First Bancshares, Inc.

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April 25, 2019

Dear Shareholder,

A first quarter dividend has been declared in the amount of twenty-eight cents ($0.28) per share which is equal to the payment made the prior quarter end. While this broke our streak of five quarterly increases, the board of directors felt it prudent to remain at the current level for this payment to maintain capital levels supporting our balance sheet growth. This payment is enclosed or has been direct deposited for those that are not participants in the dividend reinvestment plan.

We have provided the key financial highlights comparing the 2019 year to date results with the same period of 2018. The data reflects a 2% increase in net interest income over last year which was somewhat expected given the rise in interest rates during that time frame. The increase was somewhat muted as the yield curve has flattened and deposit costs have risen faster than the repricing of rates on existing loans. Non-interest income was lower in 2019 mainly due to lower loan fee income and lower gains on sales of mortgage loans to the secondary market. Non-interest expenses were up over 8% compared to the same period last year. Some of this is due to an increase in health care costs along with slight increases in other personnel expenses. A portion of this increase is attributable to an adjustment of these expenses made in 2018 resulting in lower overall costs during that period which is skewing the comparison. We expect this to level out during the remainder of the year lessening that impact.

As noted earlier regarding the need for capital preservation because of balance sheet growth, we're glad to report total assets grew by almost ten million dollars or slightly more than 4%. The loan portfolio grew by over $11M or roughly 6% and deposits grew $4.6M equating to a 2.3% increase over the prior year.

You will notice that the total number of outstanding shares dropped from the same period last year. We recently had a unique opportunity to repurchase a block of stock from an institutional investor. Normally these shares would have been sold in the open market but because the number of shares were larger than most holdings, this may have caused some adverse effect on the stock price. We felt this to be a prudent decision since most of our shareholders are individuals who are supporters of community banking and understand the dynamics of owning shares in a bank such as ours. Our shareholders generally own the stock as a long-term investment. Some of our stockholders are family members that have roots back to the founding fathers of the organization which is a testament to the value of our stock as that long-term portfolio asset. The reduction of the outstanding shares should help to support your remaining ownership as we consider our dividend payout based on the company's consolidated earnings on a lesser number of outstanding shares.

By the time you receive this communication we will have recently conducted our annual meeting and reelected three of our directors which was the only business item on the agenda. We look forward to 2019 being another year of good activity for the bank supported by a solid by slightly less robust economy than it was in 2018.

On behalf of our directors, officers, and staff we thank you for your support and welcome any feedback you may have.

Sincerely,

Steven L. Mays, DVM
Chairman

Dean J. Miller
President and CEO