

**FIRST BANCSHARES, INC.**  
**142 East First Street**  
**Mountain Grove, Missouri 65711**

March 29, 2019

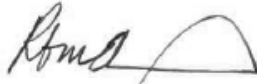
Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of First Bancshares, Inc., to be held on Tuesday, April 30, 2019 at 11:00 a.m., Mountain Time, at Stockmens Bank, located at 25 N. Cascade Avenue, Suite 100, Colorado Springs, Colorado.

The Notice of Annual Meeting of Shareholders and Proxy Statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on our operations and respond to appropriate questions from shareholders.

I, along with the other members of the Board of Directors, look forward to greeting you personally at the annual meeting. However, whether or not you plan to attend personally and regardless of the number of shares you own, it is important that your shares be represented. **You are urged to promptly sign, date and mail the enclosed proxy in the postage-paid envelope provided for your convenience or vote by telephone or over the Internet.** This will not prevent you from voting in person at the meeting but will assure that your vote is counted if you are unable to attend.

Very truly yours,



Robert M. Alexander  
Chairman, President and Chief Executive Officer



**FIRST BANCSHARES, INC.**  
**142 East First Street**  
**Mountain Grove, Missouri 65711**  
**Telephone: (417) 926-5151**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON TUESDAY, APRIL 30, 2019**

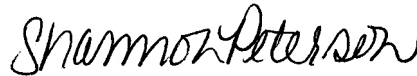
Notice is hereby given that the annual meeting of shareholders of First Bancshares, Inc. will be held on Tuesday, April 30, 2019 at 11:00 a.m., Mountain Time, at Stockmens Bank, located at 25 N. Cascade Avenue, Suite 100, Colorado Springs, Colorado, for the following purposes:

- Proposal 1: The election of three directors to each serve for a three-year term.
- Proposal 2: The approval and adoption of the First Bancshares, Inc. 2019 Stock Option Plan
- Proposal 3: The ratification of the Audit Committee's appointment of Plante Moran as our independent auditor for the year ending December 31, 2019.

We will also consider and act upon such other matters as may properly come before the meeting or any adjournments or postponements thereof. As of the date of this notice, we are not aware of any other business to come before the meeting.

The Board of Directors has fixed the close of business on March 22, 2019 as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of, and to vote at, the meeting and any adjournment thereof.

By Order of the Board of Directors



SHANNON PETERSON  
Secretary

Mountain Grove, Missouri  
March 29, 2019

**YOUR VOTE IS IMPORTANT**

**Whether or not you plan to attend the annual meeting in person, you are requested to complete, date, sign and return the enclosed proxy card in the envelope provided, which requires no postage if mailed in the United States. Alternatively, you may vote by telephone or over the Internet, following the instructions on the proxy card. If you attend the annual meeting, you may vote in person if you wish, even if you have previously voted.**



**PROXY STATEMENT  
OF  
FIRST BANCSHARES, INC.  
142 East First Street  
Mountain Grove, Missouri 65711  
Telephone: (417) 926-5151**

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**ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 30, 2019**

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The Board of Directors of First Bancshares, Inc. is using this proxy statement to solicit proxies from our shareholders for use at the annual meeting of shareholders. We are first mailing this proxy statement and the enclosed form of proxy to our shareholders on or about March 29, 2019.

The information provided in this proxy statement relates to First Bancshares, Inc. and its wholly-owned subsidiary, Stockmens Bank, a Colorado bank, which operates as Stockmens Bank in Colorado and Missouri and State Bank of Bartley in Nebraska. Beginning on March 31, 2019, we will no longer operate as First Home Bank in Missouri and instead will operate as Stockmens Bank. First Bancshares, Inc. may also be referred to as “First Bancshares.” References to “we,” “us” and “our” refer to First Bancshares and, as the context requires, Stockmens Bank.

