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NEWS RELEASE

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IDAHO FINANCIAL INSTITUTIONS ARE FINANCIALLY SOUND AND WELL PREPARED FOR YEAR-END LIQUIDITY NEEDS

Most Recent Data Shows Idaho Banks, Credit Unions and Savings Associations are Healthy With Strong Capital, Asset Quality and Earnings and Well Positioned for Y2K

Boise, Idaho . . . Gavin Gee, Director, Idaho Department of Finance announced today that Idaho financial institutions are in strong financial condition and well prepared for the Year 2000 date change. The current phase of regulatory examinations includes the evaluation of financial institution Y2K contingency plans, including the potential need for increased liquidity to meet consumer cash demand during the New Year period. All financial institutions in Idaho have successfully complied with Y2K contingency planning requirements and all other Y2K regulatory requirements and are ready for the century date change.

Several sources of liquidity are readily available to Idaho financial institutions because of their financial strength. Idaho financial institutions (including banks, credit unions, and savings associations) recorded a healthy average Return on Average Assets. While third quarter data is not available for all institutions, preliminary data for Idaho banks reveals an average Net Income of 1.2 percent. This return is especially favorable given the number of new banks, lower prices of certain agricultural products, and the high cost of achieving Y2K compliance. Recent financial reports also indicate that the financial sector in Idaho is benefitting from sound asset quality. Delinquency levels and loan losses remain low. Average capital and other reserve ratios for all financial institutions exceed a healthy 10 percent. Most importantly, overall management of Idaho's financial institutions remains strong. Gee said, "Idaho management's overall financial performance this year and proactive response on all Y2K-related issues is commendable."

The contingency plans include a financial institution's extensive evaluations of increased liquidity needs to meet consumer demand and their anticipated sources for the required funds. The comprehensive plans are based on the institution's general knowledge of historic trends, current economic conditions, personal discussions, and customer surveys. In addition to several traditional sources of liquidity such as correspondent financial institutions, standard Federal

Reserve programs, Federal Home Loan Banks, etc., many Idaho financial institutions have plans to use the Federal Reserve's special Century Date Change liquidity programs as necessary. The Federal Reserve plans to have increased funds totaling \$50 billion available to assist financial institutions with any temporary liquidity needs.

While numerous liquidity sources are available to Idaho financial institutions, recent customer surveys indicate there will be a decreased demand for excess cash at year end. Much of the decreased demand is attributable to increased public awareness of the Y2K preparedness of Idaho financial institutions. Recent surveys indicate that as the public's knowledge has increased, their planned withdrawals have significantly decreased. Polls now indicate that most consumers plan to withdraw no more cash than they normally would on any three-day holiday weekend. "We are very pleased with the strong financial condition of Idaho financial institutions as they enter the final days before the century date change." said Gee. "Fortunately, Idaho has enjoyed an overall healthy economy for several years helping Idaho financial institutions build capital and reserves, maintain safe and sound operations and be fully Y2K compliant. In light of their sound financial strength and comprehensive Y2K readiness and contingency plans, financial institutions in Idaho are well-prepared for the Year 2000 date change."

Throughout the nation, as of October 31st there are only 5 of 10,277 Federal Deposit Insurance Corporation (FDIC) insured institutions that are not yet Year 2000 compliant. Statistically, this means that 99.9 percent of all U.S. financial institutions are ready for the century date change with the remainder expected to soon be Y2K compliant. In Idaho, that ratio is a perfect 100 percent! And Gee reminds Idahoans concerned about Y2K and their money that "Idaho financial institutions are processing financial transactions into the year 2000 and beyond, are fully Y2K ready and the safest place for your money before and after the New Year is in an insured financial institution."

For more information about the Y2K preparedness of Idaho financial institutions and other Y2K financial information, visit the Department of Finance web site or call 208-332-8000 or (toll free within Idaho) 1-888-346-3378. Some of the information available includes:

- An Open Message to Idaho Consumers Considering Large Withdrawals Because of Y2K Concerns
- Answers to Frequently Asked Y2K Financial Questions
- A Y2K Financial Checklist for Idaho Consumers
- Warnings About Y2K Related Financial Scams
- Y2K Media Articles and Links to Other Valuable Y2K Resources
- Y2K for Kids Links
- Department of Finance Y2K Press Releases