

## FIRST BANCSHARES, INC. ANNOUNCES FOURTH QUARTER FISCAL 2014 RESULTS

Mountain Grove, Missouri (August 22, 2014) – First Bancshares, Inc. (OTCQB - FstBksh: FBSI), the holding company for First Home Bank (“Bank”), today announced its financial results for the fourth quarter and for the fiscal year ended June 30, 2014.

For the quarter ended June 30, 2014, the Company had net income of \$143,000, or \$0.09 per share – diluted, compared to net income of \$116,000, or \$0.07 per share – diluted for the quarter ended June 30, 2013. The increase in net income for the quarter ended June 30, 2014 compared to the quarter ended June 30, 2013 is attributable to an increase of \$107,000 in net interest income. This was partially offset by a decrease of \$3,000 in gain on sale of investments, a decrease of \$23,000 in non-interest income and an increase of \$54,000 in non-interest expense.

During the quarter ended June 30, 2014, net interest income increased by \$107,000, or 9.0%, to \$1.3 million from \$1.2 million during the quarter ended June 30, 2013. This increase was the result of an increase in interest income of \$51,000, or 3.4%, and a decrease in interest expense of \$56,000, or 18.0%. The increase in interest income is due to the growth in the Bank’s loan portfolio. The decrease in interest expense was primarily the result of a decrease in interest expense on FHLB advances.

There was no provision for loan losses for the quarter ended June 30, 2014 and June 30, 2013. Classified loans at June 30, 2014 were \$2.5 million compared to \$2.4 million at June 30, 2013. The allowance for loan losses at June 30, 2014 was \$1.6 million, or 1.4% of gross loans, compared to \$1.6 million, or 1.7% of gross loans at June 30, 2013.

During the quarter ended June 30, 2014, the Company did not have any gain on sale of investments compared to \$3,000 during the quarter ended June 30, 2013.

Non-interest income decreased by \$23,000, or 7.7% to \$277,000 for the quarter ended June 30, 2014 from \$300,000 for the quarter ended June 30, 2013. The decrease was the result of recognizing a gain on sale of property of \$21,000 during the quarter ended June 30, 2013. Other non-interest income items decreased by \$2,000.

Non-interest expense increased by \$54,000, or 3.9%, to \$1.4 million for the quarter ended June 30, 2014, relatively unchanged from the quarter ended June 30, 2013. The increase reflects an increase of \$6,000 in salaries and employee benefits, an increase of \$30,000 in premises and fixed assets and an increase of \$65,000 in professional fees consisting of legal, accounting and consulting service related expenses. These were partially offset by a decrease of \$7,000 in FDIC insurance premiums, a decrease of \$17,000 in other real estate owned (“OREO”) expenses and a decrease of \$23,000 in other non-interest expenses.

For the year ended June 30, 2014, the Company had net income of \$595,000, or \$0.38 per share – diluted, compared to a net loss of \$93,000, or \$0.06 per share – diluted for the year ended June 30, 2013. The increase in net income for the year ended June 30, 2014 compared to the year ended June 30, 2013 is attributable to an increase of \$251,000 in net interest income, an increase of \$253,000 in non-interest income and a decrease of \$414,000 in non-interest expense. This was partially offset by a decrease of \$230,000 in gain on sale of investments.

For the year ended June 30, 2014, net interest income increased by \$251,000, or 5.2%, to \$5.1 million from \$4.8 million for the year ended June 30, 2013. The increase was the result of an increase of \$58,000, or 0.95%, in interest income and a decrease of \$193,000, or 15.3%, in interest expense.

There was no provision for loan losses for the years ended June 30, 2014 and June 30, 2013, which is attributable to the improved quality of the Company's loan portfolio. Management continues to monitor the loan portfolio which has resulted in the early identification and resolution of potential problem loans.

Gain on sale of investments decreased by \$230,000, or 74.4%, to \$79,000 for the year ended June 30, 2014 compared to \$309,000 for the year ended June 30, 2013. The decrease is attributable to the decrease in the number of securities sold by the Company during the year ended June 30, 2014.

Non-interest income increased \$253,000, or 30.9%, to \$1.1 million for the year ended June 30, 2014 from \$820,000 for the year ended June 30, 2013. The increase is the result of an increase in gain on sale of OREO and other repossessed assets of \$313,000. This is partially offset by a decrease in service charges on deposit accounts and other fee income of \$60,000.