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**INFORMATION ABOUT THE ANNUAL MEETING**

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**Date, Time and Place of Annual Meeting**

Our annual meeting of shareholders will be held as follows:

Date: Tuesday, April 30, 2019  
Time: 11:00 a.m., Mountain Time  
Place: Stockmens Bank, 25 N. Cascade Avenue, Suite 100, Colorado Springs, Colorado

**Matters to Be Considered at the Annual Meeting**

At the meeting, you will be asked to consider and vote upon the following proposals:

- Proposal 1: The election of three directors to each serve for a three-year term.
- Proposal 2: The approval and adoption of the First Bancshares, Inc. 2019 Stock Option Plan
- Proposal 3: The ratification of the Audit Committee’s appointment of Plante Moran as our independent auditor for the year ending December 31, 2019.

We also will transact any other business that may properly come before the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting other than the matters described in this proxy statement.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on April 30, 2019. Our Proxy Statement and Annual Report to Shareholders are available at [www.thestockmensbank.com](http://www.thestockmensbank.com).** The following materials are available for review:

- Proxy Statement;
- Proxy Card; and
- Annual Report to Shareholders.

Directions to attend the annual meeting, where you may vote in person, can be found online at the following website: [www.thestockmensbank.com](http://www.thestockmensbank.com).

## **Who is Entitled to Vote?**

You may vote at the annual meeting if you were the record owner of shares of our common stock at the close of business on March 22, 2019, which has been set as the record date. At the close of business on the record date, there were 2,539,516 outstanding shares of our common stock, par value of \$.01 per share. You are entitled to one vote for each share of First Bancshares common stock you own.

## **How Do I Vote at the Annual Meeting?**

Proxies are solicited to provide all shareholders of record on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. You are a shareholder of record if your shares of First Bancshares' common stock are held in your name. If you are a beneficial owner of First Bancshares common stock held by a broker, bank or other nominee (*i.e.*, in "street name"), please see the instructions in the following question.

Shares of First Bancshares' common stock can only be voted if the shareholder is present in person or by proxy at the annual meeting. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the meeting if you are a shareholder of record.

Voting instructions are included on your proxy card. You may vote by returning the proxy card by mail or by following the instructions on the proxy card for voting by telephone or over the Internet. Shares of First Bancshares' common stock represented by properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instruction as how to vote at the annual meeting, the persons named in the proxy will vote the shares FOR the election of each of our director nominees, FOR the approval and adoption of the First Bancshares, Inc. 2019 Stock Option Plan and, FOR the ratification of the appointment of Plante Moran as our independent auditor. If any other matters are properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment. We do not currently expect that any other matters will be properly presented for action at the annual meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. In this case, you will receive three separate proxy cards to vote.

## **What if My Shares Are Held in Street Name?**

If you are the beneficial owner of shares held in street name by a broker, your broker, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If you do not give instructions to your broker, your broker may nevertheless vote the shares with respect to discretionary items, but will not be permitted to vote your shares with respect to non-discretionary items, pursuant to current industry practice. In the case of non-discretionary items, shares not voted are treated as "broker non-votes." The proposal to elect directors is a non-discretionary item; therefore, you must provide instructions to your broker in order to have your shares voted in the election of directors.

If your shares are held in street name, you will need proof of ownership to be admitted to the annual meeting. A recent brokerage statement or letter from the record holder of your shares are examples of proof of ownership. If you want to vote your shares of common stock held in street name in person at the annual meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

## **How Will My Shares of Common Stock Held in the Employee Stock Ownership and 401(k) Plan Be Voted?**

We maintain an employee stock ownership and 401(k) plan for the benefit of our employees. If you participate in the employee stock ownership and 401(k) plan, the proxy card represents a voting instruction to the trustees of the plan as to the number of shares in your plan account. If a plan participant properly and timely executes the proxy card, the employee stock ownership and 401(k) plan trustees will vote the participant's shares in accordance with the participant's instructions.

Unallocated shares of First Bancshares common stock held by the employee stock ownership and 401(k) plan will be voted by trustees in the same proportion as shares for which the trustees have received properly and timely voting instructions. Allocated shares for which voting instructions are not timely or properly executed will be voted in such a manner as determined by the plan administrator.

