

FIRST BANCSHARES, INC. REPORTS OPERATING RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017

Mountain Grove, Missouri (April 6, 2018) – First Bancshares, Inc. (“Company”), (OTCQB - FstBksh: FBSI), the holding company for Stockmens Bank, Colorado Springs, Colorado today announced the Company’s financial results for the quarter and year ended December 31, 2017.

Effective August 1, 2017 the Company completed its acquisition of Stockmens Bank in an all stock transaction. In this transaction, shares of Stockmens Bank were exchanged for shares of common stock of the Company. As a result of this transaction, the Company had two bank subsidiaries, First Home Bank chartered in Missouri and Stockmens Bank chartered in Colorado. On October 1, 2017, the Company merged its two bank subsidiaries into one bank with Stockmens Bank being the surviving bank. As a result, the Company’s financial results for comparative periods, described in detail below, will show larger variances than they have in the past because Stockmens Bank was acquired during the third quarter and was not included in the Company’s prior financial results. Accordingly, the earnings of the Company on both a quarterly and year-to-date basis include only five months of income and expenses of Stockmens Bank. The acquisition was accounted for using the acquisition method of accounting. Accordingly, the acquired assets (including identifiable intangible assets) and assumed liabilities of Stockmens Bank were recognized at their respective estimated fair values as of the date of the acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill. The fair value on the date of the acquisition represents management’s best estimate based on available information and facts and circumstances in existence on the date of the acquisition. Goodwill at December 31, 2017 was \$1.57 million.

For the quarter ended December 31, 2017, the Company had a net loss of \$794,000, or \$0.31 per share – diluted, compared to net income of \$677,000, or \$0.43 per share – diluted for the quarter ended December 31, 2016. The \$1.47 million decrease in net income for the quarter ended December 31, 2017 compared to the quarter ended December 31, 2016 was attributable to an increase of \$15,000 in the provision for loan losses, a \$748,000 increase in non-interest expense and a \$2.10 million increase in income tax expense. This was partially offset by an increase of \$1.35 million in net interest income and an increase of \$42,000 in non-interest income.

During the quarter ended December 31, 2017, net interest income increased by \$1.35 million, or 90.50%, to \$2.84 million from \$1.49 million during the same quarter in 2016. This increase in net interest income was the result of an increase in interest income of \$1.55 million, or 86.03% and was partially offset by an increase of \$198,000, or 64.50%, in interest expense. The increase in interest income was due to the growth in the Company’s loan portfolio, with \$86.29 million in loans added in connection with the acquisition, and an additional \$22.55 million in organic loan growth after acquisition. The increase in interest expense was primarily the result of an increase in the Company’s deposit portfolio, with \$95.09 million in deposits added in connection with the acquisition, and an additional \$25.52 million in organic deposit growth after the acquisition.

The provision for loan losses for the quarter ended December 31, 2017 was \$15,000 compared to no provision for loan losses for the quarter ended December 31, 2016. The increase in the provision for loan losses during the December 31, 2017 quarter was attributable to growth in the Company’s loan portfolio.

Non-interest income increased by \$42,000, or 15.56% to \$312,000 for the quarter ended December 31, 2017 from \$270,000 for the same quarter in 2016. The increase was the result of the additional non-interest income as a result of the acquisition of Stockmens Bank.

Non-interest expense increased by \$748,000, or 41.83%, to \$2.54 million for the quarter ended December 31, 2017 from \$1.79 million for the quarter ended December 31, 2016. The increase in non-interest expense was the result of the additional non-interest expense as a result of the acquisition of Stockmens Bank.

For the quarter ended December 31, 2017, the Company recognized an income tax expense of \$1.39 million compared to an income tax benefit of \$705,000 for the quarter ended December 31, 2016. The income tax expense recorded for the quarter ended December 31, 2017 was the result of the new tax law signed by President Trump in the fourth quarter of 2017. In connection with the new law the corporate tax rate was reduced to 21% from 35% and therefore the value of the deferred tax asset had to be reduced to correspond with the future benefit of the asset. The income tax benefit recorded for the quarter ended December 31, 2016 was the result of the Company recapturing remaining federal net operating loss carryforwards that had previously been fully reserved.

For the year ended December 31, 2017, the Company had a net loss of \$563,000, or (\$0.29) per share – diluted, compared to net income of \$1.17 million, or \$0.75 per share – diluted for the year ended December 31, 2016. The \$1.73 million decrease in net income for the year ended December 31, 2017 compared to the year ended December 31, 2016 was attributable to an increase of \$115,000 in provision for loan losses, an increase of \$34,000 in loss on sale of investments, an increase of \$1.93 million in non-interest expense and a \$1.97 million increase in tax expense. This is partially offset by an increase of \$2.23 million in net interest income, and an increase of \$90,000 in non-interest income.

