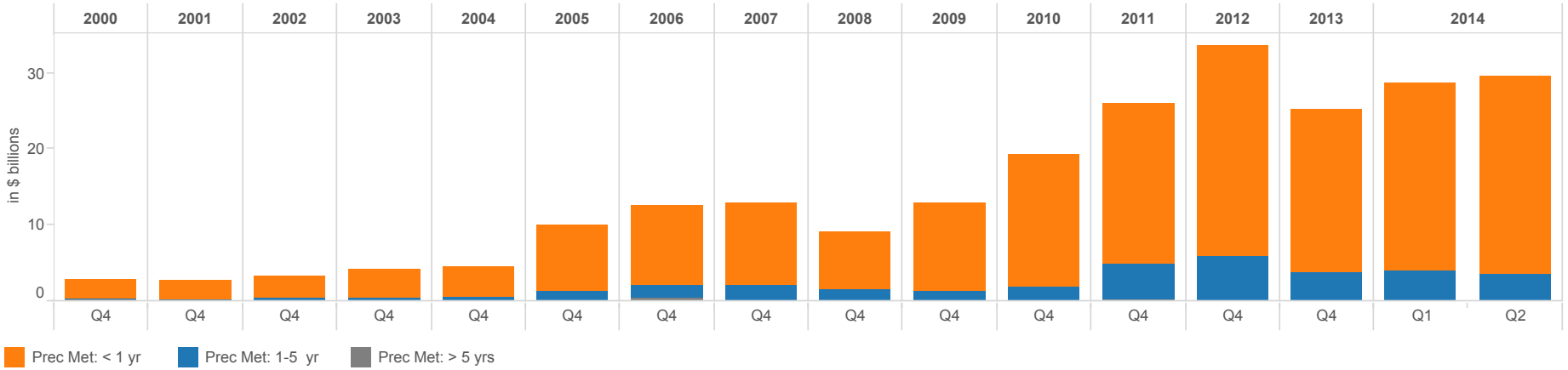
Notional Amounts of Gold and Precious Metals Contracts by Maturity

Insured U.S. Commercial Banks and Savings Associations

Gold



Precious Metals



in $ billions

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q1	Q2
Gold: < 1 yr	38.7	30.9	35.8	40.2	34.9	41.7	39.8	68.5	78.1	73.8	162.0	94.0	100.5	82.0	89.9	76.9
Gold: 1-5 yr	33.6	25.6	28.4	31.9	30.9	26.6	36.0	34.1	26.8	24.7	28.9	28.4	27.1	16.1	15.1	15.4
Gold: > 5 yrs	15.2	7.4	7.5	4.9	2.3	1.4	1.2	3.0	2.0	1.4	1.2	0.6	0.2	0.0	0.0	0.0
Prec Met: < 1 yr	2.5	2.4	2.7	3.9	4.0	8.6	10.4	10.7	7.5	11.6	17.5	21.1	27.7	21.4	24.5	26.0
Prec Met: 1-5 yr	0.2	0.2	0.5	0.3	0.5	1.3	1.7	2.1	1.5	1.2	1.9	4.7	5.8	3.8	4.0	3.6
Prec Met: > 5 yrs	0.2	0.0	0.0	0.0	0.0	0.1	0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0

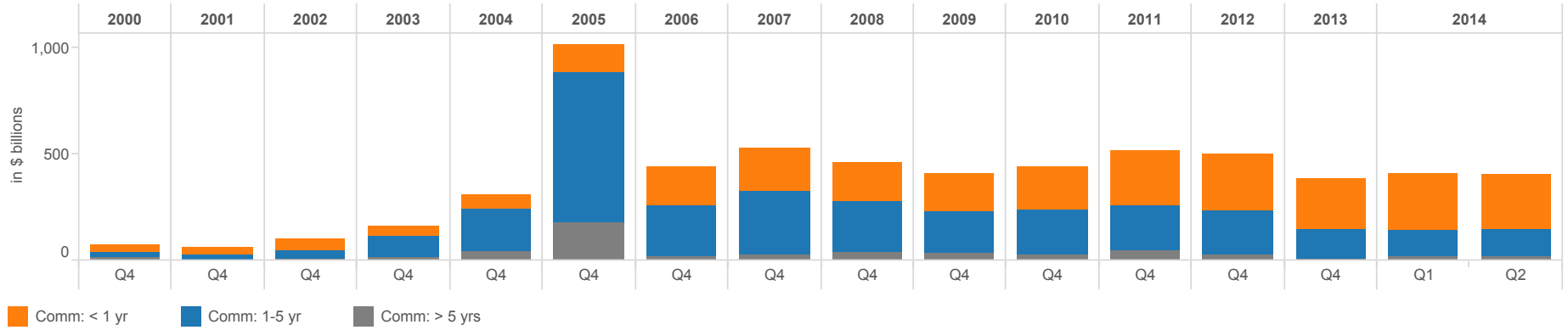
Note: Figures above exclude foreign exchange contracts with an original maturity of 14 days or less, futures contracts, written options, basis swaps, and any other contracts not subject to risk-based capital requirements.
Data Source: call reports