### **How Many Shares Must Be Present to Hold the Meeting?**

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least a majority of the shares of First Bancshares common stock entitled to vote at the annual meeting as of the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

### **What if a Quorum Is Not Present at the Meeting?**

If a quorum is not present at the scheduled time of the annual meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given unless the meeting is adjourned for more than 90 days. An adjournment will have no effect on the business that may be conducted at the meeting.

### **Vote Required for Approval of Proposal 1: Election of Directors**

Directors are elected by a plurality of the votes cast, in person or by proxy, at the annual meeting by holders of First Bancshares common stock. Accordingly, the three nominees for election as directors who receive the highest number of votes actually cast will be elected. Pursuant to our Articles of Incorporation, shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from each nominee. Votes that are withheld and broker non-votes will have no effect on the outcome of the election because the three nominees receiving the greatest number of votes will be elected. **Our Board of Directors unanimously recommends that you vote FOR the election of each of its director nominees.**

### **Vote Required for Approval of Proposal 2: Approval and Adoption of the First Bancshares, Inc. 2019 Stock Option Plan**

Approval and adoption of the First Bancshares, Inc. 2019 Stock Option Plan requires the affirmative vote of the majority of the shares of First Bancshares common stock present, in person or by proxy, at the annual meeting by holders of First Bancshares common stock. Abstentions are not affirmative votes and, therefore, will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **Our Board of Directors unanimously recommends that you vote FOR the proposal to approve and adopt the First Bancshares, Inc. 2019 Stock Option Plan.**

### **Vote Required for Approval of Proposal 3: Ratification of Appointment of Independent Auditor**

Ratification of the Audit Committee's appointment of Plante Moran as our independent auditor for the year ending December 31, 2019 requires the affirmative vote of the majority of the shares of First Bancshares common stock present, in person or by proxy, at the annual meeting by holders of First Bancshares common stock. Abstentions are not affirmative votes and, therefore, will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **Our Board of Directors unanimously recommends that you vote FOR the proposal to ratify the appointment of Plante Moran as our independent auditor for the year ending December 31, 2019.**

### **Voting and Revocation of Proxies**

You may vote your shares in person by attending the annual meeting, or by mailing us your completed proxy or voting by telephone or over the Internet if you are unable or do not wish to attend. If a proxy card is submitted without instructions, the proxies will be voted FOR the director nominees, FOR approval and adoption of the First Bancshares, Inc. 2019 Stock Option Plan, and FOR the ratification of the appointment of Plante Moran as our independent auditor for the year ending December 31, 2019.

You can revoke your proxy at any time before the vote is taken at the annual meeting by filing an instrument of revocation with Shannon Peterson, Secretary, First Bancshares, Inc., 142 East First Street, Mountain Grove, Missouri 65711. You may also revoke your proxy by filing a duly executed proxy bearing a later date, by entering a new vote by telephone or over the Internet or by appearing at the annual meeting in person, notifying the Secretary, and voting by ballot at the annual meeting. Any shareholder of record attending the annual meeting may vote in person whether or not a proxy has been previously given, but the mere presence (without notifying the Secretary) of a shareholder at the annual meeting will not constitute revocation of a previously given proxy.

If your shares are held in street name and you wish to change your voting instructions after you have returned your voting instruction form to your broker or bank, you must contact your broker or bank.

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**SECURITY OWNERSHIP OF  
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

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The following table sets forth, as of March 22, 2019, the voting record date, information regarding share ownership of: (1) each director and executive officer of First Bancshares; and (2) all directors and executive officers of First Bancshares and Stockmens Bank as a group. There are no persons or entities (or groups of affiliated person or entities) known by management to beneficially own more than five percent of First Bancshares common stock other than directors and executive officers.

The table below includes shares owned by spouses, other immediate family members in trust, shares held in retirement accounts or funds for the benefit of the named individuals, and other forms of ownership, over which shares the persons named in the table may possess voting and/or investment power.

