

# *First Bancshares, Inc.*

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[www.fnblifetime.com](http://www.fnblifetime.com)

April 26, 2018

Dear Shareholder,

The Board of Directors have declared and paid a first quarter dividend of twenty-five cents (\$0.25) per share that is enclosed or has been direct-deposited per your instructions. This is a one cent or four percent increase from the fourth quarter payment distributed in January of 2018. Our dividend reimbursement participants will also receive four percent more shares of stock through the plan purchase. Since December 31, 2016, we have increased the quarterly dividend by 7 cents per share equating to roughly 39% higher distribution of net earnings.

We are attaching the financial highlights for the quarter ending March 31, 2018. You will see that the first three months of the year have generated strong results. Net interest income for the quarter increased by 3% over the same period in 2017. Non-interest income is 22% higher than the first 3 months of the prior year. Our expenses did see a 3% increase mainly due to increased overhead and personnel expense related to the new branch office we opened in Fremont on June 1, 2017. Overall, net income is 30% higher than the same three month time period in 2017. The items mentioned earlier were operating factors contributing to the increase however, the lower tax rates that were passed in late 2017 have also been a factor in the improvement of the bottom line. You can see the improvement in the "per share" data as well as the improved financial ratios listed on the attached page. The balance sheet totals for the end of each quarter are included as well. The company saw solid growth in our balances in both loans and deposits. This growth is occurring in all our existing offices along with the additional business being developed in the Fremont market with the opening of the new office almost 9 months ago.

With the increased growth in the balance sheet, we must manage our capital or stockholder's equity to match this increase in size. Our strong earnings have allowed us to pay a solid dividend while also increasing our capital levels to remain well above our regulatory requirements. While we strive to reward our shareholders with a fair dividend it is important to mention that we also improve your investment through retained earnings and growth in the per share book value. Our board of directors must balance cash dividends with retaining capital to help fund the growth in the bank as long as that growth leads to increasing profits.

You should be receiving your dividend payments and this information shortly after our annual meeting. The only item of business was re-election of three of our tenured board members. Your board of directors stay committed to this organization and their willingness to serve as representatives of our shareholder base and the communities we serve helps us set direction for safe and sound banking practices that lead to preserving and growing your investment in First Bancshares.

Our employees continue to dedicate their efforts toward providing high quality customer service in all of our offices. This leads to a satisfied client base and helps attract new business with those that understand how doing business with a community bank is a better and more satisfying experience. All of us appreciate your support and are always open to any questions you may have.



Steven L. Mays, DVM

Sincerely,



Dean J. Miller

Chairman

President and CEO