Graph 13

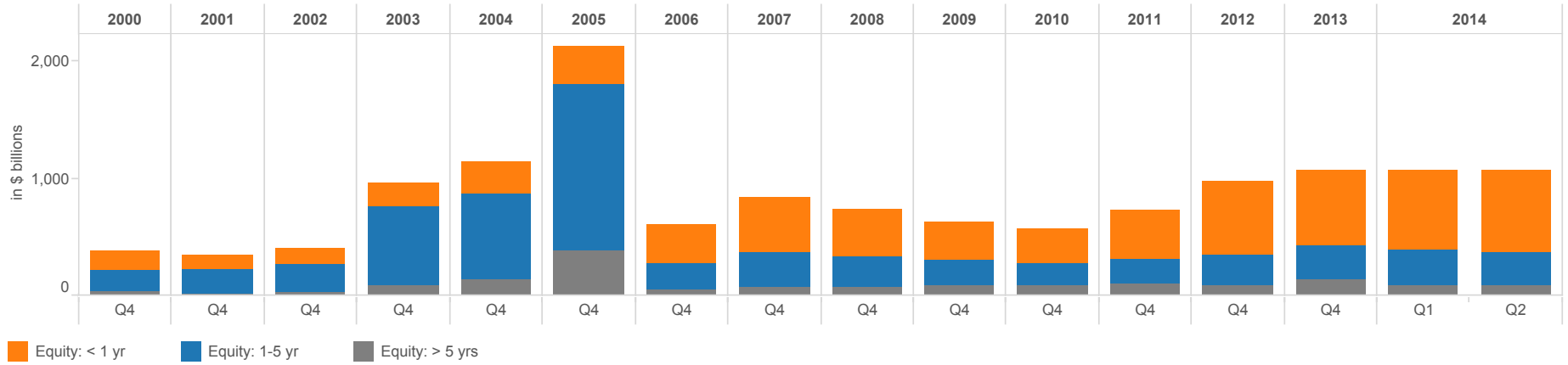
Notional Amounts of Commodity and Equity Contracts by Maturity

Insured U.S. Commercial Banks and Savings Associations

Commodity



Equity



in $ billions

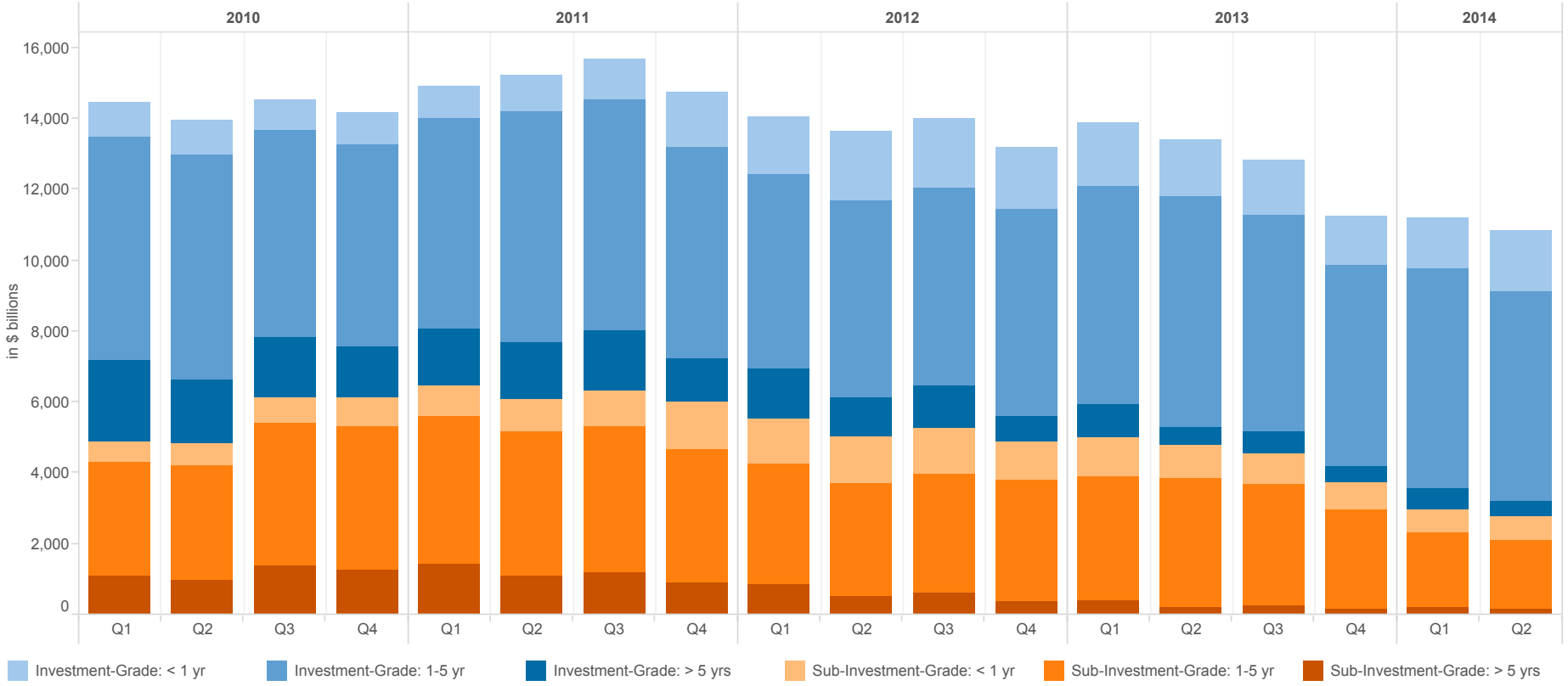
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q1	Q2
Comm: < 1 yr	36	31	55	43	64	133	185	206	179	176	203	261	261	235	265	258
Comm: 1-5 yr	27	25	35	103	205	707	235	297	233	198	209	209	208	144	122	132
Comm: > 5 yrs	11	2	9	14	40	175	20	25	43	33	25	46	28	6	19	18
Equity: < 1 yr	162	121	127	197	273	321	341	473	409	312	296	427	627	645	674	699
Equity: 1-5 yr	180	209	249	674	736	1,428	221	297	256	228	191	210	262	291	305	292
Equity: > 5 yrs	38	18	25	84	140	383	45	70	72	82	85	94	82	136	90	81