<i>Name</i>	<i>Number of shares beneficially owned</i>	<i>Percent of shares outstanding (%)</i>
<b><u>Directors</u></b>		
D. Mitch Ashlock	5,200	*
R.J. Breidenthal, Jr.	42,106 <sup>(1)</sup>	1.7
Mark E. Gardner	201,254 <sup>(2)</sup>	7.9
John G. Moody	8,100 <sup>(3)</sup>	*
D. Edward Sauer	--	*
Bradley M. Segebarth	104,533 <sup>(4)</sup>	4.1
Thomas M. Sutherland	20,156 <sup>(5)</sup>	*
Jeffrey Timmerman	96,798	3.8
<b><u>Named Executive Officers</u></b>		
Robert M. Alexander**	523,421 <sup>(6)</sup>	20.6
Jeffrey C. Palmer	3,383 <sup>(7)</sup>	*
Brady J. Nachtrieb	4,482 <sup>(8)</sup>	*
All Executive Officers and Directors as a Group (11 persons)	1,009,433	39.8

\* Less than 1%.

\*\* Also serves as a director.

(1) Includes 6,000 shares held jointly with his children.

(2) Includes 155,028 shares held jointly with his spouse.

(3) Includes 5,100 shares held jointly with his spouse.

(4) Includes 104,533 shares held jointly with his spouse.

(5) Includes 6,292 shares held in his individual retirement account, 1,006 shares held in his spouse's individual retirement account and 1,700 shares held in his children's trust accounts where he is the Trustee.

(6) Includes 29,743 shares held in his individual retirement account and 25,333 shares held by Paragon LLC. He is the managing member of Paragon LLC.

(7) Includes 1,700 shares held jointly with his spouse.

(8) Includes 510 shares held in his spouse's individual retirement account.



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**PROPOSAL 1 - ELECTION OF DIRECTORS**

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Our Board of Directors consists of nine members and is divided into three classes as nearly equal in number as possible. One-third of the directors are elected annually to serve for a three-year period or until their respective successors are elected and qualified.

The Nominating Committee of the Board of Directors selects nominees for election as directors and has nominated for election as directors John G. Moody, D. Edward Sauer and Jeffrey Timmerman, each to serve for a three-year term, or until their respective successors have been elected and qualified. Each of our nominees currently serve as directors and each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected.

**The Board of Directors recommends a vote FOR the election of John G. Moody, D. Edward Sauer and Jeffrey Timmerman, each for a three-year term.**

<i>Name</i>	<i>Age as of December 31, 2018</i>	<i>Year first appointed director</i>	<i>Director class</i>	<i>Term to expire</i>
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**BOARD NOMINEES**

John G. Moody	66	1993 (1)	II	2022 (2)
D. Edward Sauer	70	2018	II	2022 (2)
Jeffrey Timmerman	37	2018	II	2022 (2)

**DIRECTORS CONTINUING IN OFFICE**

D. Mitch Ashlock	61	2006	III	2020
Bradley M. Segebarth	55	2014	III	2020
Thomas M. Sutherland	67	2004	III	2020
Robert M. Alexander	55	2015	I	2021
R.J. Breidenthal, Jr.	71	2008	I	2021
Mark E. Gardner	65	2014	I	2021

- (1) Includes prior service on the Board of Directors of First Home Bank.  
(2) Assuming election or reelection.

Set forth below is the principal occupation of each nominee for director and each director continuing in office, as well as a brief description of the qualifications, attributes, skills and areas of expertise of each nominee or director that makes the director uniquely qualified to serve on First Bancshares' Board of Directors. All nominees and directors have held their present positions for at least five years unless otherwise indicated.

*John G. Moody* is a retired judge of the 44<sup>th</sup> Judicial Circuit of the State of Missouri and is retired from practicing law with the Pointer Law Office in Mountain Grove, Missouri. Mr. Moody provides the Board with legal expertise, in particular with respect to interpretation of laws and regulations, and Missouri law. In addition, Mr. Moody has a great deal of business experience, gained through his legal practice.

