

RESEARCH UPDATE
Dave Storms, CFA
dave@stonegateinc.com

214-987-4121

Market Statistics in USD

Price	\$ 25.08
52 week Range	\$14.09 - \$26.38
Daily Vol (3-mo. average)	32,550
Market Cap (M)	\$ 342.5
Shares Outstanding: (M)	13.7
Float (M)	12.7
Public Ownership	50.4%
Institutional Ownership	42.4%

Financial Summary in USD

Cash (M)	\$ 253.9
Cash/Share	\$ 18.59
Debt (M)	\$ 147.1
Equity (M)	\$ 435.0
Equity/Share	\$ 31.83
Book Value/Share	\$ 26.99
Tangible Book Value/Share	\$ 25.60

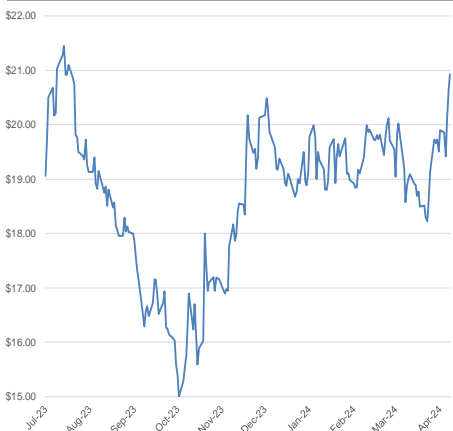
FYE: Dec	2023	2024E	2025E
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(all figures in M, expect per share information)

Int. Income	\$ 266.5	\$ 329.0	\$ 349.4
Chng%	73.1%	23.4%	6.2%

Net Income	\$ 28.7	\$ 34.9	\$ 36.1
EPS (Diluted)	\$ 1.98	\$ 2.30	\$ 2.38

NIM	3.73%	3.45%	3.52%
P/E	12.7x	10.9x	10.5x


COMPANY DESCRIPTION

Third Coast Bancshares, Inc. is a commercially focused bank founded in 2008 with its headquarters in Humble, TX. Third Coast provides a variety of banking and lending services between the cities of Dallas, Houston, and San Antonio. The Company serves institutions, businesses, individuals, and families in 5 markets with 18 branch locations across Eastern Texas. The Bank began trading on the Nasdaq GS exchange in November of 2021 under the ticker symbol TCBX.

THIRD COAST BANCSHARES, INC. (NASDAQGS: TCBX)
Company Summary

Financial Results: For 2Q24 Third Coast reported net income of \$10.8M, up from \$10.4M in 1Q24. This was equal to a basic and diluted EPS of \$0.70 and \$0.63, respectively. The Q/Q increase was mainly driven by higher net interest income due to increased loan rates, higher non-interest income, and ongoing savings from cost-cutting efforts implemented in previous quarters. However, this rise in net income was partially balanced out by a slightly greater provision set aside for credit losses during the quarter. We expect the Company to keep operational efficiency a focus for the foreseeable future to help navigate the current macro environment.

Interest Income and Expenses: TCBX reported a net interest margin of 3.62% for the quarter, which is up from 3.60% in 1Q24. We note that this remains elevated compared to average comps NIM of 2.58%. Year over year NIM declined from 3.82% primarily due to a 48.0% increase in expenses that outweighed the 14.0% year over year increase in interest income.

Deposits and Loans: The Company's loan portfolio remains on strong footing with growth of \$422.9M year over year. Over that same period net deposits increased by \$447.3M. The Company did see an increase in non-performing assets, split between an increase of \$5.8M of non-accruals and a \$2.9M decrease of loans over 90 days past due. The increase in non-accruals is related to 5 relationships placed on non-accrual totaling \$7.9M, offset by \$2.1M worth of loan charge-offs in the quarter. Net charge-offs for the quarter were \$1.8M. Lastly, we note that the quarter end book value and tangible book value were \$26.99 and \$25.60, respectively. This was up from 1Q24 values of \$26.18 and \$24.79.

Financial Ratios: At the end of 2Q24, tier 1 capital ratio was 9.88%, up slightly from 9.54% in 1Q24. Third Coast's non-performing loans to total loans percentage was 0.65%, a slight increase from 0.58% in 1Q24 due to the factors discussed above. Additionally, TCBX had a ROAA and ROAE of 0.97% and 10.53%, respectively. The efficiency ratio for the quarter was 61.39%, down from 64.11% last quarter. The Bank currently has \$253.9M in cash and equivalents, which is equal to \$18.59 per share or approximately 148% of the stock value.