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

Graph 14

Notional Amounts of Credit Derivative Contracts by Credit Quality and Maturity

Insured U.S. Commercial Banks and Savings Associations



in $ billions

	2010				2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Investment-Grade: < 1 yr	986	970	871	856	905	1,002	1,119	1,559	1,607	1,921	1,943	1,757	1,790	1,550	1,549	1,385	1,414	1,707
Investment-Grade: 1-5 yr	6,286	6,372	5,850	5,731	5,928	6,564	6,508	5,963	5,519	5,567	5,580	5,832	6,168	6,554	6,145	5,678	6,243	5,909
Investment-Grade: > 5 yrs	2,310	1,803	1,681	1,446	1,614	1,586	1,699	1,220	1,386	1,104	1,200	736	948	492	590	447	615	448
Total Investment-Grade	9,581	9,145	8,402	8,033	8,447	9,151	9,326	8,742	8,513	8,592	8,723	8,326	8,906	8,596	8,284	7,509	8,272	8,064
Sub-Investment-Grade: < 1 yr	574	585	750	791	833	939	1,024	1,335	1,290	1,353	1,303	1,040	1,090	933	879	765	619	642
Sub-Investment-Grade: 1-5 yr	3,195	3,263	3,998	4,073	4,217	4,056	4,131	3,797	3,413	3,139	3,349	3,473	3,491	3,656	3,424	2,792	2,127	1,965
Sub-Investment-Grade: > 5 yrs	1,101	968	1,400	1,254	1,403	1,083	1,180	885	835	541	623	352	414	197	262	179	200	160
Total Sub-Investment Grade	4,870	4,816	6,148	6,118	6,453	6,078	6,336	6,017	5,538	5,032	5,275	4,865	4,995	4,786	4,565	3,736	2,946	2,767

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 Schedules RC-L and RC-R of Call reports.
Data Source: call reports