*D. Edward Sauer* serves as Vice Chairman of Stockmens Bank. Mr. Sauer has over 43 years of commercial banking experience in the Colorado market, serving as President and Chief Executive Officer of a large community bank in Colorado from 1987 until its sale in 2011. He also served as Chairman of the Board of the Colorado Bankers Association from 2009 to 2011. Through this experience Mr. Sauer has developed many relationships in the Colorado Legislature and the Federal Reserve Bank of Kansas City (and the Denver Branch), and the Colorado Banking Commission.

*Jeffrey Timmerman* is the Owner of Sunset Land & Cattle LLC. Mr. Timmerman grew up in the cattle feeding and ranching business in northeastern Colorado. He currently owns and manages several ranches in eastern Colorado. Mr. Timmerman has expertise in the cattle ranching industry, having past dealings with multiple western states and with western Canada. He also has extensive experience in agriculture markets and hedging analysis along with his ranch and farmland real estate knowledge.

*D. Mitch Ashlock* is Chairman, President and Chief Executive Officer of First Federal of Olathe Bancorp, Inc. and First Federal Savings and Loan Bank of Olathe. Mr. Ashlock's experience in the banking industry is a benefit to the Board of Directors.

*Bradley M. Segebarth* is a principal partner and Chief Operating Officer of Lebanon Auto Transport, Lebanon, Missouri, which operates over 120 transports in the United States. Mr. Segebarth own numerous small, businesses in the commercial and agriculture sectors. He has extensive experience buying and selling real estate in Southwest Missouri, including farms, commercial real estate and residential real estate.

*Thomas M. Sutherland* serves as Vice Chairman of Commercial Bank, Parsons, Kansas, and as director of Kansas State Bank and Ottawa Bancshares, Inc., Ottawa, Kansas. He served as First Home Bank's Chairman from 2005 until May 2011 and as its Chief Executive Officer from November 2008 until May 2011. In addition to banking activities, Mr. Sutherland is an owner and operator of a group of Sutherland's retail lumber and home improvement stores. He brings his extensive experience in business management, as well as his knowledge of real estate to the Board.

*Robert M. Alexander* was appointed as our Chairman, President and Chief Executive Officer effective August 25, 2017. Prior to that, he had served as Chairman, Chief Executive Officer and principal stockholder of Stockmens Bank in Colorado and State Bank of Bartley in Nebraska. He also owns a commercial ranch and farm in central Colorado. In addition, Mr. Alexander is active in commercial real estate and serves on the Board of Farmers Alliance Mutual Insurance Company and other community organizations.

*R.J. Breidenthal, Jr.* serves as Vice Chairman of First Bancshares, Inc. He is also a director of Security Bank of Kansas City, Kansas City, Kansas. Mr. Breidenthal brings extensive bank experience to the Board, having formerly served as the President of Security Bank, Kaw Valley Bancshares, and First Community Bancshares, all in Kansas City, Kansas.

*Mark E. Gardner* is President of Gardner Capital, Inc. Mr. Gardner oversees the general operations of multiple companies and engages in the syndication of federal and state tax credits in multiple jurisdictions. Mr. Gardner concentrates his efforts in the development of utility scale solar projects and is the largest owner of solar projects in the State of Missouri. He also develops and manages commercial properties and market rate residential properties in Missouri and develops affordable housing properties in multiple jurisdictions. Mr. Gardner has extensive experience in analyzing complex transactions, the financing of large transactions, and in dealing with highly regulated industries. He is also an attorney and has substantial experience in dealing with complex financial transactions.

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**MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS  
AND CORPORATE GOVERNANCE MATTERS**

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**Board of Directors**

The Boards of Directors of First Bancshares and Stockmens Bank conduct their business through Board and committee meetings. In 2017, Stockmens Bank, a Colorado state bank, became a wholly-owned subsidiary of First Bancshares. First Home Bank was then merged into Stockmens Bank. Accordingly, we are including information regarding meetings of the Boards of Directors of First Bancshares and Stockmens Bank. In general, the Boards of Directors meet quarterly and hold additional special meetings as needed. During the year ended December 31, 2018, the Board of Directors of First Bancshares held five meetings, the Board of Directors of Stockmens Bank also held five meetings. Two directors of First Bancshares, Stockmens Bank attended fewer than 75% of the total meetings of the Boards of Directors and committee meetings on which they served during this period. Directors Gardner and Moody were

only able to attend three of the five meetings held in 2018 as a result of prior travel and work commitments that conflicted with the meeting dates.

