June 2, 2022

Mr. James Sheesley
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: STATEMENT OF PRINCIPLES FOR CLIMATE-RELATED FINANCIAL RISK MANAGEMENT FOR LARGE FINANCIAL INSTITUTIONS [RIN 3064-ZA32]

Dear Mr. Sheesley:

The Independent Community Bankers of America and the undersigned state banking associations, representing thousands of community banks and the communities they serve, urge the FDIC to take all reasonable and appropriate measures to ensure any principles for climate-related financial risk management for large banks, if finalized, do not facilitate the choking off of lawful but climate-disfavored industries from the banking system. Banks should have the ability to lend to any consumer or corporate citizen who is creditworthy and engaged in lawful activity, without fear of political or regulatory retribution. Accordingly, we vehemently oppose the FDIC or any financial regulator using the banking system to advance a climate agenda by pressuring banks to choke-off select customer or industry access to credit.

Although the FDIC's statement of principles for climate-related financial risk management only applies to large financial institutions, namely those with $100 billion or more total consolidated assets, we are concerned community banks and their local communities will be negatively impacted if large financial institutions are pressured or required to "de-risk" their loan portfolios and choke-off lawful but climate disfavored customers or industries from the financial system.

Financial risks, physical risks, and transition risks already exist within the banking system - and financial institutions adequately manage these risks using longstanding and time-tested risk management practices. Neither the FDIC nor any financial regulator should cause or worsen transition risks by pressuring banks to de-risk lawful but climate-disfavored customers or industries under a newly formed climate-related financial risk management framework.

ICBA and the undersigned state banking associations are also concerned these principles may eventually trickle down and be applied to community banks, either directly through future rulemaking or indirectly as "best practices." The steep expense, complex models, governance requirements, and specialized expertise that would be necessary for community banks and their customers to bear, if these principles applied to banks with fewer than $100 billion total consolidated assets, would be cost and resource prohibitive for the thousands of community banks that proudly serve Main Street and have survived decades of natural disasters and climate events.

Further, we are concerned the FDIC's principles on data, risk measurement and reporting could eventually require community banks to gather climate data directly from their customers, vendors, and other third-parties. Consumers and small businesses (many of which do not have, and are unable to collect, sophisticated climate data) should never be compelled to produce climate data as a condition for obtaining basic banking services.

The mere existence of risk (whether financial, physical or transition risk) does not, in and of itself, constitute a threat to the safety and soundness of individual banks or the financial system. Instead, the relevant question is whether banks and their regulators are properly managing such risks. As evidenced by the fact the FDIC's principles do not identify even a single instance of bank failure in the aftermath of a severe weather event, banks throughout the entire history of the U.S. banking system have universally demonstrated an ability to manage climate risks.

As the FDIC develops its approach to climate-related financial risk management, we encourage the FDIC to conduct studies, review the FDIC's nearly one hundred years of banking data, and gather empirical information to better understand the efficacy of the current risk management framework in managing climate-related financial risk, the need to address any specific gaps in the current framework, and the degree to which climate-related financial risk may or may not actually threaten the safety and soundness of the financial system.

Sincerely,

Independent Community Bankers of America

Alabama Bankers Association

Arkansas Community Bankers

Community Bankers of Washington

Arizona Bankers Association

California Community Banking Network

Independent Bankers of Colorado

Connecticut Bankers Association

Florida Bankers Association

Community Bankers Association of Georgia

Community Bankers of Iowa

Idaho Bankers Association

Community Bankers Association of Illinois

Indiana Bankers Association

Community Bankers Association of Kansas

Bluegrass Community Bankers Association

Louisiana Bankers Association

Massachusetts Bankers Association, Inc.

Maryland Bankers Association

Maine Bankers Association

Community Bankers of Michigan

Independent Community Bankers of Minnesota

Missouri Independent Bankers Association

Mississippi Bankers Association

Montana Independent Bankers

North Carolina Bankers Association

Independent Community Banks of North Dakota

Nebraska Independent Community Bankers

Community Bankers Association of New Hampshire

New Jersey Bankers Association

Independent Community Bankers Association of New Mexico

Independent Bankers Association of New York State

Community Bankers Association of Ohio

Community Bankers Association of Oklahoma

Oregon Bankers Association

Pennsylvania Association of Community Bankers

Independent Banks of South Carolina

Independent Community Bankers of South Dakota

Tennessee Bankers Association

Independent Bankers Association of Texas

Virginia Association of Community Banks

Vermont Bankers Association, Inc.

Wisconsin Bankers Association

Community Bankers of West Virginia

Wyoming Bankers Association