TABLE 1

NOTIONAL AMOUNT OF DERIVATIVE CONTRACTS
TOP 25 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

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	$2,002,047	$68,148,174	$1,244,118	$1,732,643	$14,962,805	$35,198,962	$9,908,270	$5,101,376	$558,512
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	710,842	728,653	6,973,348	40,946,275	9,114,504	2,602,594	1,065,120
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	1,455,084	1,295,943	5,019,991	38,431,846	6,573,316	239,918	5,879
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	2,097,352	129,034	8,078,237	21,520,008	2,440,022	2,519,977	485,502
5	HSBC BANK USA NATIONAL ASSN	VA	174,566	5,378,145	76,409	26,208	714,571	3,910,233	347,158	303,566	59,786
6	WELLS FARGO BANK NA	SD	1,436,828	5,069,564	126,438	110,014	1,029,622	3,252,572	513,014	37,904	9,507
7	MORGAN STANLEY BANK NA	UT	110,651	2,607,094	87,913	93,201	427,895	1,376,986	618,393	2,706	72,847
8	BANK OF NEW YORK MELLON	NY	319,318	1,304,864	53,761	5,917	453,990	617,167	174,009	20	73,366
9	STATE STREET BANK&TRUST CO	MA	277,883	1,246,113	4,062	0	1,207,366	6,066	28,456	163	53,445
10	PNC BANK NATIONAL ASSN	DE	316,652	441,701	47,640	118,625	21,079	228,379	20,601	5,377	877
11	NORTHERN TRUST CO	IL	105,409	246,288	0	0	227,161	19,073	54	0	26,280
12	SUNTRUST BANK	GA	178,361	218,194	19,546	11,494	12,770	117,862	53,245	3,277	170
13	TD BANK NATIONAL ASSN	DE	219,657	158,200	0	0	16,873	140,084	670	574	11
14	U S BANK NATIONAL ASSN	OH	384,194	120,117	2,694	3,120	40,266	60,464	9,623	3,950	781
15	UNION BANK NATIONAL ASSN	CA	108,229	70,599	4,072	0	3,295	51,391	11,831	10	494
16	REGIONS BANK	AL	117,957	68,294	3,594	0	3,333	56,913	3,314	1,141	8
17	BRANCH BANKING&TRUST CO	NC	183,627	66,454	582	0	10,945	45,656	9,272	0	20
18	KEYBANK NATIONAL ASSN	OH	89,011	64,452	7,773	0	8,164	42,057	5,797	661	388
19	FIFTH THIRD BANK	OH	130,186	62,233	953	0	8,322	39,447	12,026	1,485	419
20	CAPITAL ONE NATIONAL ASSN	VA	239,590	45,020	0	0	1,765	42,102	35	1,117	1
21	BOKF NATIONAL ASSN	OK	27,614	36,349	451	377	30,488	3,144	1,889	0	38
22	CITIZENS BANK NATIONAL ASSN	RI	100,642	35,354	0	0	8,499	24,206	1,576	1,073	244
23	HUNTINGTON NATIONAL BANK	OH	63,670	28,775	5	0	2,060	25,141	639	931	3
24	COMERICA BANK	TX	65,243	22,787	0	0	2,001	16,336	3,668	782	312
25	MANUFACTURERS&TRADERS TR CO	NY	90,062	22,138	0	0	2,882	17,129	2,127	0	82
TOP 25 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$9,673,518	$236,337,854	$5,943,287	$4,255,229	$39,267,728	$146,189,499	$29,853,508	$10,828,602	$2,414,091
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			3,831,924	443,364	14,924	965	86,446	278,070	59,881	3,077	1,928
TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	5,958,212	4,256,194	39,354,174	146,467,569	29,913,389	10,831,679	2,416,020

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
JUNE 30, 2014, $ MILLIONS

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	$2,520,336	$68,326,075	$1,351,973	$1,823,974	$15,225,673	$34,937,782	$9,886,992	$5,099,681	$551,230
2	CITIGROUP INC.	NY	1,909,715	61,753,462	1,231,553	3,421,960	7,829,135	38,151,565	8,842,498	2,276,751	1,011,955
3	GOLDMAN SACHS GROUP, INC., THE	NY	860,008	57,695,156	1,926,557	2,437,287	6,851,677	35,109,177	8,615,590	2,754,868	175,403
4	BANK OF AMERICA CORPORATION	NC	2,172,001	55,472,434	2,974,367	890,919	10,797,368	33,279,850	4,899,066	2,630,864	434,980
5	MORGAN STANLEY	NY	826,568	44,134,518	1,597,412	2,298,123	5,567,917	26,260,608	6,171,075	2,239,383	151,335
6	HSBC NORTH AMERICA HOLDINGS INC.	NY	289,551	5,392,010	80,063	31,708	718,782	3,905,102	352,789	303,566	59,780
7	WELLS FARGO & COMPANY	CA	1,598,874	5,003,825	137,024	121,052	1,044,274	3,157,594	508,586	35,295	9,499
8	BANK OF NEW YORK MELLON CORPORATION, THE	NY	400,740	1,321,039	57,765	7,769	481,310	600,261	173,914	20	73,393
9	STATE STREET CORPORATION	MA	282,325	1,263,401	18,889	0	1,207,755	7,705	28,456	596	53,445
10	PNC FINANCIAL SERVICES GROUP, INC., THE	PA	327,251	435,536	48,173	118,625	21,175	219,476	22,710	5,377	877
11	GENERAL ELECTRIC CAPITAL CORPORATION	CT	516,288	327,229	0	0	127,413	190,317	5,204	4,295	2,704
12	NORTHERN TRUST CORPORATION	IL	105,761	245,538	0	0	227,161	18,323	54	0	26,280
13	SUNTRUST BANKS, INC.	GA	182,586	217,490	19,842	11,494	12,770	116,862	53,245	3,277	170
14	TD BANK US HOLDING COMPANY	NJ	236,008	170,748	0	0	24,977	144,527	670	574	11
15	U.S. BANCORP	MN	389,065	121,975	2,694	3,120	40,266	62,722	9,623	3,550	781
16	ALLY FINANCIAL INC.	MI	149,937	108,991	16,022	30,004	1,622	34,466	26,877	0	0
17	CAPITAL ONE FINANCIAL CORPORATION	VA	298,654	73,203	0	6	6,870	65,175	35	1,117	1
18	UNIONBANCAL CORPORATION	CA	108,823	70,599	4,072	0	3,295	51,391	11,831	10	494
19	KEYCORP	OH	91,935	67,770	7,773	0	8,164	44,529	6,652	653	388
20	REGIONS FINANCIAL CORPORATION	AL	119,014	67,544	3,594	0	3,333	56,163	3,314	1,141	8
21	FIFTH THIRD BANCORP	OH	132,562	63,929	953	0	8,319	41,146	12,026	1,485	419
22	BB&T CORPORATION	NC	188,012	61,502	582	0	10,945	40,704	9,272	0	20
23	AMERICAN EXPRESS COMPANY	NY	152,384	46,808	0	0	29,178	17,630	0	0	7,777
24	CITIZENS FINANCIAL GROUP, INC.	RI	130,580	43,741	0	0	8,870	31,145	2,248	1,478	244
25	SANTANDER HOLDINGS USA, INC.	MA	112,513	42,348	0	0	873	27,040	14,427	8	10
TOP 25 HOLDING COMPANIES WITH DERIVATIVES			$14,101,491	$302,526,872	$9,479,307	$11,196,041	$50,259,121	$176,571,259	$39,657,154	$15,363,989	$2,561,203