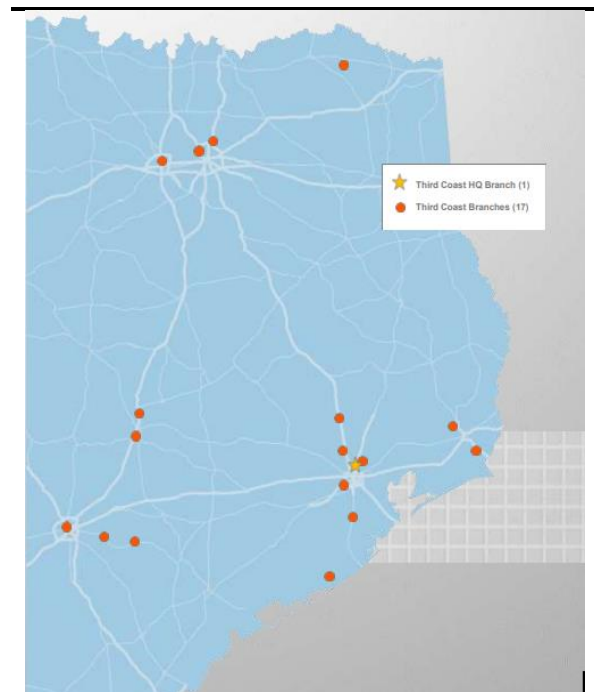
Growth Initiatives: Growth has been seen through the first half of the year with the Company opening the 17th and 18th branch locations. Management also noted that the Company continues to execute strategic objectives, as was mentioned earlier with regards to operational efficiency. Additional priorities include diversifying the deposit portfolio and managing expenses. It is expected that this, combined with a strong loan pipeline, will lead to continued growth.

Valuation: We use a comp analysis on P/E and P/BV to frame our valuation of TCBX. Using a forward P/E range of 9.0x to 11.0x with a mid-point of 10.0x on FY25 estimates results in a valuation range of \$21.44 to \$26.21 with a mid-point of \$23.83. Using a P/BV range of 1.0x to 1.1x with a mid-point of 1.1x results in a valuation range of \$26.99 to \$29.69 with a mid-point of \$28.34.

Business Overview

Third Coast Bancshares, Inc. (“the Company”, “the Bank”, “TCBX”, or “Third Coast”) is a commercially focused bank founded in 2008 with its headquarters in Humble, TX. Third Coast provides a variety of banking and lending services between the cities of Dallas, Houston, and San Antonio. The Company serves institutions, businesses, individuals, and families with 18 branch locations across Eastern Texas. The Bank began trading on the Nasdaq exchange in November of 2021 under the ticker symbol TCBX.

Exhibit 1: Company Location



Source: Company Reports

The Bank is primarily involved in the business of attracting deposits in the Bank’s market areas. The Bank grows by investing these deposits, as well as other sources of funds, in loans that are secured by commercial and residential real estate, business assets, and personal guarantees. Third Coast has kept itself competitive by offering competitively low rates, maintaining a strong team-oriented culture, and organic growth stemming from customer attentiveness.

Third Coast further diversifies its revenue base through several specialty lending verticals such as SBA loans and working capital solutions loans. These revenue streams fall under the Noninterest Income category along with service charges and fees on deposit gains, earnings from bank owned life insurance, and derivative fees. While these lines make up a proportionally small amount of the income when compared to interest income, we are encouraged by the Bank’s ability to further serve customers, which we believe strengthens customer relations.

The Bank’s performance is tied to its three markets. These markets are broken out further below, with one additional branch in Detroit, TX which is approximately 120 miles northeast of Dallas, TX:

Dallas-Fort Worth Market – The Company has three branches in the Dallas-Fort Worth market, with one location in the North Dallas area, one in Plano, and one in Fort Worth. The DFW Market is the largest in Texas and the fourth largest in the U.S. and boasts the sixth largest GDP in the nation. This area hosts approximately 3.6m working professionals and is among the top ranked areas for job growth in the nation.

Greater Houston Market – The Company has nine branches in the Greater Houston market, including seven branches located in the Houston MSA and two branches in the neighboring Beaumont MSA. The Houston MSA is projected to grow by 7.6% over the next 5 years, which is more than double the nationwide projected growth. The Beaumont MSA is highlighted by an influx of industrial, infrastructure, and commercial projects as well as its strategic location along the gulf coast.

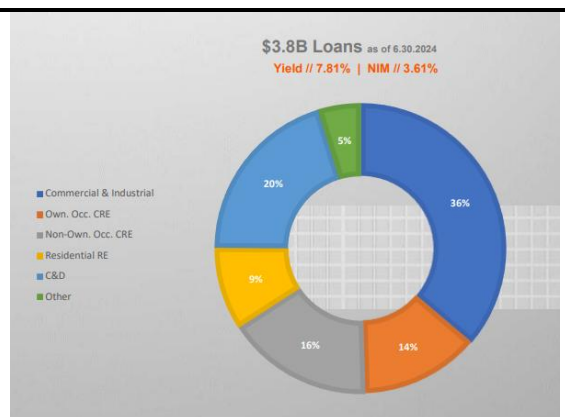
Austin-San Antonio Market – The Company has five branches in the Austin-San Antonio market, with one location in Georgetown, one in La Vernia, one in Nixon, one in De Novo, and one in San Antonio. The Austin MSA is projected to grow 8.5% through 2026 and was recently designated a top 10 global Technology Innovation Hub city by KPMG. San Antonio is projected for a population growth of 7.6% over the next 5 years.

Loan Portfolio

Third Coast’s primary source of revenue is generated by providing loans to commercial and retail customers in the above-mentioned regions of Texas. TCBX primary lending activities originate from commercial and residential real estate lending. At 2Q24 end, Third Coast’s loan portfolio was \$3.8B at a yield of 7.81%. The Bank’s loan portfolio primarily consists of Commercial and Industrial loans. This was an increase of \$12.0M from 1Q24.

Third Coast has a robust commitment to sound underwriting and comprehensive monitoring across its lending portfolio. At the community banking level this takes the form of reviewing and verifying compliance with loan covenants. At the corporate banking level, trend cards are kept on every borrower with over \$10.0M which includes quarterly reviews on income statements and balance sheet metrics as well as applicable ratios. The team also does quarterly meetings to review all borrowers.

