From: Jill Sharp <jills@logansportsavings.com>
Sent: Friday, June 03, 2022 4:23 PM
To: Comments
Subject: [EXTERNAL MESSAGE] RIN 3064-ZA32

Good afternoon,

I appreciate the opportunity to comment on the Principles for Climate-Related Financial Risk Management. We are a small community bank located in Logansport, Indiana. Our asset size is almost $250 million. Our primary federal regulator is the FDIC. We understand the current statement of principles does not apply to our bank; however, I am commenting because the FDIC has indicated that this is the first iteration of guidelines that may ultimately apply to all FDIC banks.

Climate-related financial risk is already incorporated into our banks strategic and risk-management framework. Banks base business decisions on current and historical market data, which provides information on the risk of a transaction. Accordingly, climate-related financial risks are naturally embedded into the risk identification and management process. Our bank manages climate-related financial risk through our existing policies and procedures. For example, we have one branch location, requirement of flood insurance, monitoring concentrations within our portfolio, retention of staff with expertise in certain types of lending, customer due diligence, and knowing our geographic footprint.

Supervisory expectations should be flexible, allowing for significant modification as events occur, as the practice of climate risk identification develops, and the risks become more clearly defined. Regulation based on the assumptions and data behind today's definitions and understanding of climate-related financial risk would be premature. The FDIC should take a flexible, high-level approach that allows banks to assess their risks based on their unique circumstances.

The FDIC should not widen the scope of the guidance. We appreciate the FDIC's recognition that these principles would impose significant burdens if applied to smaller banks. If the FDIC determines that climate-related risk management guidance is necessary for all FDIC banks, the guidance should not be extended to mid-sized and smaller institutions until climate risk is better quantified and understood and should be tailored to avoid unnecessary operational burdens.

The agencies should take steps to ensure that communities are supported and continue to have access to financial services. Banks are critical to thriving communities, providing financing to individuals, companies, and communities. To avoid economic disruption and harm, prudential regulators should not impose prescriptive regulatory requirements on climate-related risks. Doing so at this time, particularly with respect to transition risks, could shape bank business decisions for reasons of regulatory suasion, rather than true safety and soundness concerns. Climate-related credit limits would affect not only our community bank but our customers as well. Implementation would require additional staffing and resources not to mention the additional requirements placed upon our customers. As we are seeing negative effects from inflation, this would be an additional hurdle and expense for communities, businesses, and individual consumers already suffering.

Again, I appreciate the opportunity to comment and your considerations.

Sincerely,

Jill Sharp
Compliance Officer/BSA Officer, BSACS, FIS

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