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, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

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	$2,002,047	$68,148,174	4.4	95.6	76.8	13.0	2.6	7.5
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	2.4	97.6	80.9	13.6	1.3	4.3
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	5.2	94.8	95.0	4.5	0.1	0.5
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	6.1	93.9	77.0	15.1	1.1	6.9
5	HSBC BANK USA NATIONAL ASSN	VA	174,566	5,378,145	1.9	98.1	72.8	20.2	1.3	5.6
6	WELLS FARGO BANK NA	SD	1,436,828	5,069,564	4.7	95.3	89.5	5.3	4.4	0.7
7	MORGAN STANLEY BANK NA	UT	110,651	2,607,094	6.9	93.1	6.7	93.2	0.0	0.1
8	BANK OF NEW YORK MELLON	NY	319,318	1,304,864	4.6	95.4	63.3	35.1	1.6	0.0
9	STATE STREET BANK&TRUST CO	MA	277,883	1,246,113	0.3	99.7	0.7	97.3	2.0	0.0
10	PNC BANK NATIONAL ASSN	DE	316,652	441,701	37.6	62.4	95.0	3.4	0.3	1.2
11	NORTHERN TRUST CO	IL	105,409	246,288	0.0	100.0	4.2	95.8	0.0	0.0
12	SUNTRUST BANK	GA	178,361	218,194	14.2	85.8	73.9	2.7	21.8	1.5
13	TD BANK NATIONAL ASSN	DE	219,657	158,200	0.0	100.0	87.3	12.3	0.0	0.4
14	U S BANK NATIONAL ASSN	OH	384,194	120,117	4.8	95.2	70.6	25.9	0.3	3.3
15	UNION BANK NATIONAL ASSN	CA	108,229	70,599	5.8	94.2	79.2	6.8	14.0	0.0
16	REGIONS BANK	AL	117,957	68,294	5.3	94.7	96.4	1.3	0.7	1.7
17	BRANCH BANKING&TRUST CO	NC	183,627	66,454	0.9	99.1	99.4	0.6	0.0	0.0
18	KEYBANK NATIONAL ASSN	OH	89,011	64,452	12.1	87.9	86.9	10.5	1.6	1.0
19	FIFTH THIRD BANK	OH	130,186	62,233	1.5	98.5	60.7	28.5	8.5	2.4
20	CAPITAL ONE NATIONAL ASSN	VA	239,590	45,020	0.0	100.0	97.1	0.4	0.0	2.5
21	BOKF NATIONAL ASSN	OK	27,614	36,349	2.3	97.7	91.5	1.3	7.1	0.0
22	CITIZENS BANK NATIONAL ASSN	RI	100,642	35,354	0.0	100.0	75.0	22.0	0.0	3.0
23	HUNTINGTON NATIONAL BANK	OH	63,670	28,775	0.0	100.0	89.4	5.1	2.2	3.2
24	COMERICA BANK	TX	65,243	22,787	0.0	100.0	62.2	9.9	24.5	3.4
25	MANUFACTURERS&TRADERS TR CO	NY	90,062	22,138	0.0	100.0	96.5	3.5	0.0	0.0
TOP 25 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$9,673,518	$236,337,854	$10,198,517	$226,139,337	$191,168,849	$30,937,992	$3,402,411	$10,828,602
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			3,831,924	443,364	15,890	427,474	382,875	46,994	10,418	3,077
TOTAL FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	10,214,406	226,566,811	191,551,724	30,984,986	3,412,829	10,831,679
				(%)	(%)	(%)	(%)	(%)	(%)	(%)
TOP 25 COMMERCIAL BANKS, SAs & TCs: % OF TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES				99.8	4.3	95.5	80.7	13.1	1.4	4.6
OTHER COMMERCIAL BANKS, SAs & TCs: % OF TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES				0.2	0.0	0.2	0.2	0.0	0.0	0.0
TOTAL FOR COMMERCIAL BANKS, SAs & TCs: % OF TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES				100.0	4.3	95.7	80.9	13.1	1.4	4.6

