Dear Shareholders,

In letters past, I have frequently mentioned to you the rising challenge that all of us in our industry face with the growing magnitude and sophistication of various types of fraud we battle on a constant basis. Unfortunately, our first quarter 2019 results are overshadowed by a significant fraud loss that we felt compelled to recognize in full during the month of March.

Seaside was the target of an elaborate external loan and wire fraud, which is in no way systemic. In early March we became aware of the potential fraud, and we acted swiftly to thoroughly investigate and to engage law enforcement as soon as it was evident that our fears were confirmed. The FBI and United States Attorney's Office are presently engaged in an active criminal investigation and asset recovery. We have initiated civil litigation through outside counsel in pursuit of any potential future recovery of funds involving multiple parties. Given the time and uncertainty associated with litigation, we believe the correct course of action was to recognize the full amount of the potential loss, approximately $5 million, and to work aggressively to collect any possible recovery of capital in the future. Despite the loss, our capital ratios improved over year-end figures. This was due to the modest profit we earned for the quarter and given the fact that we limited the growth of our balance sheet as we began the repositioning of our loan portfolio, as described in our annual report.

For the quarter ending March 31, 2019, total assets ended at $1.89 billion compared to $1.88 billion as of year-end 2018, and $1.73 billion one year ago, representing approximately 10 percent annual growth. A portion of that balance sheet growth did not help us. A new accounting rule, FASB 2016-02, required us to place the current net present value of all of our lease obligations on the balance sheet as of January 1, 2019, and offset the asset with a corresponding liability. As a result we added $24 million of non-earning assets to our balance sheet, which has the negative effect of reducing return on assets. Previously, one of the attractive features of leasing was that it was off balance sheet and did not tie up capital. Under the new rule, there is no additional impact to the income statement; however, we are required to carry these assets collectively as a non-earning asset with 100 percent risk weighting for purposes of risk-based capital calculations.

Total gross loans ended the first quarter of 2019 at $1.35 billion, down from year-end 2018, but 7 percent higher than one year ago. As planned, we reduced our shared national syndication loan portfolio by approximately $30 million during the first quarter of this year, which negatively impacted our loan outstandings. Year over year, total deposits were 9 percent higher, ending the first quarter at $1.56 billion. Importantly, total shareholders' equity grew by 15 percent from first quarter 2018 to first quarter 2019 to end at $148.7 million, which resulted in a 14 percent improvement of tangible book value per share to end the first quarter at $5.96 .

Off balance sheet, assets under advisement ended at $691 million compared to $661 million at year-end, and $647 million one year ago. Beginning in 2019, we made the conservative decision to stop reporting approximately $15 million of assets that represent existing annuities balances previously sold (on which we earn little revenue other than modest trailing fees in our AUM numbers). As a result, our annual growth of 7 percent represented here would have been 9 percent on a same-basis comparison.

Due to the operating charge articulated above, TSB earned consolidated net after-tax $402.7 thousand for the first quarter of 2019, compared to $4.5 million in the fourth quarter of 2018, and $3.8 million one year ago. Had we not taken the loss, our return on assets, return on equity, and earnings per share would have been very similar to prior period comparisons. Since we have recognized the full loss of the fraud related exposure, our credit metrics of non-performing assets/total assets, Texas Ratio and allowance for loan losses remain very strong and largely unchanged from one year ago. Our capital ratios at the end of the first quarter actually improved slightly from year end 2018 from 7.64 percent tier 1 leverage to 7.65 percent, and total risk-based capital of 11.00 percent to 11.25 percent, respectively. These improved capital ratios were due to a combination of the modest earnings we had for the first quarter and a reduction of higher risk weighted assets.

Looking forward for the balance of the year, we feel our trends and run rates are intact, and our asset base is very fundamentally sound. Assuming we are successful in our recovery efforts over time regarding this extraordinary event, we will see this lost income flow back to us, although it will not happen quickly based upon our experience in these matters.

While deeply disappointed in this turn of events, we remain optimistic about the future and the market opportunity before us. Disruption in our markets continues with the mega announcement of BB&T's acquisition of SunTrust as well as others. We are well positioned, primarily in Central and South Florida, to be opportunistic due to the overlap and proximity of many of our offices and knowledge of the client bases.

As we continue to build this franchise and grow shareholder value, we appreciate your continued support. I hope this letter finds you and your loved ones in good health and spirits.

Kind regards,

Gideon T. Haymaker
Founder & Chief Executive Officer

Three Shores Bancorporation, Inc.
Selected Consolidated Financial Data
First Quarter 2019

At March 31, 2019 & 2018 and December 31, 2018
for the quarters ended March 31, 2019 & 2018
($ in thousands, except per share figures)

Balance Sheet-At Period End:	**At March 31, 2019**	**At Dec 31, 2018**	**At March 31, 2018**
Cash and cash equivalents	$67,980	$44,456	$63,984
Securities	$424,196	$418,638	$378,673
Loans, net of Allowance	$1,339,594	$1,382,739	$1,247,646
All other assets	$60,808	$36,856	$36,805
Total assets	$1,892,578	$1,882,689	$1,727,108
Deposit accounts	$1,555,871	$1,552,630	$1,420,221
Borrowings	$154,368	$170,280	$165,426
All other liabilities	$33,642	$14,690	$11,854
Stockholders' equity	$148,697	$145,089	$129,607
Total liabilities and equity	$1,892,578	$1,882,689	$1,727,108
Assets Under Management	$690,677	$661,417	$647,151
Balance Sheet Ratios and Other Data:			
Tier 1 Leverage Ratio-Seaside	7.86%	7.86%	7.78%
Tier 1 Leverage Ratio-Three Shores	7.65%	7.64%	7.56%
Total Risk-Based Capital ratio-Seaside	11.51%	11.26%	11.52%
Total Risk-Based Capital ratio-Three Shores	11.25%	11.00%	11.24%
Texas Ratio* (NPA's/ALLR + Equity)	1.15%	0.67%	0.88%
Nonperforming Assets*/Total Assets	0.10%	0.06%	0.07%
Allowance for loan losses to Total Loans	1.04%	1.00%	1.01%
Total number of banking offices	14	14	15
Total shares outstanding (common & preferred)	24,265,700	24,008,872	23,985,634
Tangible book value per share (excludes intangible assets)	$5.96	$5.87	$5.22

* excludes government-backed NPA's

Income Statement-For the Period:	**1st Qtr 2019**	**1st Qtr 2018**
Total interest income	$20,218	$16,910
Total interest expense	$7,378	$4,115
Net interest income	$12,840	$12,795
Provision for loan losses	$5,067	$0
Net interest income after provision	$7,773	$12,795
Noninterest income	$2,160	$2,063
Noninterest expenses	$9,402	$9,218
Earnings before income taxes	$531	$5,640
Income taxes	($68)	$1,620
Net earnings - Seaside	$599	$4,020
Three Shores net operating expense	$196	$192
Net earnings - Consolidated	$403	$3,828
Income Statement Ratios and Other Data:		
Return on average assets (1)	0.08%	0.89%
Return on average equity (1)	1.10%	11.88%
Basic Earnings Per Share	$0.02	$0.16
Yield on Interest-earning assets	4.38%	4.01%
Cost of Funds	1.74%	1.07%
Net Interest Margin (1)	2.76%	3.02%
Noninterest expenses to average assets (1)	2.02%	2.19%
Efficiency Ratio	64.24%	63.59%
Ratio of average interest-earning assets to average interest-bearing liabilities	1.29	1.31

(1) Annualized