

From: Brett E. Legg <blegg@yourfriendlybank.com>
Sent: Tuesday, May 24, 2022 11:49 AM
To: Comments
Subject: [EXTERNAL MESSAGE] Principals for climate-related financial risk management for large financial institutions (RIN 3064-ZA32)

Greetings:

I am writing regarding the FDIC's request for comment on its statement of principals for climate-related financial risk management for large financial institutions. I am the President and CFO of The Eastern Colorado Bank, a \$580 million community bank located in Cheyenne Wells, CO with six locations in eastern Colorado and western Kansas. Outside of our Colorado Springs Colorado branch we primarily provide agriculture loans to farmers and ranchers on the east central plains of rural Colorado and western Kansas. Our bank is the only financial institution with a physical location in Cheyenne County Colorado and Wallace County Kansas. I am concerned the FDIC may, in the future, apply this climate-related financial risk management to community banks such as ours.

We believe a separate risk-management framework for climate-related financial risk is unnecessary to manage safety and soundness of our bank or any community bank with fewer than \$100 billion in assets. The Eastern Colorado Bank was started in Cheyenne Wells, CO in 1944, Since that time we have managed through many climate related natural disasters including drought, hurricane force winds and blizzards. The bank and its customers are very experienced in mitigating the risk to our businesses of these naturally occurring events through the use of widely available insurance products and the adoption of modern farming and grazing practices. This area was once in the heart of the Dust Bowl but through the techniques adopted over these past decades, conservation practices have returned the area to very high productivity. Along with these conservation efforts we also support a strong oil and gas sector. This is a very regulated industry already and practices to mitigate damage to the environment are very strong.

We don't believe increased regulation is needed or would be beneficial. As part of our analysis for loan loss adequacy we have baked into the Q factors risk mitigation from climate events. With the adoption of CECL in the coming year we will continue to do this on a forward looking basis. Our bankers and lenders live in the communities we serve. Many of them, including myself, are engaged in farming, ranching or both. We understand on a grass roots level what the risks are and how to mitigate those risks in ways that are friendly to the environment while at the same time good for business. Increased regulation that attempts to apply a one size fits all framework would not only be unduly burdensome but would also be harmful to the communities we serve. Proposed regulation would only increase the cost of doing business without any real increased benefit to the environment. In businesses such as community banking and agriculture, profit margins are small. To increase costs on us and our customers would be very harmful and the benefit of this would be non-existent. Whenever regulations, such as what have been proposed, are put into force it only accelerates the consolidation of the industries we serve as well as our own. Small farmers and ranchers are struggling now. With increased regulation it would only increase the number of our customers who have no choice but to sell their farms and ranches, many of which have been in their family for generations.

In closing, I would like to express my thanks for being given the opportunity to comment on this and implore the Agency to very carefully consider the unintended consequences that would happen if we take this road. Many well meaning regulations have turned out to be a detriment to those trying to make a home and raise their families in our communities. My belief is that this is one of those and ask that they not be implemented or, at the very least, not be applied to community banks such as ours.



ECB

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