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, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

RANK	BANK NAME	STATE	TOTAL ASSETS	TOTAL DERIVATIVES	TOTAL RISK-BASED CAPITAL	BILATERALLY NETTED CURRENT CREDIT EXPOSURE	POTENTIAL FUTURE EXPOSURE	TOTAL CREDIT EXPOSURE FROM ALL CONTRACTS	(%) TOTAL CREDIT EXPOSURE TO CAPITAL
1	JPMORGAN CHASE BANK NA	OH	$2,002,047	$68,148,174	$160,749	$128,930	$174,619	$303,549	189
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	138,541	51,445	164,167	215,612	156
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	22,614	10,351	129,777	140,128	620
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	140,709	41,874	108,581	150,455	107
5	HSBC BANK USA NATIONAL ASSN	VA	174,566	5,378,145	22,603	8,866	32,199	41,065	182
6	WELLS FARGO BANK NA	SD	1,436,828	5,069,564	140,954	14,821	16,545	31,366	22
7	MORGAN STANLEY BANK NA	UT	110,651	2,607,094	13,279	962	10,805	11,767	89
8	BANK OF NEW YORK MELLON	NY	319,318	1,304,864	15,299	4,520	5,307	9,827	64
9	STATE STREET BANK&TRUST CO	MA	277,883	1,246,113	16,521	3,545	7,771	11,316	68
10	PNC BANK NATIONAL ASSN	DE	316,652	441,701	37,891	2,807	1,707	4,514	12
11	NORTHERN TRUST CO	IL	105,409	246,288	8,089	687	1,682	2,369	29
12	SUNTRUST BANK	GA	178,361	218,194	19,159	1,421	1,998	3,419	18
13	TD BANK NATIONAL ASSN	DE	219,657	158,200	17,022	2,107	1,635	3,742	22
14	U S BANK NATIONAL ASSN	OH	384,194	120,117	39,550	996	454	1,451	4
15	UNION BANK NATIONAL ASSN	CA	108,229	70,599	13,302	895	538	1,433	11
16	REGIONS BANK	AL	117,957	68,294	14,242	511	171	682	5
17	BRANCH BANKING&TRUST CO	NC	183,627	66,454	17,866	894	450	1,344	8
18	KEYBANK NATIONAL ASSN	OH	89,011	64,452	10,743	673	156	828	8
19	FIFTH THIRD BANK	OH	130,186	62,233	14,741	1,191	881	2,072	14
20	CAPITAL ONE NATIONAL ASSN	VA	239,590	45,020	22,714	460	322	782	3
21	BOKF NATIONAL ASSN	OK	27,614	36,349	2,444	189	168	357	15
22	CITIZENS BANK NATIONAL ASSN	RI	100,642	35,354	12,345	565	315	880	7
23	HUNTINGTON NATIONAL BANK	OH	63,670	28,775	6,801	332	236	568	8
24	COMERICA BANK	TX	65,243	22,787	8,148	358	575	933	11
25	MANUFACTURERS&TRADERS TR CO	NY	90,062	22,138	9,699	242	139	381	4
	TOP 25 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES		$9,673,518	$236,337,854	$926,026	$279,642	$661,197	$940,839	102
	OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES		3,831,924	443,364	424,858	4,174	3,151	7,325	2
	TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES		13,505,442	236,781,217	1,350,884	283,816	664,348	948,164	70

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 & SAVINGS ASSOCIATIONS	EXPOSURE TO RISK BASED CAPITAL
1-4 FAMILY MORTGAGES	151%
C&I LOANS	107%
SECURITIES NOT IN TRADING ACCOUNT	201%

Note: Total credit exposure is defined as the credit equivalent amount from derivative contracts (RC-R line 54), which is the sum of netted 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 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

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	$2,002,047	$63,046,798	$62,476,236	99.1	$570,562	0.9
2	CITIBANK NATIONAL ASSN	SD	1,367,845	58,473,622	58,367,035	99.8	106,587	0.2
3	GOLDMAN SACHS BANK USA	NY	109,532	52,776,180	52,757,057	100.0	19,123	0.0
4	BANK OF AMERICA NA	NC	1,454,742	34,264,653	32,352,214	94.4	1,912,439	5.6
TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$4,934,166	$208,561,253	$205,952,542	98.7	$2,608,711	1.3
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			8,571,276	17,388,286	16,093,768	92.6	1,294,517	7.4
TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	225,949,539	222,046,310	98.3	3,903,228	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 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

					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	$2,002,047	$68,148,174	$1,005,339	$978,268	$5,303	$6,508	$81,081	$79,982
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	647,892	643,137	1,214	1,785	43,940	43,324
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	803,524	754,268	374	23	4,478	6,234
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	385,619	385,305	36,605	40,777	42,326	37,292
TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$4,934,166	$219,025,118	$2,842,374	$2,760,978	$43,496	$49,093	$171,825	$166,832
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			8,571,276	17,756,099	193,462	194,478	14,091	10,506	5,408	5,772
TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	3,035,836	2,955,456	57,587	59,599	177,233	172,604

