

Dear Shareholders,

Three Shores Bancorporation (TSB) and its wholly owned subsidiaries Seaside National Bank & Trust (SNBT) and Seaside Insurance, Inc., completed another successful quarter of operation, ending September 30, 2018. We have been able to largely stay on trend despite softening of commercial and industrial lending demand, as we have over the life of our company, by garnering gains in market share from our competitors. Our advisory approach and universal client servicing model allows us to add real value and advice for our clients, which has been the hallmark of our success of continued organic growth.

Beginning with our balance sheet, total assets ended the third quarter at \$1.88 billion, which reflects year-over-year growth of 14.1 percent. Similarly, total loans were \$1.38 billion as of September 30, 2018, up 14.4 percent over the prior year. Total deposits were approximately \$1.60 billion or 24.4 percent growth from last year. Off balance sheet, our assets under advisement reached slightly over \$700 million as of the end of the third quarter, which also reflects growth of approximately 14 percent over the prior year period end.

Turning to operations, we have been able to continue our trend of attractive positive operating leverage by growing revenue at rates that exceed the growth of expense. Top line revenue growth of 10.4 percent through September of this year versus expense growth of 0.4 percent over the same period has yielded significant operating leverage, resulting in improved relative returns on both assets and deployed capital. As a result, for the third quarter 2018 SNBT earned \$4.6 million net after tax and \$13.2 million year to date, exhibiting 35 percent and 47 percent improvement from the one year ago results, respectively. On a consolidated basis, TSB earned \$4.4 million net after tax for the third quarter and \$12.6 million year to date, representing improvement of 35 percent and 48 percent over the prior year comparisons. Consolidated, TSB's year-to-date return on assets improved to .95 percent from .71 percent one year ago, and return on equity improved to 12.41 percent from 9.33 percent over the prior year. Additionally, as a result of positive operating leverage, our measures of efficiency continue to improve. Third quarter operating efficiency stood at 57.5 percent versus 62.0 percent over the third quarter of last year. Another positive measure of the ability to scale our company that our operating model allows is a peer leading \$12.50 million of assets per FTE.

All of the above metrics reflect the fine collective work of our highly skilled and experienced professionals who work together in our company. We continue on our path of quality growth in a safe, sound and secure basis. We are continually evolving and refining our risk management policies, processes and procedures as we scale the company. Significant work is occurring behind the scenes with respect to systems and controls to ensure we remain sound. Our credit quality remains pristine as reflected by total non-performing assets to total assets of less than 5 basis points and net charge offs of less than that over the past five years. In summary, we remain well capitalized and liquid with excellent asset quality and minimal interest rate sensitivity.

All of us at Seaside will be working hard to close out the fourth quarter in an equally positive fashion to provide good momentum into 2019. I hope this letter finds you and your loved ones in good health and spirits, and we thank you for your continued support.

Kind Regards,



Gideon T. Haymaker

THREE SHORES BANCORPORATION, INC.
SELECTED CONSOLIDATED FINANCIAL DATA
THIRD QUARTER 2018

*At September 30, 2018, June 30, 2018, December 31, 2017 and September 30, 2017 and
for the Quarters and Year-to-date periods ended September 30, 2018 & 2017
(\$ in thousands, except per share figures)*

Balance Sheet-At Period End:	At Sept 30, 2018	At June 30, 2018	At Dec 31, 2017	At Sept 30, 2017
Cash and cash equivalents	\$61,968	\$53,195	\$48,814	\$45,017
Securities	\$412,364	\$395,843	\$374,933	\$369,800
Loans, net of Allowance	\$1,370,498	\$1,334,386	\$1,272,271	\$1,196,321
All other assets	\$38,452	\$38,109	\$36,364	\$39,635
Total assets	\$1,883,282	\$1,821,533	\$1,732,382	\$1,650,773
Deposit accounts	\$1,596,666	\$1,462,626	\$1,388,668	\$1,282,882
Borrowings	\$138,235	\$213,588	\$206,239	\$227,924
All other liabilities	\$11,487	\$11,412	\$9,208	\$11,476
Stockholders' equity	\$136,894	\$133,907	\$128,267	\$128,491
Total liabilities and equity	\$1,883,282	\$1,821,533	\$1,732,382	\$1,650,773
Assets Under Management	\$700,019	\$671,322	\$639,555	\$614,370

Balance Sheet Ratios and Other Data:

Tier 1 Leverage Ratio-Seaside	7.64%	7.88%	7.61%	7.67%
Tier 1 Leverage Ratio-Three Shores	7.43%	7.67%	7.40%	7.45%
Total Risk-Based Capital ratio-Seaside	11.02%	11.05%	10.96%	11.24%
Total Risk-Based Capital ratio-Three Shores	10.77%	10.80%	10.71%	10.98%
Texas Ratio* (NPA's/ALLR + Equity)	0.69%	2.14%	4.10%	5.65%
Nonperforming Assets*/Total Assets	0.05%	0.17%	0.33%	0.48%
Allowance for loan losses to Total Loans	0.98%	0.99%	1.05%	1.05%
Total number of banking offices	14	14	15	15
Total shares outstanding (common & preferred)	24,007,612	24,010,996	23,718,735	23,696,616
Tangible book value per share (excludes intangible assets)	\$5.53	\$5.39	\$5.22	\$5.26

* excludes government-backed NPA's

Income Statement-For the Period:	3rd Qtr 2018	3rd Qtr 2017	Year-to-date 2018	Year-to-date 2017
Total interest income	\$19,043	\$15,187	\$53,844	\$43,429
Total interest expense	\$6,050	\$2,858	\$15,081	\$7,642
Net interest income	\$12,993	\$12,329	\$38,763	\$35,787
Provision for loan losses	\$534	\$96	\$1,204	\$666
Net interest income after provision	\$12,459	\$12,233	\$37,559	\$35,121
Noninterest income	\$2,415	\$1,733	\$6,927	\$5,588
Noninterest expenses	\$9,067	\$8,529	\$26,948	\$26,442
Earnings before income taxes	\$5,807	\$5,437	\$17,538	\$14,267
Income taxes	\$1,213	\$2,045	\$4,379	\$5,317
Net earnings - Seaside	\$4,594	\$3,392	\$13,159	\$8,950
Three Shores net operating expense	\$189	\$138	\$553	\$411
Net earnings - Consolidated	\$4,405	\$3,254	\$12,606	\$8,539

Income Statement Ratios and Other Data:

Return on average assets (1)	0.95%	0.80%	0.95%	0.71%
Return on average equity (1)	13.29%	10.26%	12.41%	9.33%
Basic Earnings Per Share	\$0.19	\$0.13	\$0.53	\$0.36
Yield on Interest-earning assets	4.17%	3.80%	4.12%	3.68%
Cost of Funds	1.44%	0.79%	1.25%	0.71%
Net Interest Margin (1)	2.83%	3.07%	2.95%	3.01%
Noninterest expenses to average assets (1)	1.99%	2.12%	2.06%	2.23%
Efficiency Ratio	57.54%	62.02%	59.29%	65.33%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.29	1.33	1.30	1.34

(1) Annualized