### **Committees and Committee Charters**

The Board of Directors of First Bancshares has standing Executive Board, Audit, Compensation and Nominating Committees, and has adopted written charters for each of these committees except the Executive Board Committee. Copies of our Audit, Compensation and Nominating Committee charters are available at [www.thestockmensbank.com](http://www.thestockmensbank.com).

#### **Executive Board Committee**

The Executive Board Committee consists of Messrs. Sutherland, Breidenthal, Segebarth and Alexander. The Executive Board Committee meets for the purpose of acting as our long range planning committee and taking any and all actions it deems necessary or appropriate between regular meetings of the Board of Directors. This Committee did not meet during the year ended December 31, 2018.

#### **Audit Committee**

The Audit Committee consists of Messrs. Sauer, Moody and Ashlock, with Mr. Alexander as ex-officio. The Audit Committee has a charter which specifies its obligations and the Committee believes it has fulfilled its responsibilities under the charter. This Committee met five times during the year ended December 31, 2018.

The Audit Committee reports to the Board of Directors and is responsible for overseeing and monitoring financial accounting and reporting, the system of internal controls established by management and First Bancshares' audit process. The charter sets out the responsibilities, authority and specific duties of the Audit Committee. The charter specifies, among other things, the structure and membership requirements of the Audit Committee, as well as the relationship of the Committee to the independent auditor, the internal audit department and our management.

#### **Compensation Committee**

Messrs. Breidenthal, Sutherland and Alexander are the members of the Compensation Committee. The Compensation Committee has a charter which specifies its obligations and the Committee believes it has fulfilled its responsibilities under the charter. The Compensation Committee met once during the year ended December 31, 2018.

The Compensation Committee's primary purpose is to oversee our compensation policies and their specific application to our President and Chief Executive Officer, Senior Lending Officer and Chief Financial Officer. The Committee is also responsible for reviewing the goals and objectives of our compensation plans, and administering these plans. The Committee evaluates on an annual basis the performance of our President and Chief Executive Officer, Senior Lending Officer and Chief Financial Officer and makes compensation recommendations to the full Board of Directors. In addition, the Compensation Committee reviews the Chief Executive Officer's evaluation of executive management and compensation recommendations. The Committee is also responsible for reviewing director compensation. The Compensation Committee has the authority to retain compensation consultants to assist in the evaluation of the compensation of the directors, President and Chief Executive Officer, Senior Lending Officer and Chief Financial Officer or other experts deemed necessary by the Committee.

#### **Nominating Committee**

The Board of Directors also has a Nominating Committee, currently consisting of Sutherland, Breidenthal, Gardner, Segebarth, and Alexander. The Nominating Committee met once during the year ended December 31, 2018.

Only those nominations made by the Committee or properly presented by shareholders will be voted upon at the annual meeting. In its deliberations for selecting candidates for nominees as director, the Nominating Committee considers the candidate's knowledge of the banking business and involvement in community, business and civic affairs. In searching for qualified director candidates to fill vacancies in the Board of Directors, the Committee solicits its current Board of Directors for names of potentially qualified candidates. Additionally, the Committee may request that members of the Board of Directors pursue their own business contacts for the names of potentially qualified candidates. The Committee would then consider the potential pool of director candidates, select the candidate the Committee believes best meets the then-current needs of the Board of Directors, and conduct a thorough investigation of the proposed candidate's background to ensure there is no past history that would cause the candidate not to be qualified to serve as a director of First Bancshares. The Committee will consider director candidates recommended by our shareholders. If a shareholder submits a proposed nominee, the Committee would consider the proposed nominee, along with any other proposed nominees recommended by members of the Board of Directors, in the same manner in which the Committee would evaluate its nominees for director. For a description of the proper procedure for shareholder nominations, see "Shareholder Proposals" in this Proxy Statement.

