Annual Report
December 31, 2021

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Letter to Shareholders

Dear Fellow Shareholders:

It is my sincere hope First Bancshares, Inc. (FBSI) and its subsidiary Stockmens Bank's operating results and management for FY 2021 reached your expectations. The results exceeded my predictions, as well as our Management's, especially given the challenges we continue to experience. External factors such as domestic and international unrest, low yields in the investment markets, aggressive monetary policy, inflation, massive sovereign debt levels and increasing political division in the U.S. have had significant impact on FBSI/Stockmens Bank. With great effort, we have continued to outperform our competitors while maintaining a low exposure relative to credit and interest rate risk. The Bank experienced positive growth in virtually every financial category while, somehow, continuing to maintain our core values and principles. Management and staff are determined to continue our efforts for the benefit of FBSI/Stockmens Bank moving forward through 2022 despite the challenges facing us in our markets locally, domestically, and abroad.

Once again First Bancshares, Inc. grew the loan portfolio 16.78%, grew the core deposit base 10.89%, and bolstered capital reserves through our strongest earnings to date. These performance results prompted the Company to continue its practice of paying an annual dividend to our shareholders. The Board of Directors approved the payment of a $0.30 per share cash dividend to shareholders of record as of March 15, 2022 and paid on April 1, 2022.

Total assets, liabilities, and equity at December 31, 2021 totaled $445.0 million, $400.8 million, and $44.2 million compared to $406.3 million, $363.5 million, and $42.8 million at December 31, 2020, respectively. Net income for the year totaled $5,092,753, or $1.96 per share, compared to $3,944,459 for the year ended December 31, 2020, or $1.49 per share.

We look forward to seeing you at our Annual Shareholders Meeting on Tuesday, April 26, 2022, at 11:00 a.m. Mountain Time, via a WebEx virtual conference call. In anticipation of the meeting, you should have received this year's Annual Report via mail or electronically from your broker, your First Bancshares' proxy materials, and notice of our annual shareholder meeting. We ask you to vote on the two proposals. Voting is easy and can be done via return mail, telephone, or online; those details are provided in the materials you received. Due to the virtual nature of the meeting this year, we highly suggest you vote using the telephonic or online voting methods provided in your materials. If you need information regarding the proxy materials or the Annual Meeting, please contact Shannon Peterson, Vice President, at (417) 547-7232 or Shannon.peterson@thestockmensbank.com.

Thank you for your continued support of our Company.

Sincerely,

Robert M. Alexander
Chairman and Chief Executive Officer
First Bancshares, Inc.

Business of the Company

First Bancshares, Inc. ("Company"), a Missouri corporation, was incorporated on September 30, 1993 for the purpose of becoming the savings and loan holding company for First Home Savings Bank ("Bank") upon the conversion of First Home from a Missouri mutual to a Missouri stock savings and loan association. The mutual to stock conversion was completed on December 22, 1993.

On July 31, 2017, the Company acquired all the outstanding common stock of Stockmens Bank in an all-stock transaction. 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.

The Company is not engaged in any significant business activity other than holding the stock of the Bank. Accordingly, the information set forth in the report, including the consolidated financial statements and related data, applies primarily to the Bank.

Stockmens Bank is a Colorado-chartered, non-member commercial bank. The Bank is regulated by the Colorado Department of Finance and the Federal Deposit Insurance Corporation ("FDIC"). The Bank's deposits are insured up to applicable limits by the FDIC.

The Bank is also a member of the Federal Home Loan Bank ("FHLB") System. The Bank conducts its business from its home office in Colorado Springs, CO and nine full-service branch facilities in Mountain Grove, MO, Marshfield, MO, Ava, MO, Kissee Mills, MO, Gainesville, MO, Hartville, MO, Crane, MO, Springfield, MO and Bartley, NE. The Bank provides its customers with a full array of community banking services and is primarily engaged in the business of attracting deposits from, and making loans to, the general public, including individuals and businesses. The Bank originates real estate loans, including one-to-four family residential mortgage loans, multi-family residential loans, commercial real estate loans, agricultural real estate loans and home equity loans, as well as, non-real estate loans, including commercial business, agricultural business and consumer loans. The Bank also invests in mortgage-back securities, United States Government and agency securities and other assets.

At December 31, 2021, the Company had total consolidated assets of $445.0 million and consolidated stockholders' equity of $44.2 million.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth certain information concerning the consolidated financial position and operating results of the Company as of and for the dates indicated. The Company is primarily in the business of directing, planning and coordinating the business activities of Stockmens Bank. The consolidated data is derived in part from, and should be read in conjunction with, the Consolidated Financial Statements of the Company and its subsidiaries presented herein.

	At December 31,			
	2021	2020	2019	2018
	(In thousands)			
FINANCIAL CONDITION DATA:				
Total Assets	**$ 445,034**	$ 406,279	$ 352,585	$ 345,034
Loans receivable, net	**340,767**	291,511	268,959	260,402
Cash, interest-bearing deposits and securities	**76,543**	86,818	61,035	63,655
Deposits	**396,137**	356,489	303,264	296,829
Repurchase agreements	**490**	1,625	5,686	5,566
FHLB Advances	**-**	500	499	3,999
Other Borrowings	**1,500**	-	-	-
Stockholders' equity	**44,161**	42,765	37,667	33,816

	Years Ended			
	2021	2020	2019	2018
	(In thousands, except per share information)			
OPERATING DATA:				
Interest income	**$ 17,567**	$ 16,288	$ 16,760	$ 14,855
Interest expense	**1,137**	2,330	3,281	2,493
Net interest income	**16,430**	13,958	13,479	8,260
Provision for loan losses	**1,342**	856	1,236	441
Net interest income after provision for loan losses	**15,088**	13,102	12,243	8,145
Gains (losses) on securities	**128**	62	13	(1)
Non-interest income, excluding gains (losses) on securities	**1,597**	1,141	1,299	1,281
Non-interest expense	**10,103**	9,164	8,797	9,195
Income (loss) before taxes	**6,710**	5,141	4,758	955
Income tax expense (benefit)	**1,617**	1,197	1,185	1,024
Net income (loss)	**$ 5,093**	$ 3,944	$ 3,573	$ (563)
Basic earnings (loss) per share	**$ 1.96**	$ 1.49	$ 1.41	$ 1.17
Diluted earnings (loss) per share	**$ 1.96**	$ 1.49	$ 1.41	$ 1.17
Dividends per share	**$ 0.25**	$ 0.24	$ 0.24	$ 0.24

	Years Ended			
	2021	2020	2019	2018
KEY OPERATING RATIOS:				
Return (loss) on average assets	**1.20**	1.04	1.00	0.84
Return (loss) on average equity	**11.65**	9.61	10.00	9.28
Average equity to average assets	**10.34**	10.81	10.04	9.08
Interest rate spread for period	**4.03**	3.69	3.84	3.70
Net interest margin for period	**4.05**	3.73	3.89	3.73
Non-interest expense to average assets	**2.39**	2.41	2.47	2.60
Average interest-earning assets to interest-bearing liabilities	**106.37**	106.32	106.51	104.18
Allowance for loan losses to total loans at end of period	**1.59**	1.40	1.23	0.84
Net charge-offs (recoveries) to average loans outstanding during the period	**0.00**	(0.05)	0.04	0.03
Dividend payout ratio	**0.25**	0.24	0.24	0.24

