



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Division of Supervision

Year 2000 Readiness Assessments

FIL-57-98
June 1, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Year 2000 Readiness Assessment Strategy for FDIC-Supervised Financial Institutions*

The Federal Deposit Insurance Corporation (FDIC), along with the other member agencies of the Federal Financial Institutions Examination Council (FFIEC), committed last year to conducting an on-site assessment of Year 2000 readiness of all insured financial institutions by June 30, 1998. To date, examiners have completed an on-site assessment at all of the 6,034 financial institutions for which the FDIC serves as primary federal regulator. The efforts of each institution were assessed to be "Satisfactory," "Needs Improvement," or "Unsatisfactory" as of the date it was examined.

The FDIC's first round of Year 2000 assessments shows that 5,296 of the 6,034 institutions the agency supervises—or about 88 percent—are making satisfactory progress in all key phases of the Year 2000 project management process. Another 695 institutions—or 12 percent—need improvement in their efforts. The efforts of 43 institutions—less than one percent of all FDIC-regulated institutions—are unsatisfactory.

Institutions with less than satisfactory progress are being closely reviewed at least once every quarter. In addition, supervisory actions have been—and will continue to be—considered against those institutions where progress or response is less than satisfactory.

The attachment sets forth the Year 2000 readiness rating system and clarifies the FDIC's ongoing supervisory strategy. It also includes the agency's expectations concerning the Year 2000 project management activities of FDIC-supervised financial institutions and announces the FDIC's upcoming nationwide outreach seminars.

The FDIC has identified Year 2000 readiness oversight as its highest safety and soundness priority. The agency will continue to devote the necessary resources to monitor the risks associated with Year 2000 readiness issues and provide guidance to insured financial institutions. Once the results of all the FFIEC Year 2000 on-site assessments are known, the agencies will devise a plan to prioritize supervisory efforts to ensure Year 2000 readiness.

For further information, please contact your Division of Supervision regional office.

Nicholas J. Ketcha Jr.
Director

Attachment:

YEAR 2000 READINESS ASSESSMENTS

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).

Inactive