## Corporate Governance

We are committed to establishing and maintaining high standards of corporate governance. The Board of Directors and its committees will continue to evaluate and improve our corporate governance principles and policies as necessary and as required.

## Annual Meeting Attendance by Directors

We do not have a policy regarding Board member attendance at annual meetings of shareholders. All members of the Board of Directors attended the 2018 annual meeting of shareholders except for D. Edward Sauer who had scheduled travel prior to the establishment of the date of the annual meeting and therefore was unable to attend the annual meeting.

## Related Party Transactions

Stockmens Bank, like many financial institutions, has followed a policy of granting loans to its officers, directors and employees on the security of their primary residences and also makes consumer loans to these persons. These loans are made in accordance with all applicable federal requirements. At December 31, 2018, loans to directors and executive officers, including immediate family members, totaled approximately \$7.5 million. These loans (1) were made in the ordinary course of business, (2) were made on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the time for comparable transactions with Stockmens Bank's other customers and (3) did not involve more than the normal risk of collectability or present other unfavorable features when made. All loans to directors and executive officers were performing in accordance with their terms at December 31, 2018.

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## DIRECTORS' COMPENSATION

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The following table shows the compensation paid to our non-employee directors during the year ended December 31, 2018. Compensation paid to Robert M. Alexander, our Chairman, President and Chief Executive Officer. The directors did not receive any stock or option awards, non-equity plan compensation or non-qualified deferred compensation earnings.

<i>Name</i>	<i>Fees Earned or Paid in Cash (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total (\$)</i>
D. Mitch Ashlock	3,500	447 (1)	3,947
R.J. Breidenthal, Jr.	15,250	12,434 (1)	27,684
Mark E. Gardner	2,000	--	2,000
John G. Moody	3,250	--	3,250
Thomas M. Sutherland	7,750	--	7,750
Bradley Segebarth	7,750	--	7,750
Jeffrey Timmerman	5,000	--	5,000
D. Edward Sauer	8,500	25,600 (1)	34,100

(1) Consists of mileage and lodging, dues and bonuses.

Members of Stockmens Bank's Board of Directors currently receive a quarterly fee of \$500 per Board of Directors meeting attended except for Vice Chairman D. Edward Sauer who receives a quarterly meeting attendance fee of \$1,000 for Stockmens Bank and Vice Chairman R.J. Breidenthal who receives a quarterly meeting attendance fee of \$2,000 for the holding company. Directors receive a fee of \$250 for attendance at Executive and Audit Committee Meetings, \$250 per month for Loan Committee meetings and \$250 for attendance at other committee meetings. With the exception of Mr. Alexander, who is our Chairman, members of First Bancshares' Board of Directors do not receive any fees. Mr. Alexander receives a fee of \$25,000 for each full or partial calendar quarter that he serves as Chairman of the First Bancshares Board of Directors.

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**EXECUTIVE COMPENSATION**

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The following table shows information regarding compensation earned during the fiscal years ended December 31, 2018 and 2017, for First Bancshares' named executive officers: (1) Robert M. Alexander, our principal executive officer; and (2) our two other most highly compensated officers, who are Brady J. Nachtrieb and Jeffrey C. Palmer.

<i>Name and Principal Position</i>	<i>Year</i>	<i>Salary (\$)</i>	<i>Bonus (\$)</i>	<i>All other compensation (\$)(1)</i>	<i>Total (\$)</i>
Robert M. Alexander Chairman, President and Chief Executive Officer	2018	171,998	25,000	382,292	579,290
	2017	140,206	--	534,794	675,000
Brady J. Nachtrieb Chief Financial Officer	2018	121,746	17,500	13,272	152,518
Jeffrey C. Palmer Executive Vice President and Treasurer	2018	143,562	15,000	13,093	171,655
	2017	113,915	12,812	11,082	137,809

\*\* (1) For the year ended December 31, 2018, consists of the following: employer 401(k) contribution, medical premiums, life insurance premiums, country club dues and reimbursement of mobile phone bills for Messrs. Alexander, Palmer and Nachtrieb; and Board fees for Mr. Alexander.