	At December 31,			
	2021	2020	2019	2018
OTHER DATA:				
Number of:				
Loans outstanding	**1,925**	2,051	2,033	2,157
Deposit accounts	**15,941**	15,999	16,125	16,531
Full service offices	**10**	10	10	10

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Independent Auditor's Report

To the Board of Directors
First Bancshares, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of First Bancshares, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheet as of December 31, 2021 and 2020 and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
First Bancshares, Inc. and Subsidiary

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises, among other things, selected financial information and ratios but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Plante & Moran, PLLC

February 11, 2022

Consolidated Balance Sheet

December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 13,395,981	$ 16,385,624
Interest-bearing deposits in other financial institutions	48,433,050	49,035,482
Investment securities - Available for sale (Note 3)	14,200,269	20,924,767
Investment securities - Held to maturity (Note 3)	105,520	110,137
Federal Home Loan Bank stock - Cost	408,100	361,800
Loans - Net of allowance for loan losses of $5,492,923 and $4,138,612 as of December 31, 2021 and 2020, respectively (Note 4)	340,766,817	291,511,284
Real estate owned and other repossessed assets - Net	-	17,420
Premises and equipment - Net (Note 5)	9,210,653	9,373,888
Goodwill (Note 11)	1,431,179	1,431,179
Core deposit intangible (Note 11)	512,255	655,210
Deferred tax asset (Note 10)	781,649	475,705
Cash surrender value of bank-owned life insurance	9,380,545	9,127,173
Other assets	6,408,392	6,869,446
Total assets	**$ 445,034,410**	**$ 406,279,115**
Liabilities and Stockholders' Equity		
Liabilities		
Deposits (Note 7)	$ 396,137,181	$ 356,488,800
Repurchase agreements (Note 8)	489,696	1,624,826
Federal Home Loan Bank borrowings (Note 9)	-	499,953
Subordinated borrowings (Note 9)	-	2,500,000
Other borrowings	1,500,000	-
Accrued and other liabilities	2,746,785	2,400,900
Total liabilities	400,873,662	363,514,479
Stockholders' Equity		
Preferred stock - $0.01 par value: Authorized - 2,000,000 shares at December 31, 2021 and 2020 None issued and outstanding	-	-
Common stock - Voting - $0.01 par value: Authorized - 8,000,000 shares at December 31, 2021 and 2020 Issued - 4,038,447 at December 31, 2021 and 2020 Outstanding - 2,442,377 and 2,614,655 shares at December 31, 2021 and 2020, respectively	40,384	40,384
Treasury stock, at cost, 1,596,070 and 1,423,792 shares at December 31, 2021 and 2020, respectively	(22,898,016)	(20,334,774)
Additional paid-in capital	32,015,831	32,015,831
Retained earnings	35,214,838	30,775,370
Accumulated other comprehensive (loss) income	(212,289)	267,825
Total stockholders' equity	44,160,748	42,764,636
Total liabilities and stockholders' equity	**$ 445,034,410**	**$ 406,279,115**

See notes to consolidated financial statements.

Consolidated Statement of Operations

Years Ended December 31, 2021 and 2020

	2021	2020
Interest Income		
Loans - Including fees	$ 17,259,593	$ 15,720,076
Investment securities	202,003	344,101
Dividends	3,827	5,919
Other	101,187	218,163
Total interest income	17,566,610	16,288,259
Interest Expense		
Deposits	1,123,708	2,025,095
Repurchase agreements	9,374	61,292
Other interest expense	3,697	243,906
Total interest expense	1,136,779	2,330,293
Net Interest Income	16,429,831	13,957,966
Provision for Loan Losses (Note 4)	1,341,964	856,347
Net Interest Income after Provision for Loan Losses	15,087,867	13,101,619
Noninterest Income (Expense)		
Service charges - Deposits	1,024,132	789,423
Gain on sale of investment securities	127,524	62,262
Increase in cash surrender of value of bank-owned life insurance	253,373	196,563
Gain (loss) on sale of real estate owned and other repossessed assets	7,953	(17,690)
Other	312,167	172,807
Total noninterest income	1,725,149	1,203,365
Noninterest Expense		
Salaries and employee benefits	5,813,766	5,143,507
Occupancy and equipment	1,684,519	1,590,720
Professional fees	291,128	405,341
Other	2,313,947	2,024,169
Total noninterest expense	10,103,360	9,163,737
Income - Before income taxes	6,709,656	5,141,247
Income Tax Expense (Note 10)	1,616,903	1,196,788
Net Income	**$ 5,092,753**	**$ 3,944,459**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Years Ended December 31, 2021 and 2020

	2021	2020
Net Income	$ 5,092,753	$ 3,944,459
Other Comprehensive (Loss) Income - Net of tax		
Unrealized (loss) gain on securities:		
Arising during the year	(512,628)	657,950
Reclassification adjustment	(127,524)	(62,262)
Tax effect	160,038	(148,922)
Total other comprehensive (loss) income	(480,114)	446,766
Comprehensive Income	**$ 4,612,639**	**$ 4,391,225**

See notes to consolidated financial statements.

Consolidated Statement of Stockholders' Equity

Years Ended December 31, 2021 and 2020

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance - January 1, 2020	$ 38,988	$ (19,372,179)	$ 29,706,202	$ 27,472,882	$ (178,941)	$ 37,666,952
Comprehensive income:						
Net income	-	-	-	3,944,459	-	3,944,459
Other comprehensive income	-	-	-	-	446,766	446,766
Issuance of 139,639 shares of common stock, at $0.01 par value, for a subscription price of $16.55 per share	1,396	-	2,309,629	-	-	2,311,025
Purchase of 60,200 shares of treasury stock	-	(962,595)	-	-	-	(962,595)
Dividends declared	-	-	-	(641,971)	-	(641,971)
Balance - December 31, 2020	40,384	(20,334,774)	32,015,831	30,775,370	267,825	42,764,636
Comprehensive income:						
Net income	-	-	-	5,092,753	-	5,092,753
Other comprehensive loss	-	-	-	-	(480,114)	(480,114)
Purchase of 172,278 shares of treasury stock	-	(2,563,242)	-	-	-	(2,563,242)
Dividends declared	-	-	-	(653,285)	-	(653,285)
Balance - December 31, 2021	**$ 40,384**	**$ (22,898,016)**	**$ 32,015,831**	**$ 35,214,838**	**$ (212,289)**	**$ 44,160,748**

See notes to consolidated financial statements.

