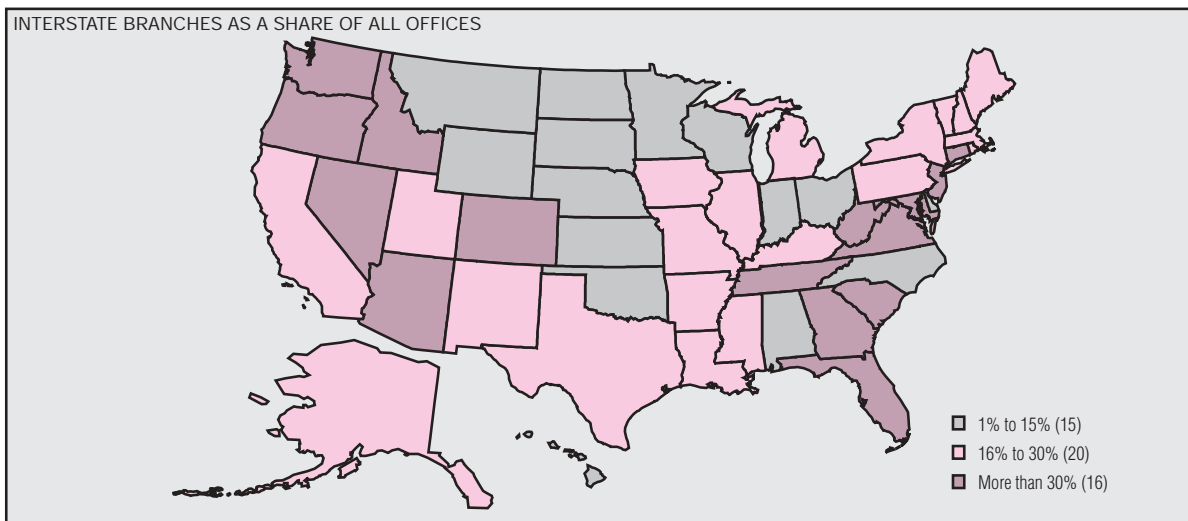
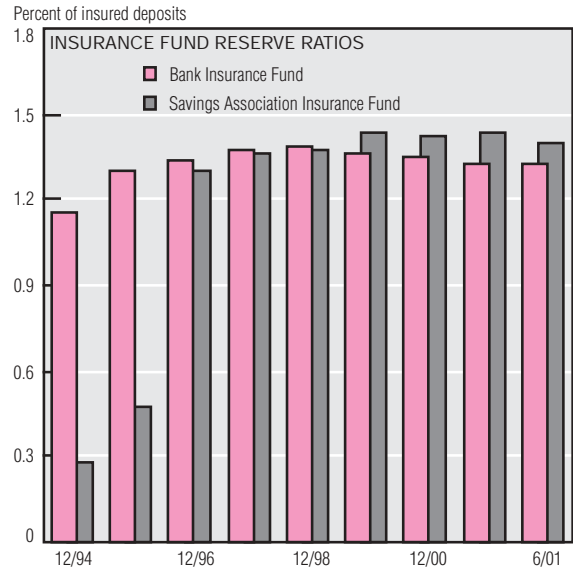
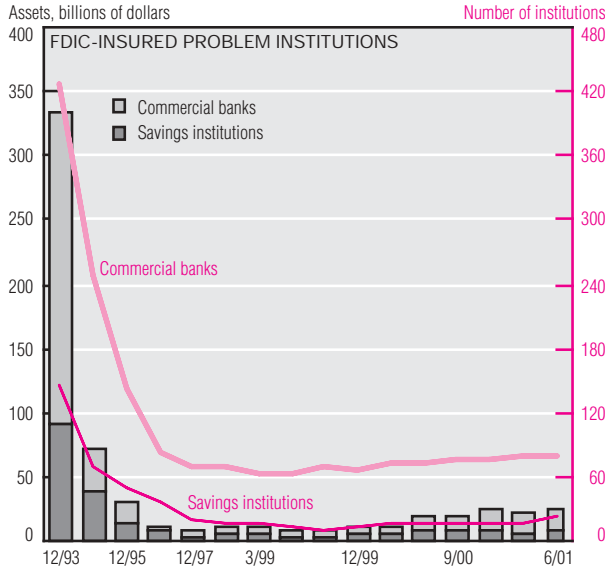


# Banking Conditions



NOTE: All data are seasonally adjusted.  
 SOURCE: Federal Deposit Insurance Corporation, *Quarterly Banking Profile*, various issues.

The number of FDIC-insured commercial banks has continued to decline, dropping to 8,178 at the end of 2001:IIQ. Merger activity has remained fairly steady over the past year, with 193 mergers reported in the first half of 2001. In 2001:IIQ, 64 new charters were recorded, compared to 108 in the corresponding period last year. The country's Central East region showed the greatest growth in mergers and new charters.

Two banks had failed by midyear, but no thrifts have failed. As of June 2001, numbers of FDIC-listed

"problem" institutions had declined to 22 savings institutions and 80 commercial banks. (Problem institutions are those with financial, operational, or managerial weaknesses that threaten their continued financial viability.) The insurance funds for both commercial banks and savings institutions exceeded the levels mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. In June 2001, the ratio of fund balances to insured deposits stood at 1.33% for the Bank Insurance Fund and 1.40% for the Savings

Association Insurance Fund. The target ratio for both is 1.25%.

Banks' interstate branching continues to be uneven across regions. The Southeast and Southwest (except California) still have the highest share of interstate branches as a percent of total offices. In Fourth Districts states, that share is somewhat higher than it was a year ago. The ratio of interstate branches to all offices increased slightly for Ohio and decreased slightly for Kentucky, but grew significantly for Pennsylvania and West Virginia.