June 3, 2022

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

RE: RIN 3064-ZA32 "Principles for Climate-Related Financial Risk Management for Large Financial Institutions"

Dear Mr. Sheesley:

This letter is written to respond to the Federal Deposit Insurance Corporation's (FDIC) Request for Comment titled, RIN 3064-ZA32, "Principles for Climate-Related Financial Risk Management for Large Financial Institutions" in the Federal Register. We offer these comments with the best intentions for the U. S. economy, the banking community, the small and large businesses and consumers in our local, regional and nationwide markets.

Bryant Bank is a $2.5 billion community bank headquartered in Tuscaloosa, Alabama with 18 locations in the State of Alabama. We are very proud of the service provided to our customers and the communities we serve throughout the State of Alabama. We also provide correspondent banking services with the focus to serve the communities of Alabama where we do not have locations by serving the community banks in the State of Alabama with correspondent banking services.

The draft Principles are presented for financial institutions larger than $100 billion in assets. However, the reality is that these draft Principles could defacto become the expectation of all financial institutions once implemented. This is intimated with the comment in the Federal Register filing on Page 19509, Column 1 first paragraph, ***"Climate-related financial risks pose a clear and significant risk to the U. S. financial system and, if unmitigated, may pose a near-term threat to safe and sound banking and financial stability."*** In our opinion, this appears to be a statement of fact regarding all institutions rather than the financial institutions greater than $100 billion in assets. Also, the statement does not take into account the current regulations, risk monitoring processes or systems that are in place that assess risk to the financial institutions portfolio's or balance sheet management.

The Principles do not take into account existing monitoring processes in place at financial institutions of all sizes. Those risks may not be consolidated in a report that a regulator, auditor or political special interest can obtain in the analysis, however financial institutions are in the business of assessing risk and pricing it appropriately along with assisting their potential customer and existing customer with whether the financial institution would be able to have exposure to a

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certain type of risk. Additionally, the Current Expected Credit Losses Methodology (CECL) model that is already in place for the larger institutions, are to assess risk and to account for the risk in their portfolio in relation to expected losses in the future for a given asset. Not all Institutions below the size of the Federal Register's focus have adopted CECL at this point but that regulatory burden is quickly approaching for all size institutions beginning in January 2023 (takes effect in fiscal years beginning after December 15, 2022).

We are of the opinion a separate risk-management framework for climate-related financial risk is unnecessary to manage the safety and soundness at our bank or any community bank with fewer than $100 billion in assets. We are also concerned about being able to obtain information to the detail needed from our borrowers to meet documentation of climate impact on their products or services provided. This will increase costs as well as potentially eliminate commerce with existing customers and businesses.

Community banks do not pose systemic risk to the financial system and should not be subject to one size fits all climate related regulation. Our bank manages risks to the bank's portfolio's from an overall risk as well as a transactional risk view for a given opportunity. We as community bankers are always thinking of how the bank could be affected by a particular credit exposure as well as are we serving our customer appropriately in making the given loan. Some of the reporting would require resources that are not currently available within a community bank. This will result in cost, time, as well as potentially additional staff to meet the Principles listed in the Federal Register. Again, while this is written to be for financial institutions of $100 billion in assets or greater, more than one time in the filing, all financial institutions are referred to. For example, Page 19509, middle column, first paragraph, ***"Some financial institutions, including many large financial institutions, are considering climate-related risks and would benefit from additional guidance as they develop capabilities, deploy resources, and make necessary investments to address climate related financial risks."*** (Next Paragraph), "Although all financial institutions, regardless of size, may have material exposures to climate-related financial risks, these draft principles are targeted at the largest financial institutions with over $100 billion in total consolidated assets." The next sentence is, "The draft principles are an initial step to promote a consistent understanding of the effective management of climate-related financial risks. The draft principles goes on to indicate the FDIC intends to appropriately tailor any resulting supervisory expectations to reflect differences in institutions' circumstances such as complexity of operations and business models.

We are concerned that these Principles would affect the expected actions of community banks as "Best Practices" or in future "rulings", "guidance" or "requirements" that would impose regulatory burden, costs and push an increased amount of mergers in the community bank space that has other impacts on communities that need locally owned bank service and knowledge of their particular market to meet the needs of that community. We saw the advantages of the local community banks during the pandemic. We need to make sure we preserve the community banking model as we impose and implement new regulatory principles, rules and actions for the betterment of the U. S. economy short and long term. The existing risk management practices have been effective and have enabled community banks to manage climate-related risk for decades. Some industries that are now deemed as having more climate related impact have been customers of banks for decades. Those risks have been managed throughout that timeframe.

On April 27, 2011, the State of Alabama experienced a horrific and deadly day of tornadoes impacting most of our state. Specifically, the Tuscaloosa area was hit with an EF-4 tornado that resulted in 65 deaths and over 1,500 injuries in our city. The same EF-4 impacted the northern area of the City of Birmingham with similar destruction of homes, business, injuries and deaths. We serve both of those markets, Tuscaloosa and Birmingham. Overall, there were 62 tornadoes that touched down in the State of Alabama resulting in 240 deaths and approximately 3,000 injuries. During the event and in the clean-up process as well as the recovery process, we served our customers as did our brethren community bankers and large bankers to ensure access to financial services were available to the communities affected. Tornadoes, hurricanes, natural disasters such as hazardous waste spills and other threats are impacts that financial institutions exercise and plan to be as prepared as possible to ensure services are available to the consumers and corporate customers at time of event. There are always lessons learned in any event or experience that make everyone better prepared for the next unforeseen issue which was seen in 2020 with the pandemic. Community bankers served with the highest impact during the pandemic to provide PPP loans to customers needing the money to maintain their businesses and their communities. We were proud to be a community bank serving during customer's needs during the pandemic.

In the State of Alabama, we have a public/private partnership with the State EMA, State and Federal Regulators and the Alabama Bankers Association named the Alabama Recovery Coalition for the Financial Sector. This Coalition was created as a public/private partnership by the U.S. Treasury, FDIC, Alabama State Banking Department and the Alabama Bankers Association in June 2006 post the 2005 Hurricane Katrina experience. The Coalition has assisted the industry in preparation, planning, exercises, information and best practice sharing among banks in the State of Alabama for 16 years. There are other states and areas of the country that also have similar Coalitions. There are answers to the topic of the Federal Register without adding more regulatory burden on the banking industry which may result in overall reduction in the number of banks which could result in a degradation of the level of financial services available to communities throughout our great nation impacting the customers we all are collectively focused on serving.

While the proposed Principles are represented to only affect larger banks, the purpose of our comments herein are too strongly recommend that there is no need for adoption at the smaller bank level and if adopted in the future could cause significant harm to community banking as a whole. We appreciate the opportunity to comment on this topic and respectfully submit this comment letter for your consideration.

Sincerely,

Claude D. Edwards
President

CDE/kbs