Non-interest expense decreased by \$414,000, or 6.9%, to \$5.6 million for the year ended June 30, 2014 compared to \$6.0 million for the year ended June 30, 2013. The decrease was the result of a decrease of \$178,000 in salaries and employee benefits, a decrease of \$105,000 in FDIC insurance premiums, a decrease of \$97,000 in OREO expenses and a decrease of \$140,000 in other non-interest expense items. This was partially offset by an increase of \$84,000 in premises and fixed assets, an increase of \$23,000 in professional fees consisting of legal, accounting and consulting service related expenses.

Total consolidated assets at June 30, 2014 were \$192.5 million, compared to \$191.7 million at June 30, 2013, representing an increase of \$796,000, or 0.4%. Stockholders' equity at June 30, 2014 was \$14.5 million, or 7.6% of assets, compared with \$14.2 million, or 7.4% of assets at June 30, 2013. Book value per common share increased to \$9.38 at June 30, 2014 from \$9.19 at June 30, 2013. The \$291,000, or 2.0% increase in stockholders' equity was attributable to net income for the year ended June 30, 2014 of \$595,000. This was partially offset by a decrease in the unrealized gain on available-for-sale securities, net of income taxes of \$293,000 and treasury stock purchases of \$11,000.

Net loans receivable increased \$14.4 million, or 15.1%, to \$109.9 million at June 30, 2014 from \$95.5 million at June 30, 2013. Deposits increased \$2.6 million, or 1.6% to \$166.4 million at June 30, 2014 from \$163.8 million at June 30, 2013. Retail repurchase agreements decreased \$6.2 million, or 96.5% to \$224,000 at June 30, 2014 from \$6.4 million at June 30, 2013. The decrease in retail repurchase agreements is attributable to a large competitively bid account that was transferred during the quarter ended September 30, 2013. This transfer will save the Company approximately \$40,000 a year in interest expense. FHLB advances increased \$4.1 million to \$10.5 million at June 30, 2014 from \$6.4 million at June 30, 2013.

First Bancshares, Inc. is the holding company for First Home Bank, a FDIC-insured bank chartered by the State of Missouri that conducts business from its home office in Mountain Grove, Missouri, and seven full service offices in Marshfield, Ava, Gainesville, Sparta, Springfield, Crane, and Kisse Mills, Missouri.

The Company and its wholly-owned subsidiary, First Home Bank, may from time to time make written or oral “forward-looking statements” in its reports to stockholders, and in other communications by the Company, which are made in good faith by the Company pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements include statements with respect to the Company’s beliefs, expectations, estimates and intentions that are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company’s control. Such statements address the following subjects: future operating results; customer growth and retention; loan and other product demand; earnings growth and expectations; new products and services; credit quality and adequacy of reserves; results of examinations by our bank regulators, technology, and our employees. The following factors, among others, could cause the Company’s financial performance to differ materially from the expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Company conducts operations; the effects of, and changes in, trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve Board; inflation, interest rate, market, and monetary fluctuations; the timely development and acceptance of new products and services of the Company and the perceived overall value of these products and services by users; the impact of changes in financial services’ laws and regulations; technological changes; acquisitions; changes in consumer spending and savings habits; and the success of the Company at managing and collecting assets of borrowers in default and managing the risks of the foregoing.

The foregoing list of factors is not exclusive. The Company does not undertake, and expressly disclaims any intent or obligation, to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

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# First Bancshares, Inc. and Subsidiaries

## Financial Highlights

(In thousands, except per share amounts)

	Quarter Ended June 30,		Year Ended June 30,	
	2014	2013	2014	2013
<b>Operating Data:</b>				
Total interest income	\$ 1,545	\$ 1,494	\$ 6,132	\$ 6,074
Total interest expense	255	311	1,068	1,261
Net interest income	1,290	1,183	5,064	4,813
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	1,290	1,183	5,064	4,813
Gain on sale of investments	-	3	79	309
Non-interest income	277	300	1,073	820
Non-interest expense	1,424	1,370	5,621	6,035
Income (loss) before taxes	143	116	595	(93)
Income tax expense	-	-	-	-
Net income (loss)	<u>\$ 143</u>	<u>\$ 116</u>	<u>\$ 595</u>	<u>\$ (93)</u>
Earnings per share	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.38</u>	<u>\$ (0.06)</u>

	At June 30, 2014	At June 30, 2013
<b>Financial Condition Data:</b>		
Cash and cash equivalents (excludes CDs)	\$ 11,262	\$ 11,705
Investment securities (includes CDs)	62,462	73,395
Loans receivable, net	109,934	95,554
Total assets	192,476	191,680
Deposits	166,386	163,834
Repurchase agreements	224	6,391
FHLB advances	10,500	6,400
Stockholders' equity	14,541	14,250
Book value per share	\$ 9.38	\$ 9.19