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. Numbers may not sum due to rounding.
*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.
Data source: call reports, schedule RC-L

TABLE 7

TRADING revenue FROM CASH INSTRUMENTS AND DERIVATIVES
TOP 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS
NOTE: REVENUE FIGURES ARE FOR THE 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	TRADING REV FROM CREDIT POSITIONS
1	JPMORGAN CHASE BANK NA	OH	$2,002,047	$68,148,174	$2,710	$1,201	$282	$643	$297	$287
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	1,198	672	530	(16)	11	1
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	193	39	186	0	0	(32)
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	1,375	853	216	79	24	203
TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$4,934,166	$219,025,118	$5,476	$2,765	$1,214	$706	$332	$459
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			8,571,276	17,756,099	942	281	748	25	(46)	(65)
TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	6,418	3,046	1,962	731	286	394

Note: Effective in the first quarter of 2007, trading revenue from credit exposures are reported separately, along with the four other types of exposures. The total derivatives column includes credit exposures.
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 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

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	$2,002,047	$68,148,174	$32,376,567	$6,935,047	$4,735,833	$44,047,447	$6,890,261	$622,573	$274,096	$7,786,930
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	27,999,490	9,576,368	4,720,329	42,296,187	6,211,352	460,436	159,942	6,831,730
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	16,486,800	16,067,600	11,039,700	43,594,100	488,019	273,364	206,530	967,913
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	2,940,800	3,010,871	1,811,200	7,762,871	2,863,178	716,881	285,448	3,865,507
	TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES		$4,934,166	$219,025,118	$79,803,657	$35,589,886	$22,307,062	$137,700,605	$16,452,810	$2,073,254	$926,016	$19,452,080
	OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES		8,571,276	17,756,099	1,408,582	2,942,090	1,894,770	6,245,441	4,295,084	346,930	90,473	4,732,486
	TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES		13,505,442	236,781,217	81,212,239	38,531,976	24,201,832	143,946,046	20,747,894	2,420,184	1,016,489	24,184,566

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 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

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	$2,002,047	$68,148,174	$34,859	$13,840	$0	$48,699	$14,443	$2,031	$1	$16,475
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	18,030	532	0	18,562	4,557	586	0	5,143
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	0	5	0	5	0	0	0	0
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	0	0	0	0	0	0	0	0
TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$4,934,166	$219,025,118	$52,889	$14,377	$0	$67,266	$19,000	$2,617	$1	$21,618
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			8,571,276	17,756,099	23,994	1,040	0	25,034	7,000	951	0	7,951
TOTAL FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	76,883	15,417	0	92,300	26,000	3,568	1	29,569

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 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

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	$2,002,047	$68,148,174	$151,792	$71,935	$10,023	$233,750	$273,623	$127,983	$31,468	$433,074
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	56,082	30,530	5,902	92,514	153,410	58,122	30,474	242,006
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	9,343	550	0	9,893	21,769	6,557	4,489	32,815
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	20,786	3,083	0	23,869	212,405	62,090	3,776	278,271
TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$4,934,166	$219,025,118	$238,003	$106,098	$15,925	$360,026	$661,207	$254,752	$70,207	$986,166
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			8,571,276	17,756,099	19,680	25,853	2,156	47,689	37,467	37,378	10,909	85,755
TOTAL FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	257,683	131,951	18,081	407,715	698,674	292,130	81,116	1,071,921

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 4 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

						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	$2,002,047	$68,148,174	$5,101,376	$839,425	$2,714,473	$209,872	$3,763,770	$311,119	$965,753	$60,734	$1,337,606
2	CITIBANK NATIONAL ASSN	SD	1,367,845	61,076,216	2,602,594	398,498	1,477,747	142,804	2,019,049	118,016	430,877	34,652	583,545
3	GOLDMAN SACHS BANK USA	NY	109,532	53,016,098	239,918	24,880	94,875	11,771	131,526	36,620	65,260	6,512	108,392
4	BANK OF AMERICA NA	NC	1,454,742	36,784,630	2,519,977	409,940	1,499,285	71,039	1,980,264	128,644	368,048	43,021	539,713
TOP 4 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$4,934,166	$219,025,118	$10,463,865	$1,672,743	$5,786,380	$435,486	$7,894,609	$594,399	$1,829,938	$144,919	$2,569,256
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			8,571,276	17,756,099	367,814	34,420	122,909	12,313	169,642	47,654	135,174	15,344	198,171
TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	236,781,217	10,831,679	1,707,163	5,909,289	447,799	8,064,251	642,053	1,965,112	160,263	2,767,427

