The Farmers Bank

FARMERS TRUST & SAVINGS BANK

January 16, 2014

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity
        Policies and Practices of Entities Regulated by the Agencies.

Dear Mr. Feldman,

I am submitting these comments on behalf of our $325 million single branch community bank located in rural Northwest Iowa. Our bank supports diversity but establishing regulated diversity policies and practices appears counter-productive.

I would like to make the following comments regarding this diversity proposal.

> Banks come in many forms and serve communities that are greatly diverse. Our industry has demonstrated our sensitivity to diversity and have an established record through compliance with CRA and Fair Lending. With the great variety of communities in America, it seems inappropriate to implement a one-size-fits-all approach. Maintaining flexibility is critical in allowing individual institutions to adapt to their unique marketplace and geographic setting.

> The statutory provision is limited and we support your recognition that examination or supervisory assessment is not appropriate. We support your conclusion that this does not become a part of the examination process.

> Self-assessment is appropriate and voluntary self-assessment is flexible enough to encompass differing concepts of diversity. Anything approaching a mandate is contrary to the statute.

> It should be clarified that transparency can be demonstrated by a general statement that a commitment to diversity along with efforts to recruit a diverse staff, similar to public statements affirming a bank is an equal housing lender meets the requirement.

> This standard should not cover elements of procurement or contracting as these are beyond the statutory provision. We do not have the financial resources or time to develop internal systems

It's all about you

125 WEST FOURTH STREET ● BOX 7980 ● SPENCER, IOWA 51301-7980
PHONE (712) 262-3340 ● (800) 249-3340 ● FAX (712) 262-9511
www.farmerstrust.com

Member
FDIC

to assess and evaluate suppliers and vendors, many of which are located in smaller cities and rural areas. This further increases our already high compliance cost and we do not have the large scale to spread this compliance cost over a broad base and therefore must bear these costs more disproportionally than the mega banks. The banking industry is currently struggling with numerous and complex mandates and already face stringent expectations regarding our vendor management due diligence program. Layering additional reviews and requirements relating to vendor management policies would significantly add to our vendor management program costs at a time when community banks are increasingly dependent on such vendors for core activities as we face ever increasing cost, compliance, and new technology. Financial institutions need to reach out to vendors for these services, this allows us the ability to spread this cost over a large number of community banks, comparable to what large mega banks are currently able to do. We strongly recommend, if these standards are adopted, that vendor diversity be limited so that financial institutions are only required to have a supplier diversity policy that provides minority owned and women owned businesses a fair opportunity to compete for our business and services, don't burden us with additional rules and regulations.

We are opposed to the proposal to establish standards for assessing diversity policies and practices. If implemented, we do not feel the policy should cover procurement or contracting for services and at least a one year lead time should be added to the proposal for implementation, if enacted.

Thank you for considering our views. I appreciate the opportunity to comment on this proposal.

Yours truly,
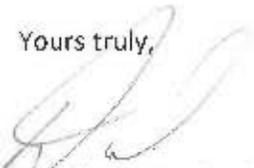
David W. Woodcock
President/CEO

DW:ss