

# *First Bancshares, Inc.*

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

July 26, 2018

Dear Shareholder,

The Board of Directors have declared and paid a first quarter dividend of twenty-six cents (\$0.26) per share that is enclosed or has been direct-deposited per your instructions. This is a one-cent increase over the first quarter payment distributed in April and amounts to a four percent (4%) increase over the prior payment. The higher amount will also increase the funds available for purchase of stock for those registered in the Dividend Reinvestment Plan. Over the last year and a half, we have increased the dividend by eight cents per share to reach the current level.

The financial results for the first half of the year are enclosed and provide detail of a very robust performance for the company. These strong earnings are allowing us to provide for an increase in the dividend payment while still maintaining adequate reserves to increase our capital levels. Net interest income for the period is up over \$112,000 or 29% over the prior period. Non-interest income was higher in the first six months of 2018 by almost \$140,000 or 19% over the same time frame in 2017. We managed operating expenses very well with a slight increase of just over \$47,000 or 1.45%. This result is very pleasing since the first half of 2018 includes the full operating expense of our Fremont office that opened on June 1, 2017 in comparison to the first half of 2017 that would report minimal staffing expense during that period.

Our balance sheet growth was also very good with total assets reaching over \$219 million, which is an increase of just over 7% from a year ago. This growth was fueled by higher balances of over \$15 million each of loans and deposits equating to over a 9% increase from the prior year. These increases are direct results of our successful branching to new markets along with additional focus on business development from our other branch offices. This positive information ultimately reflects positively on the per share data listed in the report. With strong net income these totals help drive the increase in the book value of your stock which is one of our primary goals.

The economy in our area remains strong and most business sectors in our markets are doing well. This has allowed our branch network to continue with solid growth and business development opportunities. The rise in short term interest rates have helped to improve our net interest income while not having much of a negative impact to the business and consumer markets. Our balance sheet is positioned to take advantage of this type of rate environment and will benefit as rates move up gradually.

On behalf of our directors, officers, and staff, we appreciate your support as a valuable shareholder. We will continue to work diligently to maintain your trust in First Bancshares, Inc. while providing top-notch products and service to our loyal clients. Please feel free to contact us with any questions you may have.



Steven L. Mays, DVM  
Chairman

Sincerely,



Dean J. Miller  
President and CEO