First Bancshares, Inc. and Subsidiary

Consolidated Statement of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Net income	$ 5,092,753	$ 3,944,459
Adjustments to reconcile net income to net cash and cash equivalents from operating activities:		
Depreciation and amortization	776,504	785,896
Provision for loan losses	1,341,964	856,347
Net premium amortization of securities	81,517	140,593
Deferred income taxes	(145,906)	(323,947)
Gain on sale of premises and equipment	(129,777)	(56,482)
(Gain) loss on sale of real estate owned and repossessed assets	(7,953)	17,690
Gain on sale of investment securities	(127,524)	(62,262)
Write-down of real estate owned	-	11,841
Net change in:		
Increase in cash surrender value of bank-owned life insurance	(253,373)	(196,563)
Decrease (increase) in other assets	462,067	(1,922,488)
Decrease (increase) in accrued and other liabilities	344,874	(565,391)
Net cash and cash equivalents provided by operating activities	7,435,146	2,629,693
Cash Flows from Investing Activities		
Net increase (decrease) in interest-bearing deposits in other financial institutions	602,432	(31,545,597)
Proceeds from sales, maturities, and principal paydowns of securities available for sale	22,057,039	39,294,260
Proceeds from calls and maturities of securities held to maturity	4,617	3,297
Net decrease in loans receivable	(50,597,497)	(23,408,809)
Proceeds from sales of real estate owned and repossessed assets	25,373	300,545
Additions to premises and equipment	(1,490,535)	(1,340,304)
Purchase of Federal Home Loan Bank stock	(46,300)	(3,200)
Proceeds from sales of premises and equipment	1,149,998	55,236
Purchase of additional bank-owned life insurance	-	(2,840,000)
Purchase of securities available for sale	(15,926,687)	(20,030,442)
Net cash and cash equivalents used in investing activities	(44,221,560)	(39,515,014)
Cash Flows from Financing Activities		
Net increase in deposits	39,648,381	53,224,739
Net decrease in federal funds purchased and securities sold under agreements to repurchase	(1,135,130)	(4,060,961)
Repayment of subordinated borrowings	(2,500,000)	(2,084)
Repayment of Federal Home Loan Bank borrowings	(499,953)	-
Proceeds from Federal Home Loan Bank borrowings	-	561
Issuance of common stock	-	2,311,025
Purchase of common stock for treasury	(2,563,242)	(962,595)
Cash dividends paid on common stock	(653,285)	(641,971)
Proceeds from subordinated borrowings	1,500,000	-
Net cash and cash equivalents provided by financing activities	33,796,771	49,868,714
Net (Decrease) Increase in Cash and Cash Equivalents	(2,989,643)	12,983,393
Cash and Cash Equivalents - Beginning of year	16,385,624	3,402,231
Cash and Cash Equivalents - End of year	**$ 13,395,981**	**$ 16,385,624**
Supplemental Cash Flow Information - Cash paid for		
Interest on deposits and other borrowings	$ 1,243,650	$ 2,327,687
Income taxes	1,752,280	1,503,541

See notes to consolidated financial statements.

Note 1 - Nature of Business

First Bancshares, Inc., a Missouri corporation (the "Company"), is a bank holding company. First Bancshares, Inc.'s wholly owned subsidiary is Stockmens Bank (the "Bank"). The Bank is primarily engaged in providing a full range of banking and mortgage services to individual and corporate customers in southern Missouri, eastern Colorado, and southwestern Nebraska. The Company and the Bank are also subject to regulation by certain federal and state agencies and undergo periodic examinations by those regulatory authorities.

Note 2 - Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, the Bank, and the Bank's wholly owned subsidiary, SB Cascade. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses.

Concentrations of Credit Risk

Most of the Company's lending activity is with customers located within Missouri, Colorado, and Nebraska. The customers are located in 11 counties in southwest Missouri, 3 rural counties in southwestern Nebraska, 1 county in northeast Colorado, and 4 counties surrounding the metropolitan area of Colorado Springs, Colorado. The Company's loan portfolio consists of residential real estate, commercial real estate (including farm land), land, commercial (including agricultural), and consumer loans. As of December 31, 2021 and 2020, the Company does not have any significant concentrations within any one industry or with any one customer.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and deposits with other financial institutions. Cash equivalents include highly liquid instruments with an original maturity of three months or less. Cash flows from interest-bearing deposits in other financial institutions, loans, deposits, and retail repurchase agreements are reported net.

Interest-bearing Deposits in Other Financial Institutions

Interest-bearing deposits in other financial institutions are carried at cost and consist of certificates of deposit, money market accounts, and other balances due from banks with original maturities of more than three months. All certificates of deposit in other financial institutions had balances less than $250,000 and, as such, were fully insured by the FDIC.

Securities

Securities designated as available for sale provide the Company with certain flexibility in managing its investment portfolio. Such securities are reported at fair value on the consolidated balance sheet. For debt securities, unrealized gains and losses are excluded from income and reported net of applicable income taxes as a component of comprehensive income.

Note 2 - Significant Accounting Policies (Continued)

Changes in unrealized gain or loss for equity securities with a readily determinable fair value are recorded through earnings. Equity securities without a readily determinable fair value are evaluated for impairment with any impairment recorded through earnings.

The Company also has securities held to maturity, which are designated as such because they are not intended to be sold until maturity and management has the intent and ability to hold them until maturity. Securities held to maturity are carried at amortized cost, with revenue recognized on an effective-yield basis.

Interest income on securities is recognized on the interest method according to the terms of the security. Gains or losses on sales of securities are recognized in operations at the time of sale and are determined by the difference between the net sales proceeds and the cost of the securities using the specific-identification method, adjusted for any unamortized premiums or discounts. Discounts are accreted into interest income over the estimated life of the related security, and premiums are amortized against income to the earlier of the call date or weighted-average life of the related security using the interest method.

To determine if an other-than-temporary impairment exists on a debt security, the Company first determines if (a) it intends to sell the security or (b) it is more likely than not that it will be required to sell the security before its anticipated recovery. If either of the conditions is met, the Company will recognize an other-than-temporary impairment in earnings equal to the difference between the fair value of the security and its adjusted cost basis. If neither of the conditions is met, the Company determines (a) the amount of the impairment related to credit loss and (b) the amount of the impairment due to all other factors. The difference between the present values of the cash flows expected to be collected and the amortized cost basis is the credit loss. The amount of the credit loss is included in the consolidated statement of operations as an other-than-temporary impairment on securities and is an adjustment to the cost basis of the security. The portion of the total impairment that is related to all other factors is included in other comprehensive income.

Federal Home Loan Bank Stock

The Bank is a member of the Federal Home Loan Bank (FHLB) system and, as such, is required to maintain an investment in the capital stock of the FHLB of Topeka. The stock does not have a readily determinable fair market value and, as such, is carried at cost and evaluated for impairment annually. There have been no other-than-temporary impairments recorded on this security.

Loans

The Company grants real estate, land, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by loans throughout Colorado, Missouri, and Nebraska. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in these areas.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan's yield using the interest method.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

Note 2 - Significant Accounting Policies (Continued)

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. Any interest payments received on nonaccrual loans are accounted for as a reduction to the unpaid principal balance of the nonaccrual loan for financial reporting purposes. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. If a loan is returned to accrual, the interest payments previously received continue to be reported as a reduction of the unpaid principal balance until the loan is paid off, at which time the interest payments are recognized in interest income.

Allowance for Loan Losses

The allowance for loan losses (the "allowance") is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general, and unallocated components. The specific reserve relates to loans that are classified as impaired, and an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan are lower than the carrying value of that loan. The general component covers all other loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

A troubled debt restructuring of a loan is undertaken to improve the likelihood that the loan will be repaid in full under the modified terms in accordance with a reasonable repayment schedule and is classified as impaired. All modified loans are evaluated to determine whether the loan should be reported as a troubled debt restructuring (TDR). A loan is a TDR when the Company, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower by modifying or renewing a loan under terms that the Company would not otherwise consider. To make this determination, the Company must determine whether (a) the borrower is experiencing financial difficulties and (b) the Company granted the borrower a concession. This determination requires consideration of all of the facts and circumstances surrounding the modification. An overall general decline in the economy or some level of deterioration in a borrower's financial condition does not inherently mean the borrower is experiencing financial difficulties.

Note 2 - Significant Accounting Policies (Continued)

Some of the factors considered by management when determining whether a borrower is experiencing financial difficulties are: (1) the borrower is currently in default on its debts, (2) the borrower has declared or is in the process of declaring bankruptcy, and (3) absent the current modification, the borrower would likely default.