For the year ended December 31, 2017, the Company had a provision for loan losses of \$115,000 compared to no provision for loan losses during the year ended December 31, 2016. The Company's provision for loan losses for the year ended December 31, 2017 was attributable to growth in the Company's loan portfolio.

During the year ended December 31, 2017, the Company had a loss on sale of investments of \$20,000 compared to a gain on sale of investments of \$14,000 during the same period in 2016.

Non-interest income increased \$90,000, or 9.37%, to \$1.05 million for the year ended December 31, 2017, compared to \$1.00 million for the same period in 2016. This increase was the result of the Company's acquisition of Stockmens Bank.

Non-interest expense increased by \$1.93 million, or 30.57%, to \$8.22 million for the year ended December 31, 2017, compared to \$6.30 million for the year ended December 31, 2016. This increase was the result of the acquisition of Stockmens Bank. Professional fees consisting of legal, accounting and consulting services and other expenses directly related to the acquisition of Stockmens Bank were approximately \$700,000.

The Company's total consolidated assets at December 31, 2017 were \$355.99 million, compared to \$219.48 million at December 31, 2016, representing an increase of \$136.51 million, or 62.20%. Stockholders' equity at December 31, 2017 was \$31.07 million, or 8.73% of assets, compared with \$19.77 million, or 9.01% of assets at December 31, 2016. The \$11.30 million, or 57.20% increase in stockholders' equity was attributable to the issuance of 1,001,772 shares of the Company's common stock or \$11.63 million in common stock for the purchase of Stockmens Bank, a decrease in the

unrealized losses on available-for-sale securities, net of income taxes of \$36,000 and by net losses of (\$563,000) for the year ended December 31, 2017. Book value per common share decreased to \$12.17 at December 31, 2017 from \$12.76 at December 31, 2016.

Net loans receivable increased \$112.48 million, or 82.22%, to \$355.99 million at December 31, 2017 from \$136.80 million at December 31, 2016. While loan growth has been the key focus for the Company, we have continued to concentrate on maintaining high asset quality within the loan portfolio. Deposits increased \$126.27 million, or 69.48% to \$308.00 million at December 31, 2017 from \$181.73 million at December 31, 2016. FHLB advances decreased \$4.00 million or 33.40%, to \$7.99 million at December 31, 2017 from \$12.00 million at December 31, 2016.

First Bancshares, Inc. is the bank holding company for Stockmens Bank, a FDIC insured bank chartered by the State of Colorado.

The Company 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: : expected revenues, cost savings, synergies and other benefits from the acquisition of Stockmens Bank might not be realized within the expected time frames or at all and costs or difficulties relating to integration matters, might be greater than expected, 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; future goodwill impairment due to changes in the Company’s business, changes in market conditions, or other factors 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,	
	2017	2016	2017	2016
	Operating Data:			
Total interest income	\$ 3,343	\$ 1,797	\$ 9,844	\$ 7,209
Total interest expense	<u>505</u>	<u>307</u>	<u>1,584</u>	<u>\$ 1,216</u>
Net interest income	2,838	1,490	8,260	5,993
Provision for loan losses	<u>15</u>	<u>-</u>	<u>115</u>	<u>-</u>
Net interest income after provision for loan losses	2,823	1,490	8,145	5,993
Gain (loss) on sale of investments	-	-	(20)	14
Non-interest income	312	270	1,051	1,003
Non-interest expense	<u>2,536</u>	<u>1,788</u>	<u>8,221</u>	<u>6,296</u>
Income before taxes	599	(28)	955	714
Income tax expense (benefit)	<u>1,393</u>	<u>(705)</u>	<u>1,518</u>	<u>(454)</u>
Net income (loss)	<u>\$ (794)</u>	<u>\$ 677</u>	<u>\$ (563)</u>	<u>\$ 1,168</u>
Earnings (loss) per share - diluted	<u>\$ (0.31)</u>	<u>\$ 0.43</u>	<u>\$ (0.29)</u>	<u>\$ 0.75</u>

	At December 31, 2017	At December 31, 2016
	Financial Condition Data:	
Cash and cash equivalents (excludes CDs)	\$ 20,674	\$ 4,708
Investment securities (includes CDs)	63,820	62,531
Loans receivable, net	249,278	136,802
Goodwill and intangibles	2,641	-
Total assets	355,993	219,482
Deposits	307,996	181,727
Repurchase agreements	4,609	5,185
FHLB advances	7,997	12,000
Stockholders' equity	31,066	19,767
Book value per share	\$ 12.17	\$ 12.76