Exhibit 2: Loan Portfolio



Source: Company Reports as of 07/25/2024

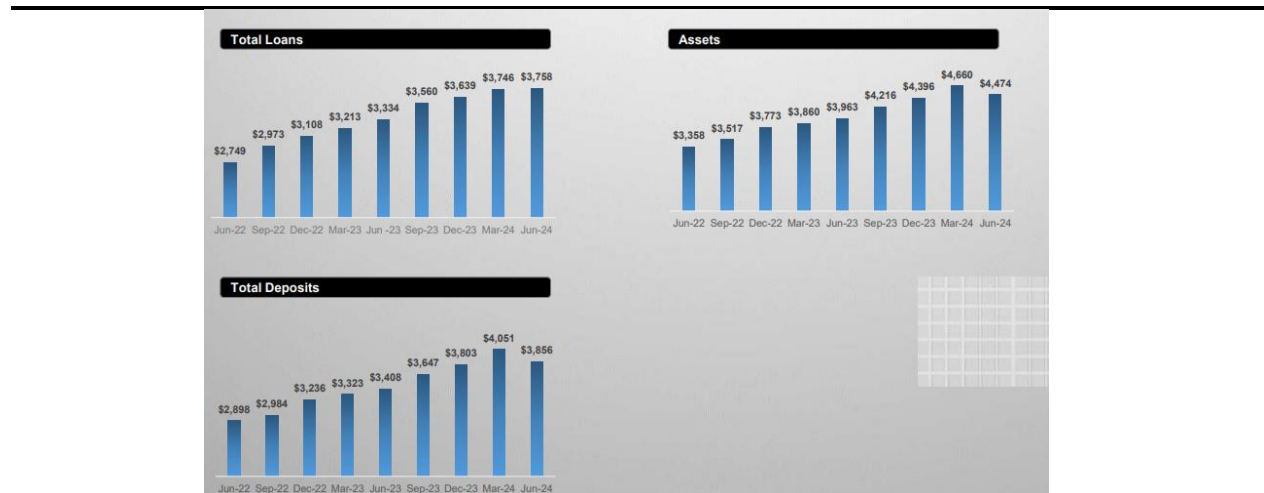
Deposits

Deposits are the primary source of funds for the Bank to use in its lending and investment activities. Third Coast’s deposits come from individuals and businesses who reside in the Texas MSA’s highlighted above. The Bank offer various deposits including:

- Checking
- Savings
- Money Market
- Individual Retirement Accounts
- CDs

Total deposits in 2Q24 were \$3.86B versus \$4.05B in 1Q24, decreasing by approximately 4.8%.

Exhibit 3: Balance Sheet Growth



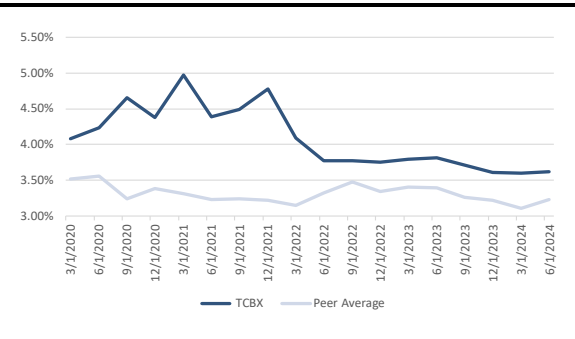
Source: Company Reports as of 07/25/2024

Profitability

Net interest margin (NIM) is a good indicator of how profitable banks are through their investments. Exhibit 4 provides TCBX’s net interest margin trends relative to its peers since 1Q20.

We note that TCBX has maintained NIM outperformance compared to peers since COVID, and we expect this trend to continue. NIM has remained above 3.6% since 2Q22 despite the elevated rate environment. As of 2Q24 TCBX NIM was 3.62%, which continues to outpace its peers. We expect this strong NIM performance to be maintained, with the potential to increase in the event of a falling rate environment.