Off-balance-sheet Instruments

Financial instruments include off-balance-sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Real Estate Owned and Repossessed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and initially recorded at the fair value of the real estate, less estimated costs to sell, through a charge to the allowance for loan losses, if necessary. Subsequent to foreclosure, valuations are periodically performed by management, and write-downs required by changes in estimated fair value are charged against earnings through a valuation allowance and reported in other noninterest expenses.

Bank-owned Life Insurance

The Company has purchased life insurance policies on certain key officers. Bank-owned life insurance is recorded at its cash surrender value or the amount that can be realized upon immediate liquidation.

Premises and Equipment

Land and land improvements are carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation, computed on the straight-line method over the estimated useful lives of the assets. Additions, major replacements, and improvements are added to the respective balance at cost. Buildings and investment in real estate have estimated useful lives ranging from 15 to 40 years. All other assets have estimated useful lives ranging from 3 to 10 years, with improvements being depreciated over the remaining estimated life of the related asset. Maintenance, repairs, and minor replacements are charged directly to expense as incurred.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of the right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Impairment of Long-lived Assets

The Company reviews the recoverability of long-lived assets, including buildings, equipment, and other intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

Note 2 - Significant Accounting Policies (Continued)

Repurchase Agreements

Substantially all repurchase agreement liabilities represent amounts advanced by various customers. Securities are pledged to cover these liabilities, which are not covered by federal deposit insurance. Securities sold under agreements to repurchase generally mature within one day to 12 months from the transaction date.

Goodwill and Intangibles

Goodwill results from the Company's acquisition of Stockmens Bank effective July 31, 2017 and represents the excess of the purchase price over the fair value of the acquired assets, liabilities, and identifiable intangible assets. Goodwill is subject to an impairment test annually or more often if conditions indicate a possible impairment.

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized but rather is assessed at least on an annual basis for impairment.

No impairment charge was recognized during the years ended December 31, 2021 and 2020. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term.

The core deposit intangible asset resulted from the acquisition and is amortized using the straight-line method over its useful life of 8.1 years. The core deposit intangible had an original value of $1,144,000, and amortization expense for the years ended December 31, 2021 and 2020 was $142,955.

Income Taxes

The Company files its tax return on a consolidated basis with its subsidiary. The entities follow the direct reimbursement method of accounting for income taxes under which income taxes or credits that result from the subsidiary’s inclusion on the consolidated tax return are paid to or received from the parent company.

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the various temporary differences between the book and tax bases of the various consolidated balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. A valuation allowance, if needed, reduces the deferred tax assets to the amount expected to be realized.

In accordance with guidance on accounting for uncertainty in income taxes, management evaluated the Company's tax position and does not believe the Company has any uncertain tax positions that require disclosure or adjustment to the financial statements.

Revenue Recognition

Deposit account transaction fees and other ancillary noninterest income related to the Bank’s deposit and lending activities are recognized as services are performed.

Service charges on deposit accounts consist of account analysis fees (i.e., net fees earned on analyzed business and public checking accounts), monthly service fees, check orders, and other deposit account-related fees. The Company’s performance obligation for account analysis fees and monthly service fees is generally satisfied, and the revenue is recognized over the period in which the service is provided. Check orders and other deposit account-related fees are largely transactional based; therefore, the Company’s performance obligation is satisfied, and related revenue is recognized at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers’ accounts.

Note 2 - Significant Accounting Policies (Continued)

Other noninterest income consists mostly of the change in the cash surrender value of bank-owned life insurance policies and some miscellaneous reimbursements. The change in the cash surrender value is recorded on a monthly basis, and reimbursements are recorded when received.

Stock-based Compensation

The Company applies the recognition and measurement of stock-based compensation accounting rules for stock-based compensation, which is referred to as the fair value method. Compensation cost is based on the fair value of equity issued to employees. No stock options have been granted since 2007.

Other Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. For the Company, other comprehensive income consists entirely of unrealized gains (losses) on securities available for sale, net of deferred taxes, and realized losses and gains on sales of securities.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU includes increased disclosures and various changes to the accounting and measurement of financial assets, including the Company's loans and available-for-sale and held-to-maturity debt securities. Each financial asset presented on the balance sheet would have a unique allowance for credit losses valuation account that is deducted from the amortized cost basis to present the net carrying value at the amount expected to be collected on the financial asset. The amendments in this ASU also eliminate the probable initial recognition threshold in current GAAP and, instead, reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The new credit loss guidance will be effective for the Company's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the first reporting period in which the guidance is effective. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. Early adoption for all institutions is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is in process of quantifying the impact of the new standard.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including February 11, 2022, which is the date the consolidated financial statements were available to be issued.

Note 3 - Securities

The details of the Company's investments in debt and equity securities at December 31 are as follows:

	2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale				
United States government and federal agency obligations	$ 10,996,994	$ -	$ (258,884)	$ 10,738,110
Municipal securities	3,486,328	12,197	(36,366)	3,462,159
Total available for sale	$ 14,483,322	$ 12,197	$ (295,250)	$ 14,200,269
Held to Maturity -				
Municipal securities	$ 105,520	$ -	$ -	$ 105,520

	2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale				
United States government and federal agency obligations	$ 9,997,076	$ 4,326	$ (1,782)	$ 9,999,620
Municipal securities	10,570,591	357,740	(3,184)	10,925,147
Total available for sale	$ 20,567,667	$ 362,066	$ (4,966)	$ 20,924,767
Held to Maturity -				
Municipal securities	$ 110,137	$ -	$ -	$ 110,137

The amortized cost and fair value of investment securities by contractual maturity at December 31, 2021 are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, such as residential mortgage-backed securities and collateralized mortgage obligations, are shown separately.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	$ 175,055	$ 175,141	$ -	$ -
Due in 1 through 5 years	9,119,506	8,954,782	-	-
Due after 5 years through 10 years	5,188,761	5,070,346	105,520	105,520
Total	$ 14,483,322	$ 14,200,269	$ 105,520	$ 105,520

During the years ended December 31, 2021 and 2020, gross realized gain on the sale of securities was $127,524 and $62,262, respectively.

The carrying value of securities pledged at December 31, 2021 and 2020 was approximately $13,770,000 and $16,475,000, respectively.

Note 3 - Securities (Continued)

Information pertaining to investment securities with gross unrealized losses at December 31, 2021 and 2020, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows:

	2021					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Available-for-sale securities:						
United States government and federal agency obligations	$ (228,265)	$ 9,768,730	$ (30,619)	$ 969,380	$ (258,884)	$ 10,738,110
Municipal securities	(36,366)	2,361,028	-	-	(36,366)	2,361,028
Total available-for-sale securities	$ (264,631)	$12,129,758	$ (30,619)	$ 969,380	$ (295,250)	$ 13,099,138

	2020					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Available-for-sale securities:						
United States government and federal agency obligations	$ (1,782)	$ 1,999,210	$ -	$ -	$ (1,782)	$ 1,999,210
Municipal securities	(3,184)	376,724	-	-	(3,184)	376,724
Total available-for-sale securities	$ (4,966)	$ 2,375,934	$ -	$ -	$ (4,966)	$ 2,375,934

As of December 31, 2021 and 2020, the portfolio had 21 and 3 securities, respectively, in an unrealized loss position. Management evaluated its investments with unrealized losses for impairment, and, based on the Company's ability and intent to hold the investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2021 and 2020.

