

FIRST BANCSHARES, INC. ANNOUNCES STRONG OPERATING RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2020 AND ANNOUNCES ANNUAL CASH DIVIDEND OF \$0.25 PER SHARE

Mountain Grove, Missouri (January 22, 2021) – 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, 2020.

First Bancshares, Inc. also announced that its Board of Directors declared an annual cash dividend of **\$0.25** per share on the Company’s outstanding common stock. The cash dividend will be payable on **April 1st, 2021** to shareholders of record as of the close of business on **March 15th, 2021**.

“In light of a global pandemic, volatile economies, and political and social unrest, we are pleased to announce one of the strongest quarters and years in the history of the organization. This has once again afforded the Company the ability to pay a cash dividend to our shareholders.” said Robert M. Alexander, Chairman and CEO of the Company. “We intend to continue 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, 2020, the Company had net income, of \$1.02 million or \$0.38 per share-diluted, compared to net income of \$815,000, or \$0.32 per share diluted for the comparable period in 2019. The \$202,000 increase in net income for the quarter ended December 31, 2020 compared to the quarter ended December 31, 2019 was attributable to a \$125,000 increase in net interest income, a \$67,000 decrease in provision expense, a \$51,000 decrease in non-interest income, a \$13,000 decrease in gains on sale of investments, a \$27,000 increase in non-interest expense, and a \$101,000 decrease in tax expense.

The provision for loan losses for the quarter ended December 31, 2020 was \$225,000 compared to \$292,000 for the quarter ended December 31, 2019. The decrease in the provision for loan losses during the December 31, 2020 quarter was attributable to several recoveries taken in 2020 associated to charge offs in prior years which increased the allowance for loan losses and reduced the need for additional provision expense to pace loan growth. Provision expenses for the year totaled \$856,000, compared to \$1.24 million in 2019.

At December 31, 2020 non-performing assets including loans 30+ days past due, nonaccrual loans, and other real estate owned totaled \$688,000 or 0.23% of total gross loans and the allowance for loan and lease losses was 1.40% of total gross loans, resting at \$4.14 million.

For the year ended December 31, 2020, Stockmens Bank (wholly owned, sole subsidiary) ended the year with net income of \$4.16 million, the highest in the combined company’s history. After additional expenses and accruals, the Company posted net income of \$3.94 million, or \$1.49 per share – diluted, compared to a net income of \$3.57 million, or \$1.41 per share – diluted for the year ended December 31, 2019. The \$370,000 increase in net income for the year ended December 31, 2020 compared to the year ended December 31, 2019 was attributable to an increase of \$477,000 in net interest income, a \$380,000 decrease in provision expense, a \$108,000 decrease in non-interest income, a \$367,000 increase in non-interest expense and a \$12,000 increase in income tax expense.

Consolidated total assets as of December 31, 2020 were \$406.27 million, compared to \$352.59 million at December 31, 2019. In 2020: Net loans increased 8.38% to \$291.49 million, total deposits decreased

17.55% to \$356.47 million, and total capital increase 13.53% to \$42.76 million, or 10.53% of total assets compared to \$37.67 million, or 10.68% of total assets, at December 31, 2019.

The Bank meets all regulatory requirements for “well-capitalized” status and has elected to opt-in to the Community Bank Leverage Ratio framework.

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, Kissee 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,	
	2020	2019	2020	2019
Operating Data:				
Total interest income	\$ 3,940	\$ 4,134	\$ 16,288	\$ 16,760
Total interest expense	465	784	2,330	3,279
Net interest income	3,475	3,350	13,958	13,481
Provision for loan losses	225	292	856	1,236
Net interest income after provision for loan losses	3,250	3,058	13,102	12,245
Gain (loss) on sale of investments	-	13	62	13
Non-interest income	290	341	1,141	1,298
Non-interest expense	2,357	2,330	9,164	8,797
Income before taxes	1,183	1,082	5,141	4,759
Income tax expense	166	267	1,197	1,185
Net income	<u>\$ 1,017</u>	<u>\$ 815</u>	<u>\$ 3,944</u>	<u>\$ 3,574</u>
Earnings per share	<u>\$ 0.38</u>	<u>\$ 0.32</u>	<u>\$ 1.49</u>	<u>\$ 1.41</u>
 Financial Condition Data:				
	At December 31, 2020		At December 31, 2019	
Cash and cash equivalents (excludes CDs)	\$ 61,834	\$ 14,318		
Investment securities (includes CDs)	25,678	47,335		
Loans receivable, net	291,497	268,959		
Goodwill and intangibles	2,086	2,229		
Total assets	406,265	352,585		
Deposits	356,474	303,264		
Repurchase agreements	1,625	5,686		
FHLB advances	3,000	3,000		
Stockholders' equity	42,765	37,667		
Book value per share	\$ 16.35	\$ 14.81		