

FIRST BANCSHARES, INC. ANNOUNCES THIRD QUARTER 2021 RESULTS

Mountain Grove, Missouri (October 13, 2021) – First Bancshares, Inc. (OTCPink - FstBksh: FBSI) (“Company”), the holding company for Stockmens Bank (“Bank”), today announced its financial results for the quarter ended September 30, 2021.

For the quarter ended September 30, 2021, the Company reported net income, of \$1,335,000 or \$0.52 per share-diluted, compared to \$1,049,000, or \$0.39 per share-diluted for the comparable period in 2020. The \$286,000 increase in net income for the quarter ended September 30, 2021 compared to the quarter ended September 30, 2020 was attributable to a \$646,000 increase in net interest income after provisions for loan losses, offset by a \$245,000 increase in non-interest expense, a \$62,000 decrease in gain on sales of investments, along with a \$89,000 increase in non-interest income, and a \$142,000 increase in income tax expense.

Year to date net income ending September 30, 2021 totaled \$3.72 million or \$1.43 per share-diluted, compared to \$2.93 million or \$1.11 per share-diluted on September 30, 2020.

Consolidated total assets on September 30, 2021 were \$420.71 million, compared to \$406.27 million at December 31, 2020. Since year end 2020, net loans increased 17.63% to \$342.90 million, total deposits increased 4.00% to \$370.72 million, and total capital increased to \$44.98 million, or 10.69% of total assets compared to \$42.77 million, or 10.53% of total assets, at December 31, 2020.

To obtain the maximum yield on interest earning assets, the Bank elected to liquidate a significant portion of the investment securities at a small gain in the second quarter to deploy into loan assets. From the balance at December 31, 2020 of \$25.68 million, the Bank reduced 36.40% of the securities portfolio resulting in a remaining balance in securities of \$16.33 million. As noted above, all balances were deployed into higher yielding loan assets over the quarter.

Management expects the strain in the interest rate environment and significantly enhanced market volatility to create future pressure on the Bank’s net interest margin and interest earnings capacity. As noted above, Management has taken proactive steps to deploy liquidity at maximum yield without accepting additional risk and employing interest rate risk strategies to protect future margins. Management continues to be conservative with non-interest expenses and produced another quarter of positive earnings considering implementing plans to protect future performance.

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating Data:				
Total interest income	\$ 4,791	\$ 4,103	\$ 13,111	\$ 12,348
Total interest expense	271	539	885	1,865
Net interest income	4,520	3,564	12,226	10,483
Provision for loan losses	535	225	1,117	631
Net interest income after provision for loan losses	3,985	3,339	11,109	9,852
Gain (loss) on sale of investments	-	62	128	62
Non-interest income	394	305	1,105	851
Non-interest expense	2,538	2,293	7,403	6,807
Income before taxes	1,841	1,413	4,939	3,958
Income tax expense	506	364	1,224	1,031
Net income	<u>\$ 1,335</u>	<u>\$ 1,049</u>	<u>\$ 3,715</u>	<u>\$ 2,927</u>
Earnings per share	<u>\$ 0.52</u>	<u>\$ 0.39</u>	<u>\$ 1.43</u>	<u>\$ 1.11</u>

	At September 30, 2021	At December 31, 2020
Financial Condition Data:		
Cash and cash equivalents (excludes CDs)	\$ 33,285	\$ 61,834
Investment securities (includes CDs)	16,330	25,678
Loans receivable, net	342,896	291,497
Goodwill and intangibles	1,979	2,086
Total assets	420,711	406,265
Deposits	370,722	356,474
Repurchase agreements	1,847	1,625
FHLB advances	-	3,000
Stockholders' equity	44,975	42,765
Book value per share	\$ 17.41	\$ 16.35