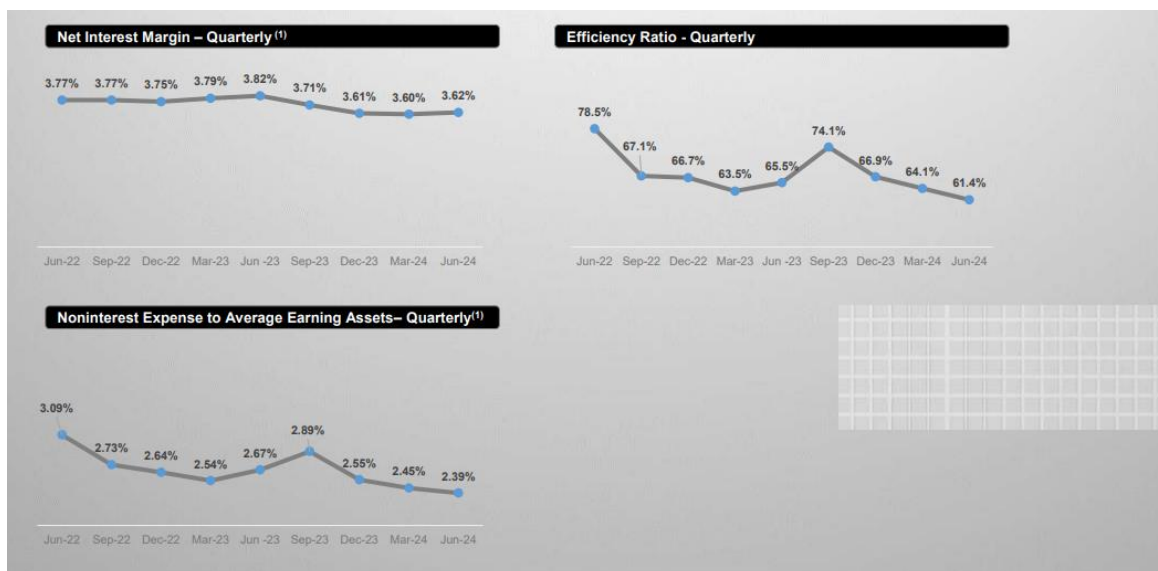
Exhibit 4: NIM Trends vs Peers



Source: Company Reports

We note that in 3Q23, TCBX experienced a spike in its efficiency ratio, which was impacted by a decision to reduce operating expenses and overhead costs leading to a significant one-time severance expense. This was a strategic decision by Third Coast to set the Bank up for future growth. Since this blip in 3Q23 we have seen both efficiency ratio and ROAA return to normal levels.

Exhibit 5: Profitability Trends



Source: Company Reports as of 07/25/2024

Growth Initiatives

While the Company has a focus on organic growth, the Bank has also shown a willingness and ability to grow externally. This was displayed in 2020 when TCBX merged with Heritage Bancorp, Inc. Organic growth will be driven by strategic hires and the opening of new branches. We also expect TCBX to continue expanding products and services with further investment in technology to deliver quality customer experiences. This, in combination with the Bank’s broad-based community values, is expected to grow core deposits.

Risks

Geographic concentration – Third Coast is concentrated in the state of Texas, which exposes it to risks associated with lack of geographic diversification. A local or regional economic downturn could adversely affect the Company's profitability.

Changes in interest rates – Third Coast's results depend on its net interest income; should the rates it earns on loans, securities and other interest-bearing assets fluctuate faster than the rates it is required to pay on deposits and borrowed funds, results would suffer.

Security of systems – Any material breaches in the security of Third Coast's banking systems could cause material losses for the Bank. Protecting sensitive consumer data is essential as is maintenance and backup of key financial and customer information.

Access to future capital – Should the Company incur significant loan losses, desire to execute acquisitions, or require additional funds for other operational purposes, the timing and terms of the capital may not be favorable given certain economic and/or market conditions.

External shocks – War, terrorism, other acts of violence or natural or manmade disasters such as a global pandemic may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

VALUATION SUMMARY

Third Coast's experienced management and service teams bring not only valuable industry knowledge, but also a unique grasp of the local economy and target demographics. This experience, coupled with the Company's operating ability, should allow it to take advantage of any opportunities that may present themselves.

