Community Spirit Bank®

May 27, 2022

James P. Sheesley
Assistant Executive Secretary
Attention: Comments-RIN (3064-ZA32)
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Principles for Climate-related Financial Risk Management for Large Financial Institutions (RIN (3064-ZA32))

Dear Mr. Sheesley:

I appreciate the opportunity to submit comments on behalf of my community bank that serves rural counties in Northwest Alabama and Northeast Mississippi. My name is Brad M. Bolton, President, CEO and Senior Lender of Community Spirit Bank, and I am a proud 2nd generation community banker having served at this institution for the past 26 years. Our bank was chartered on June 11, 1908 and has a long tradition of serving our communities with distinction. I am honored to serve the needs of farmers, small business owners and consumers alongside a talented group of employees who all have a focus and a desire to serve our customers in an exceptional relationship focused manner.

I am writing you today regarding the FDIC's request for comment on its statement of principles for climate-related financial risk management for large financial institutions. I am concerned that the FDIC may, in the future, apply this climate-related financial risk management to community banks. The proposed framework for managing climate-related financial risk management for large banks would negatively impact my community and my customers if we were to be subject to it and thus our bank is opposed to the implementation of any such risk management practices as outlined.

While the proposal at present is intended for the "largest financial institutions," statements have been further made by the FDIC that "all financial institutions should prepare for how you will manage climate related activities in the future." As implied by these statements and others, my concern is that the climate risk framework for large institutions will ultimately trickle down to small community banks like ours.

We are proud to provide deposit and lending relationships to gas and fuel stations, convenience stores, truckers, farmers such as row crop, cattle, and poultry farmers as well as the timber harvesting industry just to name a few. All of these small farms or small businesses could be negatively impacted by any new climate risk management practices. I am extremely fearful that the proposal, as presented, could ultimately choke off credit to legal and credit worthy borrowers.

Community banks such as ours have been evaluating the risk of our balance sheets for decades and already have mechanisms in place with existing regulatory frameworks to monitor and manage all risk related to our portfolios. We do not need additional regulations placed upon us or our customers to better manage risk. Community banks such as mine pose no systemic risk to the financial system and thus should not be subject to the same climate rules and frameworks as institutions who do pose such risk.

Community banks like mine also have a long history of helping customers recover from weather related events. Since our founding one hundred and fourteen years ago, my bank has dealt with weather related issues in our communities, including tornadoes and severe weather on a re-occurring basis. When a catastrophe such as a tornado or other severe weather takes place, we respond to our customers' needs, help them evaluate their loan balances, work out arrangements to defer payments while insurance collects, and work with them on rebuilding when and if necessary. We are there for our customers before, during and after these events because we have relationships with our customers; they know us, and we know them. We are there for them in good times and bad, and that is what differentiates a community bank like mine from large "too big to fail" firms.

In reading the proposals, I am also concerned about "scenario analysis" that would require specialized third-party expertise to perform these exercises. For a community bank or our customers to be required to have this level of climate expertise would be cost prohibitive at worst and at best drive up the borrowing cost for small business customers and potentially put small business customers out of business. The small business customers I serve simply do not have the resources to gather any such climate related data as would be required in these proposals. Scenario analysis would require community banks to forecast for remote and speculative risks and be of little practical utility to us because we are already familiar with our concentration risks and how we manage them. My small farm and small business customers are very concerned that they would be required to hire third party specialists even though there simply aren't enough net profits especially among "Schedule C and Schedule F" tax return filers to obtain such reports and analysis.

I would respectfully request that the FDIC refrain from implementing any climate related risk management framework that could cut off credit to my borrowers. Neither they nor I have the capacity or resources to create the litany of studies and data required to measure or calculate a carbon footprint.

Thank you for allowing me to submit this comment letter for your consideration. While I commend the FDIC for limiting this proposal to banks whose assets are $100 billion or more, I encourage the agency to conduct further and more in-depth outreach with community banks to better understand why this proposal should never trickle down or apply to community banks of any asset size.

Sincerely

[redacted]

Brad M. Bolton
President/CEO/Sr Lender

Cc: Alabama Senator Richard Shelby
Alabama Senator Tommy Tuberville
Alabama House of Representatives Member Robert Aderholt