

233 South 13th Street, Suite 700
Lincoln, Nebraska 68508
Phone: (402) 474-1555
Fax: (402) 474-2946
www.nebankers.org



Extraordinary Service for Extraordinary Members

June 2, 2022

James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 204429

RE: Statement of Principles for Climate-related Financial Risk Management for Large Financial Institutions: Comment Request (RIN 3064-ZA32)

On behalf of the Nebraska Bankers Association (NBA), I appreciate the opportunity to comment on the Statement of Principles for Climate-Related Financial Risk Management for Large Financial Institutions. The NBA is a trade association representing 161 of the 170 commercial banks and savings institutions in the state of Nebraska.

While we are aware that the proposed Statement of Principles are not to apply to banks with less than \$100 billion in total consolidated assets, we are submitting comments because the Federal Deposit Insurance Corporation (FDIC) has suggested that this is the first iteration of guidelines that could ultimately apply to all FDIC-insured banks.

Climate-related financial risk is already incorporated into most banks' strategic and risk-management frameworks. Banks base business decisions on current and historical market data, which provides information on the level of risk associated with a transaction. Climate-related financial risks are already embedded into the risk identification and management process employed by banks through existing policies and procedures. A bank's lending practices and management of concentrations in its lending portfolio address the physical and transitional risks of climate change.

Banks in Nebraska have had experience with managing loans secured by property in floodplains and have factored the impact of natural disasters such as tornadoes and floods which have impacted various parts of our state into their risk management policies. We encourage the FDIC to retain flexible supervisory expectations. The principles adopted should allow for significant modification as events occur, as the practice and process of climate risk identification develops, and the risks associated with climate change become more apparent and clearly defined.

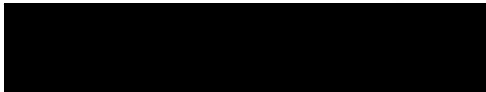
The NBA appreciates the FDIC's recognition that the draft principles would impose significant burdens if applied to smaller banks. As a result, the FDIC should not expand the scope of the draft principles. If the FDIC ultimately determines that climate-related risk management guidance is necessary for all FDIC banks, the principles should not be extended to mid-sized and smaller banks until climate risk is better quantified and understood and should be tailored in such a fashion to avoid unnecessary operational burdens for these smaller institutions.

While important for the Agency to provide a framework for the safe and sound management of exposure to climate-related financial risks, it is important to ensure that the lending needs of communities are supported, and that individuals and businesses continue to have access to needed financial services.

Banks throughout the state of Nebraska play an essential role in promoting the vitality of the communities in which they are located and the areas which they serve by providing financing to individuals and businesses. The imposition of prescriptive regulatory requirements on climate-related risk by prudential regulators could cause economic disruption and harm. At the end of the day, bank business decisions should be shaped by legitimate safety and soundness concerns and not by regulatory suasion.

We appreciate the opportunity to comment on the proposed principles and thank you for your consideration of our comments.

Very Truly Yours,



Richard J. Baier

President & CEO

richard.baier@nebankers.org