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Office of Thrift Supervision
Department of the Treasury
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Deputy Director

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

February 16, 2000

MEMORANDUM FOR: Chief Executive Officers

FROM: Richard M. Riccobono *Richard M. Riccobono*

SUBJECT: Y2K Update

Congratulations to you on the industry's smooth transition to the new millennium! It was gratifying to see how calm the public remained during the final days of 1999, how few glitches surfaced at financial institutions and related companies, and how quickly and effectively they were resolved. You are to be commended on your commitment to attaining Year 2000 readiness and on your customer awareness programs.

As part of our Y2K event planning, we decided we would evaluate after the calendar year rollover how closely we should monitor conditions in 2000, especially on February 29th and March 1st. We are pleased that based on the smoothness of the calendar year rollover, we will not conduct any formal Y2K health checks or examination programs. Examiners will, however, discuss various Y2K matters at regular safety and soundness or information technology examinations scheduled in the normal course of business this year, or otherwise contact you about continued Y2K readiness, as necessary. We will reevaluate this approach should conditions or developments suggest a need for closer inspection.

Although our experience with the calendar year rollover was very positive, we remind you that continued vigilance is in order. In addition to the leap year dates, other critical dates include the first month, quarter and year-end when programs and applications may be run for the first time. Problems could also surface on or after December 31, 2000 if leap year fixes were not completely installed. Further, problems could surface any other day of this year or even coming years when specific, rarely-used functions – which may have escaped scrutiny during Year 2000 remediations – are first invoked. Although none of these problems are expected to be major, ongoing vigilance will result in prompt detection and easier resolution. Finally, for some thrifts, residual Year 2000 problems could surface in the area of asset quality if borrowers were adversely affected by belated Year 2000 preparations or remediation costs.

If Year 2000 problems surface at your institution, promptly contact a member of your regional supervisory team or the Information Technology Manager in your Regional Office.

Again, congratulations on the smooth transition into Year 2000. We appreciated your cooperation on the health check calls we made between January 1st and 5th, as well as your cooperation over the past three years on this significant project. Let's maintain that strong cooperative spirit as we face the challenges the new millennium will inevitably bring.

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