Company Name	Symbol	Price ⁽¹⁾	Mrkt Cap (M)	Financial			Diluted EPS			P/E 2023	P/E 2024E	Valuation		Profitability			
				Assets (M)	BV/sh	TBV/sh	2023	2024E	2025E			P/E 2025E	P/BV	P/TBV	NIM	ROA	ROE
Amerant Bancorp Inc.	AMTB	\$ 24.27	\$ 814.61	\$ 9,747.7	\$ 21.87	\$ 21.30	\$ 0.21	\$ 1.46	\$ 2.35	114.8x	16.6x	10.3x	1.1x	1.1x	0.0%	0.2%	2.7%
Ames National Corporation	ATLO	\$ 21.24	\$ 190.99	\$ 2,126.3	\$ 18.58	\$ 17.06	\$ 0.90	\$ -	\$ -	23.7x	nm	nm	1.1x	1.2x	2.1%	0.4%	5.3%
Bank First Corporation	BFC	\$ 94.04	\$ 943.35	\$ 4,145.8	\$ 61.27	\$ 41.42	\$ 6.07	\$ 6.10	\$ 6.29	15.5x	15.4x	15.0x	1.5x	2.3x	3.6%	1.6%	10.5%
Business First Bancshares, Inc.	BFST	\$ 25.22	\$ 643.16	\$ 6,703.9	\$ 23.25	\$ 19.24	\$ 2.21	\$ 2.16	\$ 2.59	11.4x	11.7x	9.8x	1.1x	1.3x	0.0%	1.0%	10.5%
CrossFirst Bankshares, Inc.	CFB	\$ 18.47	\$ 909.65	\$ 7,638.6	\$ 14.78	\$ 14.18	\$ 1.08	\$ 1.53	\$ 1.61	17.1x	12.1x	11.5x	1.2x	1.3x	3.2%	1.0%	10.3%
Farmers National Banc Corp.	FMNB	\$ 16.09	\$ 604.58	\$ 5,156.9	\$ 10.56	\$ 10.56	\$ 1.07	\$ 1.35	\$ 1.35	15.0x	11.9x	11.9x	1.5x	1.5x	2.7%	0.9%	11.9%
FS Bancorp, Inc.	FSBW	\$ 44.62	\$ 341.10	\$ 2,969.7	\$ 36.06	\$ 33.47	\$ 3.77	\$ 4.35	\$ 4.47	11.8x	10.3x	10.0x	1.2x	1.3x	4.3%	1.1%	12.4%
Guaranty Bancshares, Inc.	GNTY	\$ 33.58	\$ 383.39	\$ 3,081.6	\$ 26.98	\$ 24.06	\$ 1.98	\$ 2.35	\$ 2.42	17.0x	14.3x	13.9x	1.2x	1.4x	3.3%	1.0%	9.7%
Kearny Financial Corp.	KRNY	\$ 7.08	\$ 440.58	\$ 7,683.5	\$ 12.10	\$ 10.25	\$ 0.51	\$ 0.13	\$ 0.38	13.9x	54.5x	18.6x	0.6x	0.7x	0.0%	-4.6%	-45.0%
LCNB Corp.	LCNB	\$ 15.53	\$ 219.78	\$ 2,371.3	\$ 17.33	\$ 9.83	\$ 1.09	\$ -	\$ -	14.2x	nm	nm	0.9x	1.6x	2.9%	0.2%	1.5%
Mercantile Bank Corporation	MBWM	\$ 49.85	\$ 803.62	\$ 5,602.4	\$ 34.15	\$ 31.09	\$ 4.01	\$ 4.81	\$ 4.45	12.4x	10.4x	11.2x	1.5x	1.6x	3.6%	1.4%	13.8%
Macatawa Bank Corporation	MCBC	\$ 14.83	\$ 509.58	\$ 2,614.9	\$ 8.53	\$ 8.53	\$ 0.98	\$ 1.19	\$ 1.23	15.1x	12.5x	12.1x	1.7x	1.7x	3.3%	1.5%	13.5%
Nicolet Bankshares, Inc.	NIC	\$ 102.03	\$ 1,524.90	\$ 8,557.0	\$ 73.03	\$ 46.84	\$ 3.60	\$ 7.46	\$ 7.57	28.3x	13.7x	13.5x	1.4x	2.2x	3.4%	1.4%	10.9%
Southern Missouri Bancorp, Inc.	SMBC	\$ 52.52	\$ 596.38	\$ 4,647.0	\$ 42.19	\$ 35.33	\$ 3.05	\$ 4.34	\$ 4.45	17.2x	12.1x	11.8x	1.2x	1.5x	3.2%	1.0%	9.5%
USCB Financial Holdings, Inc.	USCB	\$ 15.79	\$ 310.36	\$ 2,458.3	\$ 10.23	\$ 10.23	\$ 0.69	\$ 1.18	\$ 1.27	22.8x	13.4x	12.5x	1.5x	1.5x	0.0%	1.0%	12.5%
Veritex Holdings, Inc.	VBTX	\$ 24.78	\$ 1,346.79	\$ 12,684.3	\$ 28.49	\$ 20.39	\$ 1.65	\$ 2.15	\$ 2.33	15.0x	11.5x	10.7x	0.9x	1.2x	3.3%	0.9%	7.0%
Average				\$ 5,511.82	\$ 27.46	\$ 22.11	\$ 2.05	\$ 2.53	\$ 2.67	22.8x	15.7x	12.3x	1.2x	1.5x	2.42%	0.61%	6.07%
Median				\$ 4,901.92	\$ 22.56	\$ 19.81	\$ 1.37	\$ 1.84	\$ 2.34	15.3x	12.3x	11.9x	1.2x	1.4x	3.18%	0.98%	10.40%
Third Coast Bancshares, Inc.	TCBX	\$ 25.08	\$ 342.5	\$ 4,474.1	\$ 26.99	\$ 25.60	\$ 1.98	\$ 2.30	\$ 2.38	12.7x	10.9x	10.5x	0.9x	1.0x	3.62%	0.97%	10.53%

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Company reports, CapitalIQ, Stonegate Capital Partners

Price / Earnings

Comparable companies are trading at an average of 12.3x FY25 P/E. We believe TCBX should trade in a forward P/E range of 9.0x to 11.0x with a mid-point of 10.0x. Using this range on our FY25 EPS estimate results in a valuation range of \$21.44 to \$26.21 with a mid-point of \$23.83.

	P/E		
2025 E	9.00x	10.00x	11.00x
EPS	\$ 2.38	\$ 2.38	\$ 2.38
Valuation	\$ 21.44	\$ 23.83	\$ 26.21

Price / Book Value

Third Coast is trading at 0.9x P/BV vs. comps at 1.2x. We believe TCBX should trade in a price to book value range of 1.0x to 1.1x with a mid-point of 1.1x. This will bring TCBX in line with comps. Using this range on current book value per share results in a valuation range of \$26.99 to \$29.69 with a mid-point of \$28.34.

