



Year 2000 Internal Compliance

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TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *FDIC Internal Year 2000 Compliance Activities*

The impact of the Year 2000 date change on the FDIC's business operations and what steps the Corporation is taking to solve potential Year 2000 problems are of interest to FDIC-supervised institutions, depositors and the general public.

The FDIC has taken an aggressive stance to ensure internal Year 2000 readiness. The agency has implemented a strategic plan assuring that all of its systems (hardware, software and networks) and their interfaces will be Year 2000 compliant by December 31, 1999. "Year 2000 compliant" means that information technology will accurately process date/time data from, into and between the years 1999 and 2000, as well as leap-year calculations (Year 2000 is a leap year). When used with other information technology, Year 2000 compliant information technology will accurately process date/time data if the other information technology properly exchanges date/time data with it.

The FDIC has several products and interfaces with financial institutions that may have Year 2000 implications:

- **Software provided to financial institutions.** The FDIC provides software to assist in collecting Home Mortgage Disclosure Act (HMDA) and Community Reinvestment Act (CRA) data. Year 2000 compliant HMDA and CRA software became available to financial institutions starting in December 1997 (for 1997 and 1998 data). All future versions of the software will also be Year 2000 compliant. For additional information, call 202-452-2016 (HMDA assistance) or 202-872-7584 (CRA assistance).
- **Surveys.** The FDIC receives quarterly reports of Condition and Income (Call Reports), the Annual Summary of Deposits Survey, and the Trust Assets Survey.
- The Call Reports contain only one date, the bank's acquisition date, where "pushdown accounting" is applied. This date is reported as CCYYMMDD (which represents an eight-digit date-"CC" for century, "YY" for year, "MM" for month, and "DD" for day) and is Year 2000 compliant.
- The Annual Summary of Deposits Survey and the Trust Assets Survey contain no dates.
- The FDIC's internal processing for all three reports already uses eight-digit dates for Year 2000 compliance and is now being validated. All systems will be fully validated by August 31, 1998.
- **Uniform Bank Performance Report.** The Uniform Bank Performance Report uses Call Report data to derive bank performance ratios and is now Year 2000 compliant.

All FDIC internal systems affected by the Year 2000 date change that generally impact financial institutions, such as bank assessment systems, will be renovated by the end of August 1998 and validated to ensure Year 2000 readiness.

Additional information and updates on Year 2000 issues are available on the Internet at: </news/news/financial/> and <http://www.ffiec.gov>.

Donald C. Demitros
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Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, N.W., Room 100, Washington, D.C. 20434 (800-276-6003 or (703) 562-2200).

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