October 17, 2024

Subject: Comment Request– RIN 3064-AF99

Dear Mr. Sheesley,

My name is John McWhorter, and I am the Chief Financial Officer at Third Coast Bank (TCBX) in Texas. Our bank has achieved success in a very competitive local deposit market because of the relationships we have developed with innovative, third-party financial services platforms that offer cost-effective tools to diversify our funding sources, strengthen our finances, and build liquidity. I strongly oppose the FDIC's proposed rule on brokered deposits, which will cause more confusion in the marketplace and severely disrupt our ability to grow and meet the demand for lending in the Texas communities we serve.

Third Coast Bank was established over 16 years ago by local organizers who aimed to create a relationship-oriented bank engaged in personalized service and community enrichment. Our approach is to be the best bank we can be by offering the latest state-of-the-art technology, sophisticated banking tools, and products available to our customers. The FDIC's attempt to roll back rules set in place in 2020 is misguided because it fails to account for the evolution of our industry. Due to their financial resources and national brand, big banks have an enormous leg up on community banks when it comes to technology. Through innovative partnerships, community banks have managed to level the playing field and stay competitive, creating opportunities for communities and businesses that are traditionally poorly served by big box institutions.

The 2020 rules on brokered deposits provided long-sought clarity to the financial industry and allowed community banks to build healthy, diversified deposit balances that will help them remain strong in tougher economic times. The FDIC should celebrate this development and do more to encourage these partnerships as a way to inject further competition and drive innovation in the industry. Ironically, limiting the ability of community banks to diversify their liquidity sources places greater stress on them and encourages riskier behavior. Punishing community banks for the sort of measured, stable partnerships that occur in nearly every other industry is not the way to build greater confidence in the financial system.

Humble Banking Center | [redacted]

If community banks are forced to curtail lending as a result of this rule, it could lead to higher borrowing costs and more layoffs by local businesses, which will strain local economies. Like other community banks around the country, our mission has been to build relationships, grow communities, and do good for our customers. This rule is a significant impediment to achieving that goal. We pride ourselves in being able to help an eager entrepreneur start a new business or a young couple reach their dream of homeownership. We are motivated to provide this comment because of the impact it will have on the people who come through our doors here in Texas every day.

On behalf of Third Coast Bank and the Texans we serve, we implore you to do the right thing and rescind this proposal so that community banks across the country can continue to stay competitive and respond to the financial needs of our customers.

Thank you for your service and attention to this important issue.

Sincerely,

John McWhorter, CFO

Third Coast Bank

[redacted]_

Bart Caraway, CEO

Third Coast Bank

[redacted]____

Humble Banking Center | [redacted]