	P/BV		
	1.00x	1.05x	1.10x
BV/S	27.0	27.0	27.0
Valuation	\$ 26.99	\$ 28.34	\$ 29.69

BALANCE SHEET

Third Coast Bancshares, Inc.
Consolidated Balance Sheets (\$M)
Fiscal Year End: December

ASSETS	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24
Total Cash and Cash Equivalents	327.0	371.3	320.2	217.8	332.0	332.0	310.9	268.0	286.5	411.8	411.8	498.3	253.9
Investment Securities Available for Sale	26.4	126.2	157.3	160.4	176.1	176.1	180.4	194.5	201.0	178.1	178.1	246.3	286.2
Loans Held for Investment	2,049.4	2,424.6	2,722.5	2,943.7	3,077.2	3,077.2	3,177.4	3,297.0	3,521.9	3,601.8	3,601.8	3,708.0	3,719.9
Accrued Interest Receivable	10.2	12.6	12.6	16.2	18.3	18.3	19.0	19.6	22.8	23.1	23.1	25.8	27.5
Premises & Equipment, net	19.0	20.8	22.9	25.4	28.7	28.7	28.5	28.7	29.0	28.6	28.6	26.8	27.6
Other Real Estate Owned	1.7	1.7	-	-	-	-	-	-	-	-	-	-	-
Bank Owned Life Insurance	26.5	26.7	51.9	60.3	60.8	60.8	64.2	64.8	65.3	65.9	65.9	66.4	67.0
Nonmarketable Equity Securities, At Cost	7.5	11.3	15.2	27.1	14.6	14.6	14.8	20.7	15.8	16.0	16.0	16.1	16.1
Deferred Tax Asset, net	4.1	4.3	7.2	8.1	6.3	6.3	7.1	7.8	8.3	9.2	9.2	8.7	9.0
Derivatives Assets, net	0.4	-	-	-	9.2	9.2	8.8	9.4	10.9	8.8	8.8	11.0	7.8
Right of Use Assets - Operating Leases	-	-	-	-	17.9	17.9	19.3	21.8	21.2	21.4	21.4	20.7	20.9
Core Deposit Intangibles, net	1.3	1.3	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0	1.0	0.9	-
Goodwill	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.9
Other Assets	7.6	21.4	28.9	38.3	12.9	12.9	10.0	12.2	13.9	12.3	12.3	13.2	18.8
Interest Bearing Time Deposits in Other Banks	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-	0.4
Loans Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	2,499.4	3,040.4	3,358.1	3,516.8	3,773.1	3,773.1	3,859.7	3,963.5	4,215.8	4,396.1	4,396.1	4,660.4	4,474.1
LIABILITIES AND SHAREHOLDERS' EQUITY													
Non-Interest-Bearing	531.4	931.6	519.6	517.3	486.1	486.1	516.9	529.5	500.2	459.6	459.6	424.0	464.5
Interest Bearing	1,609.8	1,655.5	2,378.7	2,467.0	2,750.0	2,750.0	2,805.6	2,878.8	3,146.6	3,343.6	3,343.6	3,626.7	3,391.1
Total Deposits	2,141.2	2,587.2	2,898.3	2,984.3	3,236.1	3,236.1	3,322.5	3,408.3	3,646.8	3,803.1	3,803.1	4,050.7	3,855.6
Accrued Interest Payable	0.4	0.4	1.7	2.9	2.5	2.5	1.6	3.5	4.3	4.8	4.8	3.9	5.7
Derivative Liabilities	0.4	-	-	-	9.2	9.2	7.3	9.2	10.5	10.7	10.7	8.3	7.6
Lease Liability - Operating Leases	-	-	-	-	18.2	18.2	19.8	22.4	22.0	22.3	22.3	21.6	21.9
Other Liabilities	7.4	20.1	26.9	42.1	14.0	14.0	10.1	12.8	15.5	23.8	23.8	27.8	30.8
Line of Credit - Senior Debt	1.0	1.0	30.9	30.9	30.9	30.9	30.9	30.9	35.9	38.9	38.9	43.9	36.9
Notes Payable - Subordinated Debt, Net	-	80.5	80.4	80.3	80.3	80.3	80.4	80.5	80.5	80.6	80.6	80.6	80.7
FHLB Advances	50.0	50.0	18.0	-	-	-	-	-	-	-	-	-	-
Commitments and Contingencies, Esop-owned Shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	2,200.4	2,739.2	3,056.1	3,140.5	3,391.4	3,391.4	3,472.6	3,567.5	3,815.5	3,984.1	3,984.1	4,236.8	4,039.1
Series A Convertible Non-Cumulative Preferred Stock	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Series B Convertible Perpetual Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock	13.5	13.5	13.5	13.6	13.6	13.6	13.7	13.7	13.7	13.7	13.7	13.7	13.7
Common Stock - Non-Voting	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Paid in Capital	249.2	249.8	250.4	317.8	318.0	318.0	318.4	318.8	319.1	319.6	319.6	320.1	320.5
Retained Earnings	36.0	38.1	40.4	47.2	53.3	53.3	58.2	65.9	70.3	78.8	78.8	88.0	97.6
Accumulated Other Comprehensive Income	1.4	0.9	(1.3)	(1.2)	(2.1)	(2.1)	(2.1)	(1.4)	(1.7)	0.9	0.9	2.9	4.2
Treasury Stock, at Cost	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Esop-owned Shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Consolidated Equity	299.0	301.2	302.0	376.4	381.8	381.8	387.0	395.9	400.3	412.0	412.0	423.6	435.0
Total Liabilities and Shareholders' Equity	2,499.4	3,040.4	3,358.1	3,516.8	3,773.1	3,773.1	3,859.7	3,963.5	4,215.8	4,396.1	4,396.1	4,660.4	4,474.1

Book Value Per Share	\$ 22.31	\$ 22.40	\$ 22.43	\$ 22.93	\$ 23.32	\$ 23.32	\$ 23.63	\$ 24.33	\$ 24.57	\$ 25.41	\$ 25.41	\$ 26.18	\$ 26.99
Return on Average Assets (%)	0.55%	0.32%	0.29%	0.78%	0.84%	0.58%	1.02%	0.96%	0.56%	0.90%	0.83%	0.95%	0.97%
Return on Average Equity (%)	6.70%	2.81%	3.01%	8.74%	7.69%	5.62%	10.28%	9.44%	5.19%	9.86%	8.45%	10.44%	10.53%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Third Coast Bancshares, Inc.