Note 4 - Loans and Allowance for Loan Losses

At December 31, 2021 and 2020, loans consisted of the following:

	2021	2020
Residential real estate	$ 80,635,721	$ 76,009,241
Commercial real estate	175,904,051	136,967,402
Land	10,999,929	4,355,227
Commercial	75,797,845	76,076,814
Consumer	2,751,564	2,301,543
Total loans	346,089,110	295,710,227
Less allowance for loan losses	5,492,923	4,138,612
Less (plus) net deferred loan fees (costs)	170,630	(60,331)
Net loans	$ 340,766,817	$ 291,511,284

Note 4 - Loans and Allowance for Loan Losses (Continued)

During 2020 and 2021, the Company funded loans under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) designed to provide liquidity to small businesses during the COVID-19 pandemic. The loans are guaranteed by the SBA, and loan proceeds to borrowers are forgivable by the SBA if certain criteria are met. As of December 31, 2021 and 2020, approximately $183,000 and $15,263,000, respectively, of PPP loans was included on the consolidated balance sheet. PPP processing fees received from the SBA were deferred along with loan origination costs and recognized as interest income using the effective-yield method. Upon forgiveness of a loan and resulting repayment by the SBA, any unrecognized net fee for a given loan is recognized as interest income. Fees of $1,790,181 and $305,926 were recognized in earnings during 2021 and 2020, respectively.

The Company's activity in the allowance for loan losses for the years ended December 31, 2021 and 2020, by loan segment, is summarized below:

	Year Ended December 31, 2021					
	Residential Real Estate	Commercial Real Estate	Land	Commercial	Consumer	Total
Beginning balance	$ 890,050	$ 1,791,814	$ 84,438	$ 1,332,734	$ 39,576	$ 4,138,612
Charge-offs	(21,089)	-	-	-	(1,922)	(23,011)
Recoveries	8,562	3,722	-	17,883	5,191	35,358
Provision	312,666	682,070	42,652	293,907	10,669	1,341,964
Ending balance	$ 1,190,189	$ 2,477,606	$ 127,090	$ 1,644,524	$ 53,514	$ 5,492,923
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ 2,844	$ 2,844
Collectively evaluated for impairment	1,190,189	2,477,606	127,090	1,644,524	50,670	5,490,079
Ending allowance balance	$ 1,190,189	$ 2,477,606	$ 127,090	$ 1,644,524	$ 53,514	$ 5,492,923
Loans:						
Individually evaluated for impairment	$ -	$ 433,483	$ -	$ 183,893	$ 720	$ 618,096
Collectively evaluated for impairment	80,635,721	175,470,568	10,999,929	75,613,952	2,750,844	345,471,014
Total loans	$ 80,635,721	$175,904,051	$ 10,999,929	$ 75,797,845	$ 2,751,564	$ 346,089,110

Note 4 - Loans and Allowance for Loan Losses (Continued)

	Year Ended December 31, 2020					
	Residential Real Estate	Commercial Real Estate	Land	Commercial	Consumer	Total
Beginning balance	$ 595,667	$ 1,365,170	$ 71,826	$ 1,275,361	$ 36,396	$ 3,344,420
Charge-offs	-	-	-	(221,591)	(12,104)	(233,695)
Recoveries	74,268	30,000	-	58,653	8,619	171,540
Provision	220,115	396,644	12,612	220,311	6,665	856,347
Ending balance	$ 890,050	$ 1,791,814	$ 84,438	$ 1,332,734	$ 39,576	$ 4,138,612
Ending allowance balance attributable to loans:						
Individually evaluated for impairment	$ 31,480	$ -	$ -	$ -	$ -	$ 31,480
Collectively evaluated for impairment	858,570	1,791,814	84,438	1,332,734	39,576	4,107,132
Ending allowance balance	$ 890,050	$ 1,791,814	$ 84,438	$ 1,332,734	$ 39,576	$ 4,138,612
Loans:						
Individually evaluated for impairment	$ 48,052	$ 190,075	$ -	$ 177,394	$ -	$ 415,521
Collectively evaluated for impairment	75,961,189	136,777,327	4,355,227	75,899,420	2,301,543	295,294,706
Total loans	$ 76,009,241	$136,967,402	$ 4,355,227	$ 76,076,814	$ 2,301,543	$ 295,710,227

There were no purchased credit impaired (PCI) loans acquired in the Stockmens Bank transaction in 2017. For non-PCI loans, loan fair value adjustments consist of an accreditable yield and credit loss component on each individual loan, which is accreted to loan interest income based on the straight-line method over the estimated remaining life of loans. As these acquired loans are recorded at fair value, they are excluded from the Company's allowance for loan loss analysis for the purpose of determining required reserves; however, they are included in the total loan balance in the tables above. Subsequent deterioration results in an increase to the allowance for loan losses and provision expense.

Credit Risk Grading

The Company categorized each loan into credit risk categories based on current financial information, overall debt service coverage, comparison against industry averages, collateral coverage, historical payment experience, and current economic trends. The Company uses the following definitions for credit risk ratings:

Pass

Credits not covered by the below definitions are pass credits, which are not considered to be adversely rated.

Special Mention

Loans classified as special mention, or watch credits, have a potential weakness or weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Note 4 - Loans and Allowance for Loan Losses (Continued)

Substandard

Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution may sustain some loss if the deficiencies are not corrected.

Doubtful

Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The Company's credit quality indicators, by loan segment and class, at December 31, 2021 and 2020 are summarized below:

	December 31, 2021				
	Pass	Special Mention	Substandard	Doubtful	Ending Balance
Residential real estate	$ 80,449,555	$ -	$ 186,166	$ -	$ 80,635,721
Commercial real estate	174,764,321	-	1,139,730	-	175,904,051
Land	10,999,929	-	-	-	10,999,929
Commercial	75,797,845	-	-	-	75,797,845
Consumer	2,751,564	-	-	-	2,751,564
Total	$ 344,763,214	$ -	$ 1,325,896	$ -	$ 346,089,110

	December 31, 2020				
	Pass	Special Mention	Substandard	Doubtful	Ending Balance
Residential real estate	$ 75,386,982	$ 334,125	$ 239,827	$ 48,307	$ 76,009,241
Commercial real estate	134,688,673	891,789	1,386,940	-	136,967,402
Land	4,355,227	-	-	-	4,355,227
Commercial	74,706,284	-	1,370,530	-	76,076,814
Consumer	2,301,543	-	-	-	2,301,543
Total	$ 291,438,709	$ 1,225,914	$ 2,997,297	$ 48,307	$ 295,710,227

The Company's credit quality indicator is internally assigned risk ratings. Each loan is assigned a risk rating upon origination. This risk is reviewed on commercial and commercial real estate loans greater than $250,000 on an annual basis or on an as-needed basis depending on circumstances. All other loans are reviewed on an as-needed basis depending on the specific circumstances of the loan.

