

FIRST BANCSHARES, INC. ANNOUNCES STRONG OPERATING RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2018 AND ANNOUNCES ANNUAL CASH DIVIDEND OF \$0.24 PER SHARE

Mountain Grove, Missouri (February 1, 2019) – First Bancshares, Inc. (OTCPink - FstBksh: FBSI) (“Company”), the holding company for Stockmens Bank (“Bank”), today announced its financial results for the quarter and year ended December 31, 2018.

First Bancshares, Inc. also announced that its Board of Directors declared an annual cash dividend of **\$0.24** per share on the Company’s outstanding common stock. The cash dividend will be payable on **February 28**, 2019 to shareholders of record as of the close of business on **February 15**, 2019.

“We are pleased to announce a strong performance for the quarter and year ended December 31, 2018 and the payment of a cash dividend to our stockholders,” said Robert M. Alexander, Chairman and CEO of the Company. “We intend to pay a cash dividend on an annual basis. Of course any future dividends will be dependent on an evaluation of our results of operations, capital position and needs, and the general economic environment.”

For the quarter ended December 31, 2018, the Company had net income, of \$750,000, or \$0.29 per share-diluted, compared to a loss of \$794,000, or \$0.31 per share diluted for the comparable period in 2017. The \$1.54 million increase in net income for the quarter ended December 31, 2018 compared to the quarter ended December 31, 2017 was attributable to a \$1.10 million decrease in income tax expense and a \$454,000 increase in interest income.

The provision for loan losses for the quarter ended December 31, 2018 was \$75,000 compared to \$15,000 for the quarter ended December 31, 2017. The increase in the provision for loan losses during the December 31, 2018 quarter was attributable to growth in the Company’s loan portfolio. Provision expenses for the year totaled \$441,000, compared to \$115,00 in 2017.

At December 31, 2018 non-performing assets including loans past due and in nonaccrual status totaled \$660,000 or 0.19% of total assets and the allowance for loan and lease losses was 0.84% of total loans, resting at \$2.19 million.

For the year ended December 31, 2018, the Company had income of \$2.98 million, or \$1.17 per share – diluted, compared to a net loss of \$563,000, or \$0.29 per share – diluted for the year ended December 31, 2017. The \$3.54 million increase in net income for the year ended December 31, 2018 compared to the year ended December 31, 2017 was primarily attributable to an increase of \$5.01 million in total interest income and a \$495,000 decrease in income tax expense. In addition, changes to the corporate tax code became effective at the end of 2017, which required a revaluation of the bank’s deferred tax assets. This equated to

Consolidated total assets at December 31, 2018 were \$345.32 million, compared to \$355.99 million at December 31, 2017. During the fourth quarter: Net loans increased 4.47% to \$260.41 million, total deposits decreased 3.40% to \$297.53 million, and total capital remained virtually unchanged at \$33.82 million, or 9.79% of total assets compared to \$31.07 million, or 8.73% of total assets, at December 31, 2017.

The Bank continues to meet all regulatory requirements for “well-capitalized” status and reports Tier 1 Leverage Ratio of 9.25%, Common Equity Tier 1 Capital Ratio of 11.86%, Tier 1 Capital Ratio of

11.86%, and Total Risk Based Capital Ratio of 13.61%, and a Capital Conservation Buffer of 5.39%. Regulatory requirements for these ratios respectively are 5.00%, 6.50%, 8.00%, 10.00%, and 2.50%.

About the Company

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

Cautionary Note Regarding Forward-Looking Statements

The Company and its wholly-owned subsidiary, Stockmens Bank, may from time to time make written or oral “forward-looking statements” in its reports to shareholders, 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 December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Operating Data:				
Total interest income	\$ 3,797	\$ 3,343	\$ 14,854	\$ 9,844
Total interest expense	695	505	2,492	1,584
Net interest income	3,102	2,838	12,362	8,260
Provision for loan losses	75	15	441	115
Net interest income after provision for loan losses	3,027	2,823	11,921	8,145
Gain (loss) on sale of investments	-	-	-	(20)
Non-interest income	346	312	1,280	1,051
Non-interest expense	2,325	2,536	9,195	8,221
Income before taxes	1,048	599	4,006	955
Income tax expense	298	1,393	1,023	1,518
Net income	<u>\$ 750</u>	<u>\$ (794)</u>	<u>\$ 2,983</u>	<u>\$ (563)</u>
Earnings per share	<u>\$ 0.29</u>	<u>\$ (0.31)</u>	<u>\$ 1.17</u>	<u>\$ (0.29)</u>
Financial Condition Data:				
	At December 31, 2018	At December 31, 2017		
Cash and cash equivalents (excludes CDs)	\$ 15,719	\$ 20,674		
Investment securities (includes CDs)	47,760	63,820		
Loans receivable, net	260,411	249,278		
Goodwill and intangibles	2,372	2,641		
Total assets	345,324	355,993		
Deposits	297,531	307,996		
Repurchase agreements	5,566	4,609		
FHLB advances	4,000	7,997		
Stockholders' equity	33,817	31,066		
Book value per share	<u>\$ 13.29</u>	<u>\$ 12.17</u>		