Consolidated Statements of Income (in \$M, except per share amounts)

Fiscal Year End: December

	FY 2021	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 E Sep-24	Q4 E Dec-24	FY 2024E	Q1 E Mar-25	Q2 E Jun-25	Q3 E Sep-25	Q4 E Dec-25	FY 2025E
Interest income																	
Loans Including Fees	\$ 98.9	\$ 146.4	\$ 53.9	\$ 59.3	\$ 65.4	\$ 70.3	\$ 248.9	\$ 70.7	\$ 73.1	\$ 75.3	\$ 76.3	\$ 295.4	\$ 77.0	\$ 78.3	\$ 79.6	\$ 81.0	\$ 315.8
Investment Securities Available-For-Sale	1.0	3.9	1.5	2.0	2.0	2.7	8.3	3.1	4.5	4.6	4.7	16.9	4.7	4.8	4.9	5.0	19.5
Federal Funds Sold and Other	0.7	3.6	1.9	1.4	2.0	4.0	9.3	5.1	3.6	4.0	4.0	16.7	3.5	3.5	3.5	3.5	14.0
Total interest income	100.6	153.9	57.4	62.7	69.4	77.1	266.5	78.9	81.2	83.9	85.0	329.0	85.2	86.6	88.0	89.5	349.4
Interest expense																	
Deposit Accounts	8.5	30.7	22.1	24.9	30.3	37.7	115.0	38.7	40.4	42.3	43.1	164.5	41.9	42.6	43.2	43.9	171.6
FHLB Advances and Other Borrowings	1.5	6.8	2.5	3.7	3.8	2.1	12.0	2.1	2.0	2.0	2.0	8.0	2.2	2.2	2.2	2.2	8.8
Total Interest Expense	10.1	37.5	24.5	28.6	34.1	39.7	127.0	40.8	42.4	44.2	45.1	172.5	44.1	44.8	45.4	46.1	180.4
Net interest income	90.6	116.5	32.8	34.1	35.3	37.3	139.5	38.1	38.9	39.7	39.9	156.5	41.1	41.8	42.6	43.5	169.0
Provision for Credit Loss	9.9	12.2	1.2	1.4	2.6	1.1	6.3	1.6	1.9	1.9	2.0	7.4	2.0	2.0	2.1	2.1	8.3
Net interest income after loan losses	80.6	104.3	31.6	32.7	32.6	36.2	133.2	36.5	37.0	37.7	37.9	149.2	39.1	39.8	40.6	41.3	160.7
Non-interest income																	
Service charges	2.4	2.7	0.8	0.7	0.9	0.9	3.2	1.5	1.5	1.5	1.5	6.0	1.5	1.5	1.5	1.5	6.0
Earnings on Bank-Owned Life Insurance	0.4	1.3	0.5	0.5	0.5	0.6	2.1	0.6	0.6	0.6	0.6	2.4	0.6	0.6	0.6	0.6	2.4
Gain on Sale of Investment Securities	-	-	0.1	-	0.4	-	0.5	0.2	0.1	0.2	0.2	0.6	0.2	0.2	0.2	0.2	0.6
Gain on Sale of SBA Loans	0.6	1.0	-	-	0.1	0.3	0.4	0.0	-	-	-	0.0	0.2	0.2	0.2	0.2	0.8
Derivative Fee	0.8	1.3	(0.0)	0.2	0.2	0.4	0.8	0.1	0.0	0.0	0.0	0.2	0.3	0.3	0.3	0.3	1.2
Total non-interest income	4.9	7.2	1.9	2.3	1.9	2.2	8.2	2.3	2.9	2.3	2.3	9.8	2.8	2.8	2.8	2.8	11.0
Non-interest expense																	
Salaries and Employee Benefits	48.6	56.5	13.7	15.0	17.4	16.1	62.2	16.5	15.9	17.5	17.0	66.9	18.0	18.5	19.0	18.5	74.0
Occupancy and Equipment Expense	5.4	8.5	2.6	2.9	2.9	2.9	11.3	3.0	3.1	3.3	3.3	12.7	3.4	3.4	3.4	3.4	13.6
Legal and Professional	5.3	7.0	1.9	1.5	2.0	2.3	7.8	1.4	1.6	2.4	2.4	7.8	2.0	2.0	2.0	2.0	7.9
Data Processing and Network Expense	3.1	3.9	1.2	1.3	1.3	1.0	4.7	1.4	1.0	1.3	1.3	5.0	1.3	1.3	1.3	1.3	5.0
Total Non-interest Expense	71.0	88.3	22.0	23.8	27.5	26.4	99.8	25.9	25.6	28.5	28.0	108.0	29.1	29.6	30.1	29.6	118.3
Net income before income taxes	14.5	23.2	11.5	11.1	7.0	12.0	41.6	12.9	14.2	11.5	12.2	50.9	12.7	13.0	13.2	14.5	53.4
Provision for income taxes	3.1	4.5	2.2	2.3	1.4	2.3	8.2	2.6	3.4	2.8	2.9	11.7	3.1	3.1	3.2	3.5	12.8
Net income before income taxes	11.4	18.7	9.2	8.9	5.6	9.7	33.4	10.4	10.8	8.8	9.3	39.2	9.7	9.8	10.0	11.0	40.5
Preferred Stock Dividends Declared	-	1.4	1.2	1.2	1.2	1.2	4.7	1.2	1.2	1.0	1.0	4.3	1.1	1.1	1.1	1.2	4.4
Net income to Common	\$ 11.4	\$ 17.2	\$ 8.1	\$ 7.7	\$ 4.4	\$ 8.5	\$ 28.7	\$ 9.2	\$ 9.6	\$ 7.8	\$ 8.3	\$ 34.9	\$ 8.6	\$ 8.8	\$ 8.9	\$ 9.8	\$ 36.1
Basic EPS - GAAP	\$ 1.45	\$ 1.28	\$ 0.60	\$ 0.57	\$ 0.32	\$ 0.62	\$ 2.11	\$ 0.68	\$ 0.70	\$ 0.57	\$ 0.61	\$ 2.55	\$ 0.63	\$ 0.64	\$ 0.65	\$ 0.72	\$ 2.64
Diluted EPS - GAAP	\$ 1.40	\$ 1.25	\$ 0.55	\$ 0.53	\$ 0.32	\$ 0.57	\$ 1.98	\$ 0.61	\$ 0.63	\$ 0.51	\$ 0.55	\$ 2.30	\$ 0.57	\$ 0.58	\$ 0.59	\$ 0.65	\$ 2.38
Weighted average shares outstanding																	
Basic	7,874	13,465	13,533	13,589	13,609	13,603	13,603	13,606	13,657	13,657	13,657	13,657	13,657	13,657	13,657	13,657	13,657
Diluted	8,139	13,755	16,802	16,856	13,873	16,890	16,890	16,936	17,019	17,019	17,019	17,019	17,019	17,019	17,019	17,019	17,019