Note 4 - Loans and Allowance for Loan Losses (Continued)

Age Analysis of Past-due Loans

The Company's age analysis of past-due loans at December 31, 2021 and 2020, by loan segment and class, is summarized below:

	December 31, 2021				
	30-89 Days Past Due	Nonaccrual Loans	Current Loans	Total Loans	Recorded Investment > 90 Days and Accruing
Residential real estate	$ 568,959	$ -	$ 80,066,762	$ 80,635,721	$ -
Commercial real estate	-	-	175,904,051	175,904,051	-
Land	-	-	10,999,929	10,999,929	-
Commercial	-	576,719	75,221,126	75,797,845	-
Consumer	31,598	-	2,719,966	2,751,564	-
Total	$ 600,557	$ 576,719	$ 344,911,834	$ 346,089,110	$ -

	December 31, 2020				
	30-89 Days Past Due	Nonaccrual Loans	Current Loans	Total Loans	Recorded Investment > 90 Days and Accruing
Residential real estate	$ 254,619	$ 48,052	$ 75,706,570	$ 76,009,241	$ -
Commercial real estate	-	190,075	136,777,327	136,967,402	-
Land	-	-	4,355,227	4,355,227	-
Commercial	-	177,394	75,899,420	76,076,814	-
Consumer	-	-	2,301,543	2,301,543	-
Total	$ 254,619	$ 415,521	$ 295,040,087	$ 295,710,227	$ -

Impaired Loans

Impaired loans, by loan segment and class, are as follows at December 31, 2021 and 2020:

	As of and for the Year Ended December 31, 2021		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:			
Commercial real estate	$ 433,483	$ 433,483	$ -
Commercial	183,893	183,893	-
Total with no related allowance recorded	617,376	617,376	-
With an allowance recorded - Consumer	720	720	2,844
Total	$ 618,096	$ 618,096	$ 2,844

Note 4 - Loans and Allowance for Loan Losses (Continued)

	As of and for the Year Ended December 31, 2020			
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment for the Year
With no related allowance recorded:				
Residential real estate	$ 8,062	$ 8,062	$ -	$ 8,062
Commercial real estate	190,075	243,044	-	190,075
Commercial	177,394	177,394	-	177,394
Total with no related allowance recorded	375,531	428,500	-	375,531
With an allowance recorded - Residential real estate	39,990	48,307	31,480	45,525
Total	$ 415,521	$ 476,807	$ 31,480	$ 421,056

Impaired loans for which no allowance has been provided as of December 31, 2021 and 2020 have adequate collateral based on management's current estimates. Average recorded investment and interest income recognized for the years ended December 31, 2021 and 2020 on these impaired loans are not material.

Troubled Debt Restructurings

A modification of a loan constitutes a troubled debt restructuring when a borrower is experiencing financial difficulty and the modification constitutes a concession. The Company offers various types of concessions when modifying a loan; however, forgiveness of principal is rarely granted.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed into law. Among other things, the CARES Act suspends the requirements related to accounting for TDRs for certain loan modifications related to the COVID-19 pandemic. As a result of the pandemic, the Company provided a modification program to borrowers that included certain concessions, such as interest-only or payment deferrals. The Company granted pandemic-related modifications and, as of December 31, 2021, no loans remained under a modification agreement. Regardless of whether a modification is classified as a TDR, the Company continues to apply policies for risk rating, accruing interest, and classifying loans as impaired.

Note 5 - Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment is as follows:

	2021	2020
Land	$ 1,048,296	$ 1,734,514
Buildings and building improvements	9,699,491	9,655,532
Furniture, fixtures, and equipment	6,488,485	5,983,599
Vehicles	91,493	91,493
Construction in progress	380,488	140,801
Total cost	17,708,253	17,605,939
Accumulated depreciation	(8,497,600)	(8,232,051)
Net premises and equipment	$ 9,210,653	$ 9,373,888

Depreciation expense for 2021 and 2020 totaled approximately $558,000 and $581,000, respectively.

Note 6 - Leases

The Company is obligated under an operating lease from a related party for the Bank's full-service branch office in Colorado Springs, Colorado, expiring in 2031. The Company has the option to renew this lease for one additional term of 36 months. The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. The right-to-use asset and related lease liability have been calculated using a discount rate ranging between 1.75 percent and 3.63 percent, which is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors. The lease requires the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $177,866 and $165,873 for 2021 and 2020, respectively.

The Company has made a policy election to not separate lease and nonlease components for the operating lease. Therefore, the full amount of the lease payment is included in the recorded right-to-use asset and lease liability. The right-to-use asset is included in premises and equipment, and the lease liability is included in accrued and other liabilities on the consolidated balance sheet.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2022	$ 183,144
2023	183,144
2024	183,144
2025	183,144
2026	183,144
Thereafter	1,250,718
Total	2,166,438
Less amount representing interest	392,110
Present value of net minimum lease payments	1,774,328
Long-term obligations under leases	$ 1,774,328

Note 7 - Deposits

The following is a summary of the distribution of deposits at December 31, 2021 and 2020:

	2021	2020
Interest-bearing deposits	$ 143,629,779	$ 167,459,104
Non-interest-bearing deposits	140,539,987	79,836,896
Savings	36,180,925	27,407,453
Money market savings	14,562,442	15,139,860
Certificates of deposit	61,224,048	66,645,487
Total	$ 396,137,181	$ 356,488,800

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2021 and 2020 totaled $10,887,254 and $11,331,139, respectively.

Note 7 - Deposits (Continued)

At December 31, 2021, the scheduled maturities of time deposits are as follows:

Years Ending	Amount
2022	$ 39,678,775
2023	11,247,994
2024	5,131,785
2025	3,234,014
2026	1,798,987
Thereafter	132,493
Total	$ 61,224,048

Note 8 - Repurchase Agreements

The Bank offers repurchase agreements as an additional product offering to its customers. Repurchase agreements allow customers to have excess checking account balances swept from the checking accounts into a noninsured, interest-bearing account. The customers' investment in these noninsured accounts is collateralized by securities of the Bank pledged at FHLB for that purpose. The agreements mature daily and carry a weighted-average interest rate of 0.50 percent and 0.66 percent at December 31, 2021 and 2020, respectively.

Note 9 - Borrowings

The Company had advances from the Federal Home Loan Banks of Topeka totaling $499,953 at December 31, 2020. The interest rate on the balance outstanding at 2020 was 1.89 percent. Interest was payable monthly, and the advance matured in 2021. The advances were collateralized by loans, under a blanket collateral agreement. The advances were subject to prepayment penalties and the provisions and conditions of the credit policy of the FHLB.

The Company entered into a line of credit on November 30, 2021 with Bankers' Bank of the West for an amount up to $5,000,000. The line of credit is collateralized by the stock of the Bank and matures on November 30, 2023. At December 31, 2021, there was $1,500,000 outstanding on the line of credit with a variable interest rate based on the national prime rate with a floor of 3.25 percent. As of December 31, 2021, the interest rate was 3.25 percent.

At December 31, 2021, the Company had outstanding letters of credit at the FHLB of approximately $11,750,000. These letters of credit were collateralized by a collateral pledge agreement under which the Company had pledged loans with a carrying value of approximately $36,200,000 at December 31, 2021.

On September 30, 2015, the Company signed a promissory note payable to Community Funding CLO, Ltd. for $2,500,000. In January 2021, the note was paid in full. The note had a maturity date of October 1, 2025 and interest at a rate of 7.10 percent, fixed for the remaining life of the note. The Company was able to pay down the note without penalty upon the five-year anniversary of the closing date. The debt was unsecured and subordinate to claims of senior and general creditors.

