

First Baneshares, Inc.

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www.fnblifetime.com

October 25, 2018

Dear Shareholder,

The Board of Directors have declared and paid a third quarter dividend of twenty-seven cents (\$0.27) per share. The payment is enclosed with this letter or has been direct-deposited per your instructions. This is a one-cent increase and roughly four percent (4%) higher than the second quarter payment you received in July. For those enrolled in the Dividend Reinvestment Plan, this distribution will be used to purchase additional shares on your behalf. Since our 3 for 1 stock split late in 2014, we have increased the dividend from 17 cents per share to the current 27 cent level amounting to a 59 percent increase. The strong profitability has allowed the board to grant these returns to our shareholders.

We hope you appreciate the information we provide in our quarterly letters. We think it's important to try and give you a feel for what is driving the financial results of the company. We're finding that more of you are opting to hold our shares in your investment accounts with brokerage firms. Because of this, there are times when these letters aren't reaching you in a timely manner. To assure you are receiving all information distributed about your FIBH stock including annual proxy materials, please contact your broker and have them identify your account as a "Non-Objecting Beneficial Owner".

The financial results for the nine months ending September 30th are reflected in the enclosed document. The report shows strong positive activity for the company with good net earnings and other solid performance data. A strong economy along with beneficial tax reform has allowed us to achieve this success.

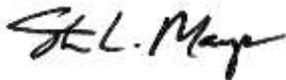
Net interest income for the period is up over \$230,348 or 3.9% compared to the same 9 months in 2017. Non-interest income was higher by \$166,870 through the first three quarters which is 15% higher than the same time frame last year. Operating costs are being managed with a slight increase of 3% year over year. The bottom line results are very solid with net income increasing \$405,865 over the same reporting period a year ago equating to a 27% improvement.

Our balance sheet totals are slightly less than last year, however total loans are up over 6% or \$10 million. Our deposit balances are lower than the same period last year mainly due to fluctuations in our municipal deposits. Overall, we are leveraging the balance sheet by managing the total loan to deposit ratio to drive our net interest income while still maintaining adequate liquidity for day to day operations.

Our local market area continues to benefit from a solid economic base and is helping drive the bank's profit levels. As well, increasing interest rates coming from Federal Reserve monetary policy has also strengthened net interest margin which is already one of our strengths.

Our directors, officers, and staff appreciate your support as an investor in our company. We strive to maintain a top notch financial institution and will continue to work diligently to maintain your trust.

Sincerely,



Steven L. Mays, DVM
Chairman



Dean J. Miller
President and CEO