Margin Analysis

Net income margin	11.4%	11.2%	14.1%	12.3%	6.3%	11.0%	10.8%	11.7%	11.8%	9.3%	9.7%	10.6%	10.1%	10.1%	10.2%	10.9%	10.3%
Net Interest margin	4.65%	3.82%	3.79%	3.82%	3.71%	3.61%	3.73%	3.60%	3.62%	3.60%	3.51%	3.45%	3.49%	3.61%	3.61%	3.62%	3.52%
Interest Income %	4.8%	4.8%	6.8%	7.2%	7.4%	7.8%	6.9%	7.6%	7.9%	7.9%	7.8%	7.6%	7.7%	7.7%	7.7%	7.7%	7.5%
Interest Expense %	0.2%	0.0%	2.7%	2.9%	3.3%	4.0%	0.0%	3.8%	4.2%	4.3%	4.3%	0.0%	4.1%	4.1%	4.1%	4.1%	0.0%
Net Provision Ratio	11.0%	10.5%	3.7%	4.1%	7.4%	2.9%	4.5%	4.1%	4.9%	4.9%	4.9%	4.7%	4.9%	4.9%	4.9%	4.9%	4.9%
Tax %	21.1%	19.5%	19.5%	20.2%	20.4%	19.1%	19.7%	19.9%	24.1%	24.1%	24.1%	23.0%	24.1%	24.1%	24.1%	24.1%	24.1%

Growth Rate Y/Y

Interest and Dividend Income	31.0%	53.0%	111.1%	92.9%	61.0%	50.7%	73.1%	37.5%	29.5%	20.9%	10.3%	23.4%	8.0%	6.6%	4.9%	5.3%	6.2%
Interest expense	-33.9%	272.6%	1143.6%	499.8%	190.4%	109.1%	238.8%	66.2%	48.0%	29.7%	13.4%	35.8%	8.2%	5.7%	2.6%	2.2%	4.6%
Net Income Interest after loan losses	37.8%	29.3%	49.1%	34.1%	14.7%	20.0%	27.8%	15.5%	13.0%	15.6%	4.7%	12.0%	6.9%	7.7%	7.5%	8.9%	7.8%
Earnings Before Taxes	-8.7%	60.0%	326.3%	286.7%	-15.2%	28.4%	79.6%	12.7%	27.6%	64.4%	2.1%	22.4%	-1.8%	-8.8%	14.7%	18.5%	4.9%
Net Income	-8.8%	50.9%	286.8%	238.5%	-35.1%	39.1%	66.3%	13.9%	24.7%	77.3%	-2.6%	21.6%	-6.5%	-8.8%	14.7%	18.5%	3.5%
Non Interest Income	68.9%	48.1%	14.2%	80.1%	-26.5%	23.0%	13.6%	23.2%	26.7%	22.1%	5.6%	19.3%	17.4%	-4.8%	20.7%	20.7%	12.4%
Non Interest Expense	56.0%	24.3%	9.2%	4.7%	21.0%	16.7%	13.0%	17.6%	7.5%	3.6%	6.0%	8.2%	12.2%	15.4%	5.6%	5.7%	9.6%

Source: Company Reports, Stonegate Capital Partners estimates

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Stonegate Capital Markets, Inc.
Dave Storms, CFA
Dave@stonegateinc.com
214-987-4121

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