Future obligations from borrowings are as follows at December 31, 2021:

Years Ending	Amount
2022	$ -
2023	1,500,000
Total	$ 1,500,000

Note 10 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows:

	2021	2020
Current income tax expense	$ 1,762,809	$ 1,520,735
Deferred income tax benefit	(145,906)	(323,947)
Total income tax expense	$ 1,616,903	$ 1,196,788

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2021	2020
Income tax expense, computed at 21 percent of pretax income	$ 1,409,027	$ 1,079,662
State income tax expense	299,009	260,821
Tax-exempt income	(21,144)	(29,552)
Bank-owned life insurance	(53,208)	(41,278)
Other - Net	(16,781)	(72,865)
Total provision for income taxes	$ 1,616,903	$ 1,196,788

The details of the net deferred tax asset are as follows:

	2021	2020
Deferred tax assets:		
Allowance for doubtful accounts	$ 1,370,675	$ 1,027,901
Loan fair value adjustment	55,660	103,818
Net unrealized loss on available-for-sale securities	70,763	-
Tenant allowance	102,479	111,021
Unearned PPP fee income	-	75,208
Other	-	252
Gross deferred tax assets	1,599,577	1,318,200
Deferred tax liabilities:		
Premises and equipment	(440,349)	(395,757)
Net unrealized gain on available-for-sale securities	-	(89,275)
Core deposit intangible	(127,826)	(162,734)
Investment in partnership interest	(101,833)	(71,641)
FHLB stock dividends	(5,279)	(5,254)
Prepaid expenses	(55,267)	(57,599)
Deferred loan costs - Net of fees	(42,578)	(60,224)
Other	(44,796)	(11)
Gross deferred tax liabilities	(817,928)	(842,495)
Net deferred tax asset	$ 781,649	$ 475,705

Note 11 - Goodwill and Intangible Assets

Intangible assets of the Company as of and for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021		2020	
	Net Carrying Amount	Amortization Expense	Net Carrying Amount	Amortization Expense
Amortized intangible assets - Core deposit intangible	$ 512,255	$ 142,955	$ 655,210	$ 142,955

The balance of goodwill for the years ended December 31, 2021 and 2020 was the result of the Stockmens Bank acquisition in 2017. Goodwill has an indefinite life.

The recorded amounts of goodwill at December 31, 2021 and 2020 are as follows:

	2021	2020
Goodwill	$ 1,431,179	$ 1,431,179

Note 12 - Employee Benefit Plans

The Bank had participated in a multiple-employer defined benefit pension plan covering substantially all employees. In fiscal year 2006, the Bank opted to freeze the plan. Participants in the plan became entitled to their vested benefits at the date it was frozen. The Bank limited its future obligations to the funding amount required by the annual actuarial evaluation of the plan and administrative costs. No participants will be added to the plan. Pension expense for the years ended December 31, 2021 and 2020 was approximately $60,000 and $150,000, respectively.

The Stockmens Bank Employee Stock Ownership Plan and Trust and the Stockmens Bank 401(k) Savings Plan (together replacing the First Home Bank Employee Stock Ownership and 401(k) Plan as of January 1, 2020) cover all employees who are age 18 and have completed 90 days of service (age 21 and six months of service until January 1, 2020). The Company makes contributions on a matching basis of 100 percent on the first 3 percent of employee deferrals and 50 percent on the next 2 percent of employee deferrals. Expense for the employee stock ownership and 401(k) plans for the years ended December 31, 2021 and 2020 was $182,172 and $195,368, respectively.

Note 13 - Stock Option Plan

During 2019, the Company approved the First Bancshares, Inc. 2019 Stock Option Plan (the "Plan"), which permits the grant of incentive stock or nonqualified stock options to its participants for up to 100,000 shares of common stock. Eligible participants in the Plan consist of directors, emeritus directors, or employees of the Company. The Company believes that such awards better align the interests of its participants with those of its stockholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant. Compensation expense for stock-based awards is recorded over the vesting period at the fair value of the award at the time of grant. No compensation expense has been recognized as of December 31, 2021 and 2020, as no stock options have been granted.

Note 14 - Related Party Transactions

Certain employees, officers, and directors are engaged in transactions with the Bank in the ordinary course of business. It is the Bank's policy that all related party transactions be conducted at arm's length and that all loans and commitments included in such transactions be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers.

Loans to officers and directors as of December 31, 2021 and 2020 were $9,808,834 and $10,042,779, respectively.

Note 15 - Commitments and Contingencies

Credit-related Financial Instruments

The Company is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

Contract Amounts

As of December 31, 2021 and 2020, the following financial instruments whose contract amounts represent credit risk were outstanding:

	Contract Amount	
	2021	2020
Commitments to grant loans	$ 91,550,000	$ 57,326,000
Unfunded commitments under lines of credit	96,836,000	84,799,000
Standby letters of credit	13,258,000	5,114,000
Total	$ 201,644,000	$ 147,239,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines, and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are collateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are used primarily to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved is extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

Note 15 - Commitments and Contingencies (Continued)

To reduce credit risk related to the use of credit-related financial instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained are based on the Company's credit evaluation of the customer. Collateral held varies but may include cash, securities, accounts receivable, inventory, property, plant, equipment, and real estate.

Note 16 - Fair Value of Financial Instruments

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices; however, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Fair value accounting standards exclude certain financial instruments and all nonfinancial instruments from their disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Corporation.

The carrying amounts and fair values of financial instruments are as follows:

	December 31, 2021		December 31, 2020	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets				
Cash and cash equivalents	$ 13,395,981	$ 13,395,981	$ 16,385,624	$ 16,385,624
Interest-bearing deposits in other financial institutions	48,433,050	48,433,050	49,035,482	49,035,482
Available-for-sale securities	14,200,269	14,200,269	20,924,767	20,924,767
Held-to-maturity securities	105,520	105,520	110,137	110,137
Federal Home Loan Bank stock - Cost	408,100	408,100	361,800	361,800
Loans - Net of allowance for loan losses	340,766,817	342,445,624	291,511,284	290,799,504
Accrued interest receivable	2,074,679	2,074,679	2,518,857	2,518,857
Financial Liabilities				
Deposits	396,137,181	378,739,428	356,488,800	350,279,409
Repurchase agreements	489,696	482,373	1,624,826	1,639,364
Federal Home Loan Bank borrowings	-	-	499,953	500,571
Accrued interest payable	76,928	76,928	173,844	173,844
Subordinated borrowings	-	-	2,500,000	3,273,784

Note 17 - Minimum Regulatory Capital Requirements

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines.

Note 17 - Minimum Regulatory Capital Requirements (Continued)

The federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework, for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Company. This final rule is applicable to all non-advanced approaches of FDIC-supervised institutions with less than $10 billion in total consolidated assets. The community bank leverage ratio removes the requirement to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. The community bank leverage ratio will be 8 percent for 2020, 8.5 percent for calendar year 2021, and 9 percent for calendar year 2022 and beyond. If the minimum ratio is met, banks adopting the framework are considered well capitalized for prompt corrective action purposes. The rule allows for a two-quarter grace period to correct a ratio that falls below the required amount and allows for the reversion back to the risk-weighting framework without restriction.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

As of the latest consolidated balance sheet date, the most recent regulatory notifications categorized the Company as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company must maintain minimum ratios as set forth in the following table. Management believes, as of December 31, 2021 and 2020, that the Company met all capital adequacy requirements to which it is subject. There are no conditions or events since that notification that management believes have changed the institution's category.

