

First Bancshares, Inc.

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www.fnblifetime.com

January 30, 2020

Dear Shareholder,

The board of directors of First Bancshares, Inc. have declared a fourth quarter dividend in the amount of thirty cents (\$0.30) per share which is equal to the prior quarterly payment made in October. We continue to balance the return to our shareholders while retaining the appropriate capital levels to support the growth of the bank. This payment is enclosed or has been direct deposited for those that are electing cash payments. Additional shares of First Bancshares stock will be purchased for those that are part of the dividend reinvestment plan. Since the 3 for 1 stock split at the end of 2014, the dividend has increased from 17 cents per share to the current 30 cents which amounts to over a 76% increase.

Please remember that American Stock Transfer Company is our transfer agent and manages the Dividend Reinvestment Plan. Any mailing regarding your stock or dividends will come from them with their AST logo on the envelope.

The 2019 financial results are in process of being audited for our annual report so the results in the attachment provided are preliminary numbers. While 2018 was a record year for the company, 2019 core earnings were very similar to the prior year. Net income before taxes in 2019 is \$2,000 less than 2018. The prior year results were aided by a tax liability adjustment to the positive which increased overall net income. For the full year 2019, we report net interest income increased by roughly \$310k or 3.8% over the prior year. Noninterest income is down substantially reporting roughly a 10% decline. A significant reason for the decline is due to a negative adjustment to our mortgage servicing rights valuation. This valuation is done annually and with a declining interest rate environment, this non-cash adjustment resulted in the decrease. We were able to manage noninterest expenses for the most part holding them to a 1.6% increase equating to roughly \$111,000 higher than the prior year.

The balance sheet for the company grew slightly during the year with just over a 2% increase. A slight decrease in our loan balances are reported for the period however deposit growth was substantial at over \$9mm or 5% of the prior year end totals. This had a positive impact on our loan to deposit ratio and improved our overall liquidity position.

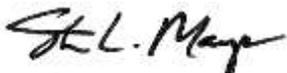
The data we show on per share information shows positive results for our investors and is enhanced through the stock repurchase that was made in the first quarter of 2019.

As we start the new year, the company is well positioned to continue generating solid returns and profitability. The economy appears to be chugging along at a slow but positive pace. The flat yield curve provides challenges but the forecast of the Federal Funds rate remaining the same for the foreseeable future provides for stability in our business model.

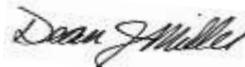
Our next communication to you will be for the annual shareholder meeting being held in late April. This mailing will include the annual report with the audited financial statements.

Your investment in First Bancshares, Inc. is appreciated by the board, management and staff. Our goal is to deliver banking services in a manner that sets us apart from the competition so we can provide solid returns to our investors who believe in community banking and the important role we play in the markets we serve. Feel free to contact us with any questions you may have.

Sincerely,



Steven L. Mays, DVM
Chairman



Dean J. Miller
President and CEO