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NEWS RELEASE

For Immediate Release   June 16, 1998

IDAHO FINANCIAL INSTITUTIONS ON TRACK FOR Y2K READINESS

Boise, Idaho . . . . The Idaho Department of Finance announced today that the Idaho financial institutions it supervises are making satisfactory progress in addressing the century date change, or "Year 2000" computer problem. The Department and the federal regulatory agencies have now completed at least one on-site review of Year 2000 readiness of each of Idaho's state-chartered depository institutions. Year 2000 computer readiness is frequently referred to as "Y2K Readiness or Compliance."

Examiners with the Idaho Department of Finance are working with examiners from the Federal Reserve, the Federal Deposit Insurance Corporation and the National Credit Union Administration to make sure all depository institutions in Idaho are prepared. "At this point, Idaho's financial institutions are right on schedule or even ahead of schedule with Year 2000 readiness standards established for financial institutions," Idaho Department of Finance Director, Gavin Gee, said. "But we will continually monitor each financial institution's progress to ensure that they will be prepared for the Year 2000 and able to provide financial services to their depositors and other customers."

The Department conducts regular "safety and soundness" examinations of state-chartered banks, thrifts and credit unions. Federal regulators do the same for federally-chartered institutions. Examiners normally review a financial institution's condition at least every 18 months to determine whether it is operating safely and in compliance with all laws and regulations. The Year 2000 readiness issues are so vital to financial institutions and their customers that the Department, in conjunction with the federal regulators, has conducted special Y2K readiness examinations at all Idaho depository institutions under its jurisdiction.

Examiners are verifying that depository institutions have completed or are prepared to complete several phases of planning:
> ➢ Awareness of the Y2K problem;
> ➢ Assessment of systems to determine where changes are needed;
> ➢ Remediation of systems that are not Y2K compliant;
> ➢ Testing to make sure new or modified systems actually work; and
> ➢ Completion of new systems and achievement of full Y2K readiness.

Preliminary examinations and follow-up reviews are now completed although regulators will continue to monitor Y2K issues in follow-up examinations as needed and at regularly-scheduled safety and soundness exams for the remainder of the century. National guidelines call for all financial institutions to have substantially completed their Y2K preparations by December 1998. "Right now, we have rated all Idaho state-chartered depository institutions as 'satisfactory' on Y2K preparedness," Gee said. "Most institutions are either at the point of testing their Y2K systems or are getting ready to test them."Recently, the FDIC announced that of the nation's 6,034 state non-member banks, 88% were rated "satisfactory", 12% were rated "needs improvement"and less than 1% were rated "unsatisfactory". Banks rated "unsatisfactory" receive on-site reviews at least quarterly and may be the subject of supervisory enforcement actions if improvements are not made.

Regulators emphasize that depository institutions must also develop backup plans to ensure continued service to their customers even if systems believed to be Y2K compliant fail. Many institutions are also actively working with their business and retail customers to assist them with their own Y2K efforts. Moreover, Idaho financial institutions and their trade associations have sponsored with the Department of Finance Y2K seminars to further educate their customers and Idaho's small business community about the importance of Year 2000 issues. "We are pleased that Idaho financial institutions have made Y2K compliance a top priority, " Gee said. "Our examinations indicate that they have allocated the necessary personnel and financial resources to achieve Y2K compliance for the next millennium and beyond."