	Actual		Minimum for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(000s omitted)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2021						
Tier 1 capital (to average assets)	$ 43,583	9.97 %	$ -	- %	$ 37,157	8.50 %
As of December 31, 2020						
Tier 1 capital (to average assets)	39,325	9.83	-	-	32,017	8.00

Note 18 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 18 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

The following tables present information about the Company's assets measured at fair value on a recurring basis at December 31, 2021 and 2020 and the valuation techniques used by the Company to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Securities available for sale:				
United States government and federal agency obligations	$ -	$ 10,738,110	$ -	$ 10,738,110
Municipal securities	-	3,462,159	-	3,462,159
Total securities available for sale	$ -	$ 14,200,269	$ -	$ 14,200,269

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Securities available for sale:				
United States government and federal agency obligations	$ -	$ 9,999,620	$ -	$ 9,999,620
Municipal securities	-	10,925,147	-	10,925,147
Total securities available for sale	$ -	$ 20,924,767	$ -	$ 20,924,767

The fair value of securities available for sale at December 31, 2021 was determined primarily based on Level 2 inputs. The Company estimates the fair value of these investments based on quoted prices for similar assets in active markets.

Note 18 - Fair Value Measurements (Continued)

The Company also has assets that, under certain conditions, are subject to measurement at fair value on a nonrecurring basis. These assets include the following:

Impaired Loans

The Company does not record loans at fair value on a recurring basis. From time to time, a loan is considered impaired, and an allowance for loan losses is established. Once a loan has been identified as impaired, management measures impairment based upon the value of the underlying collateral. Collateral may be real estate and/or business assets, including equipment, inventory, and/or accounts receivable. Loan impairment is measured based upon the present value of expected future cash flows at the loan's effective interest rate, except, where more practical, it is measured at the observable market price of the discounted loan based upon appraisals by qualified licensed appraisers hired by the Company. Loan impairments are generally considered Level 3 measurements. In some cases, adjustments are made to the appraised values due to various factors, including age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral. When significant adjustments are based on unobservable inputs, the resulting fair market measurement is categorized as a Level 3 measurement.

Real Estate Owned and Other Repossessed Assets

Real estate owned and other repossessed assets are carried at the estimated fair value of the property, less disposal costs. The fair value of the property is determined based upon appraisals and market valuations. As with impaired loans, if significant adjustments are made to the appraised value, based upon unobservable inputs, the resulting fair value measurement is categorized as a Level 3 measurement.

The Company has estimated the fair values of these assets based primarily on Level 3 inputs, as summarized below:

	Assets Measured at Fair Value on a Nonrecurring Basis at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Impaired loans	$ -	$ -	$ 615,252	$ 615,252

	Assets Measured at Fair Value on a Nonrecurring Basis at December 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Real estate owned and other repossessed assets	$ -	$ -	$ 17,420	$ 17,420
Impaired loans	-	-	384,041	384,041

FIRST BANCSHARES, INC. AND SUBSIDIARIES

ADDITIONAL INFORMATION

COMMON STOCK INFORMATION

The common stock of First Bancshares, Inc. is traded on the Over-the-Counter Bulletin Board under the symbol "FBSI". As of March 18, 2022, there were 289 registered stockholders and 2,442,377 shares of common stock outstanding. This does not reflect the number of persons or entities who hold stock in nominee or "street name."

Due to the financial results of the company, the Board of Directors authorized the payment of a $0.30/share cash dividend to the shareholders of record as of March 15th, 2022, payable on April 1st, 2022.

Dividend payments by the Company are dependent on its cash flows, which include reimbursement from the operation of real estate owned by the Company and dividends received by the Company from the Bank. Under Federal regulations, the dollar amount of dividends a bank may pay is dependent upon the bank's capital position and recent net income. Generally, if the Bank satisfies its regulatory capital requirements, it may make dividend payments up to the limits prescribed by the FDIC regulations. However, institutions that have converted to stock form of ownership, like Stockmens Bank, may not declare or pay a dividend on, or repurchase any of, its common stock if the effect thereof would cause the regulatory capital of the institution to be reduced below the amount required for the liquidation account which was established in accordance with federal banking regulations and the Bank's Plan of Conversion. Under Missouri law, the Company is generally prohibited from declaring and paying dividends at a time when the Company's net assets are less than its stated capital or when the payment of dividends would reduce the Company's net assets below its stated capital.

The Company's Board of Directors authorized a stock repurchase plan in October 2019 and extended the plan several times to repurchase up to 216,849 shares of the Company's stock. March 18, 2022, 191,849 authorized shares had been repurchased at an average price of $14.74 per share.

The following table sets forth market price and dividend information for the Company's common stock.

Year Ended December 31, 2020	High	Low	Dividend
First Quarter	$ 14.00	$ 14.00	0.24
Second Quarter	$ 14.00	$ 14.00	N/A
Third Quarter	$ 13.50	$ 13.50	N/A
Fourth Quarter	$ 13.01	$ 13.01	N/A

Year Ended December 31, 2021	High	Low	Dividend
First Quarter	$ 15.00	$ 11.25	0.25
Second Quarter	$ 15.90	$ 14.25	N/A
Third Quarter	$ 15.90	$ 14.80	N/A
Fourth Quarter	$ 17.15	$ 15.25	N/A

DIRECTORS

FIRST BANCSHARES, INC.

DIRECTORS:

Robert M. Alexander
Chairman and
Chief Executive Officer

Robert J. Breidenthal, Jr.
Vice Chairman
Security Bank of Kansas City

D. Edward Sauer
Director
First Bancshares, Inc.

John G. Moody
Director
First Bancshares, Inc.

Bradley M. Segebarth
Chief Operating Officer
Lebanon Auto Transport

Jeffrey Timmerman
Owner/Operator
Sunset Land & Cattle

Thomas M. Sutherland
One of the owners and operators of Sutherland
Home Improvement Centers group of stores

STOCKMENS BANK

DIRECTORS:

Robert M. Alexander
Chairman and
Chief Executive Officer

D. Edward Sauer
Vice Chairman

Brady J. Nachtrieb, CPA
Chief Financial Officer

Judith Ingels
Executive Vice President

John Gumper
Executive Vice President

Robert J. Breidenthal, Jr.
Director

Thomas M. Sutherland
Director

Elaine Durham
Senior Vice President

Jeffrey Timmerman
Director

Bradley M. Segebarth
Director

E. Steve Moody
Missouri President

David C. Warner
Colorado President

ADVISORY DIRECTORS:

John G. Moody
Matthew Springer
Steven McConville

EXECUTIVE OFFICERS

FIRST BANCSHARES, INC.

OFFICERS:
Robert M. Alexander
Chairman and
Chief Executive Officer

Brady J. Nachtrieb, CPA
Chief Financial Officer

E. Steve Moody
Vice President

Shannon Peterson
Corporate Secretary

Judith Ingels
Assistant Corporate Secretary

STOCKMENS BANK

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Chief Executive Officer

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Chief Financial Officer

John Gumper
Assistant Corporate Secretary
Executive Vice President

Judith Ingels
Executive Vice President

E. Steve Moody
Missouri President

David C. Warner
Colorado President

Shannon Peterson
Corporate Secretary
Vice President

CORPORATE INFORMATION

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COMMON STOCK:
Traded on the Over-the-Counter Bulletin
OTCQX Symbol: **FBSI**

ANNUAL MEETING

The Annual Meeting of Stockholders will be held Tuesday, April 26, 2022, at 11:00 a.m., Mountain Time, via virtual WebEx conference.

Please email annualmeeting@thestockmensbank.com by April 13, 2022 to receive the WebEx meeting details and invitation.

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Stockmens Bank is the wholly owned subsidiary of First Bancshares, Inc. with 10 convenient locations to serve the residents of Southern Colorado, Southern Missouri, and Southwestern Nebraska.

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