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-L and RC-R

TABLE 12

DISTRIBUTION OF CREDIT DERIVATIVE CONTRACTS HELD FOR TRADING
TOP 25 COMMERCIAL BANKS, SAVINGS ASSOCIATIONS AND TRUST COMPANIES IN DERIVATIVES
JUNE 30, 2014, $ MILLIONS

						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	$2,002,047	$63,046,798	$5,101,376	$2,665,897	$2,435,479	$2,593,070	$15,139	$47,968	$9,720	$2,371,634	$4,803	$59,042	$0
2	CITIBANK NATIONAL ASSN	SD	1,367,845	58,473,622	2,602,594	1,327,029	1,275,565	1,250,561	20,226	56,242	0	1,213,535	6,528	55,502	0
3	GOLDMAN SACHS BANK USA	NY	109,532	52,776,180	239,918	131,021	108,897	122,957	2,538	5,373	153	105,637	2,455	805	0
4	BANK OF AMERICA NA	NC	1,454,742	34,264,653	2,519,977	1,266,633	1,253,344	1,228,980	11,672	25,981	0	1,197,567	13,635	42,142	0
5	HSBC BANK USA NATIONAL ASSN	VA	174,566	5,074,579	303,566	150,080	153,486	146,109	3,971	0	0	145,708	7,777	0	0
6	WELLS FARGO BANK NA	SD	1,436,828	5,031,660	37,904	21,001	16,903	10,525	0	0	10,476	9,208	77	420	7,198
7	MORGAN STANLEY BANK NA	UT	110,651	2,604,388	2,706	2,647	59	2,647	0	0	0	59	0	0	0
8	BANK OF NEW YORK MELLON	NY	319,318	1,304,844	20	20	0	20	0	0	0	0	0	0	0
9	STATE STREET BANK&TRUST CO	MA	277,883	1,245,951	163	163	0	10	0	0	153	0	0	0	0
10	PNC BANK NATIONAL ASSN	DE	316,652	436,325	5,377	2,566	2,810	110	0	0	2,456	0	0	0	2,810
11	NORTHERN TRUST CO	IL	105,409	246,288	0	0	0	0	0	0	0	0	0	0	0
12	SUNTRUST BANK	GA	178,361	214,917	3,277	1,870	1,407	463	1,403	0	4	0	1,403	0	4
13	TD BANK NATIONAL ASSN	DE	219,657	157,626	574	569	5	569	0	0	0	5	0	0	0
14	U S BANK NATIONAL ASSN	OH	384,194	116,167	3,950	1,558	2,392	455	0	0	1,103	400	0	0	1,992
15	UNION BANK NATIONAL ASSN	CA	108,229	70,589	10	10	0	10	0	0	0	0	0	0	0
16	REGIONS BANK	AL	117,957	67,153	1,141	157	984	0	0	0	157	0	0	0	984
17	BRANCH BANKING&TRUST CO	NC	183,627	66,454	0	0	0	0	0	0	0	0	0	0	0
18	KEYBANK NATIONAL ASSN	OH	89,011	63,791	661	506	155	506	0	0	0	62	93	0	0
19	FIFTH THIRD BANK	OH	130,186	60,748	1,485	252	1,233	0	0	0	252	0	0	0	1,233
20	CAPITAL ONE NATIONAL ASSN	VA	239,590	43,903	1,117	386	732	0	0	0	386	0	0	0	732
21	BOKF NATIONAL ASSN	OK	27,614	36,349	0	0	0	0	0	0	0	0	0	0	0
22	CITIZENS BANK NATIONAL ASSN	RI	100,642	34,281	1,073	0	1,073	0	0	0	0	0	0	0	1,073
23	HUNTINGTON NATIONAL BANK	OH	63,670	27,844	931	534	397	0	0	0	534	0	0	0	397
24	COMERICA BANK	TX	65,243	22,005	782	233	549	0	0	0	233	0	0	0	549
25	MANUFACTURERS&TRADERS TR CO	NY	90,062	22,138	0	0	0	0	0	0	0	0	0	0	0
TOP 25 COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			$9,673,518	$225,509,252	$10,828,602	$5,573,131	$5,255,470	$5,356,992	$54,949	$135,564	$25,627	$5,043,815	$36,771	$157,911	$16,973
OTHER COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			3,831,924	440,287	3,077	1,912	1,165	192	938	0	782	49	2	0	1,114
TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES			13,505,442	225,949,539	10,831,679	5,575,043	5,256,635	5,357,184	55,887	135,564	26,408	5,043,864	36,773	157,911	18,086
					(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
TOP 25 COMMERCIAL BANKS, SAs & TCs: % OF TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES					100.0	51.5	48.5	49.5	0.5	1.3	0.2	46.6	0.3	1.5	0.2
OTHER COMMERCIAL BANKS, SAs & TCs: % OF TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AMOUNT FOR COMMERCIAL BANKS, SAs & TCs: % OF TOTAL COMMERCIAL BANKS, SAs & TCs WITH DERIVATIVES					100.0	51.5	48.5	49.5	0.5	1.3	0.2	46.6	0.3	1.5	0.2

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