The named executive officers do not have any equity awards outstanding and do not participate in any retirement plans other than the 401(k) plan.

**Employment Agreements**

We entered into a two-year employment and non-compete agreement with Mr. Alexander in 2017. The agreement was entered into in connection with the stock exchange agreement dated March 15, 2017, whereby Stockmens Bank, a Colorado state bank, became a wholly-owned subsidiary of First Bancshares. First Home Bank was then merged into Stockmens Bank. Under the agreement, Mr. Alexander began serving as Chairman and Chief Executive Officer of First Bancshares and Stockmens Bank upon the completion of the merger. Mr. Alexander's current base salary is \$172,000, which must be reviewed annually by First Bancshares. The agreement states that he will be (1) eligible to earn a bonus pursuant to the bonus plan for executive officers, (2) entitled to fringe benefits consistent with the practices of First Bancshares and (3) entitled to participate in all employee benefit plans. The agreement also provides that he will receive a Board of Directors fee of \$25,000 per quarter for serving as Chairman of the First Bancshares Board of Directors. After the initial two-year term of the agreement, it will renew automatically for one-year terms unless terminated earlier as provided in the agreement. In addition, Mr. Alexander received a \$500,000 payment on March 15, 2017 for the non-competition provision of his employment agreement.

If Mr. Alexander's employment is terminated by First Bancshares without cause or for good reason by Mr. Alexander, he will receive: (1) all accrued and unpaid base salary and vacation; (2) any earned but unpaid bonus; (3) the pro rata portion of any bonus for which he would have been eligible; and (4) continued base salary until the earlier of Mr. Alexander's exercise of the right to have his capital stock in First Bancshares repurchased by First Bancshares, or two years following the termination date. The agreement also provides that if Mr. Alexander's employment is terminated with cause or by Mr. Alexander without good reason, First Bancshares has the option to purchase from Mr. Alexander all of his capital stock in First Bancshares. The agreement defines good reason as: (1) a material reduction in Mr. Alexander's base compensation; (2) a requirement that Mr. Alexander relocate his principal place of employment by more than 25 miles from Stockmens Bank; (3) a material breach of the agreement by First Bancshares; (4) a material, adverse change in Mr. Alexander's authority, duties or responsibilities; or (5) a change in control. Assuming that Mr. Alexander's employment was terminated by First Bancshares without cause or for good reason by Mr. Alexander effective December 31, 2017, Mr. Alexander would be entitled to a severance payment, excluding the value of any other employee benefits which may be payable, with a value of approximately \$544,000.

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## PROPOSAL 2 – APPROVAL AND ADOPTION OF THE FIRST BANCSHARES, INC. 2019 STOCK OPTION PLAN

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The following discussion summarizes certain aspects of the proposal to adopt the First Bancshares, Inc. 2019 Stock Option Plan ("Stock Option Plan"). While we believe that the description covers the material terms of the proposed Stock Option Plan, this summary may not contain all of the information that is important to you. You should carefully review the full text of the proposed Stock Option Plan for a more complete understanding of the terms thereof. The full text of the Stock Option Plan is attached to this proxy statement as [Appendix A](#), and this discussion is qualified in its entirety by reference to [Appendix A](#).

### **Reasons for the Proposed Stock Option Plan**

The purposes of the Stock Option Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees and directors First Bancshares, Inc. and its wholly-owned subsidiary, Stockmens Bank, and to promote the success of our business by offering these individuals an opportunity to acquire a proprietary interest in the success of our organization, or to increase this interest, by permitting them to receive options to purchase shares of common stock. To be successful, we believe that our employees and directors need to think like owners. Consistent with this philosophy, our equity program will be broad-based to provide us with a competitive advantage in our efforts to hire and retain top talent. In order to make grants of equity in accordance with this compensation philosophy, our Board has approved, and is asking our shareholders to approve, the Stock Option Plan.

### **Terms of the Proposed Stock Option Plan**

**Administration.** The Stock Option Committee (the "Committee") of the Board of Directors (which is comprised of the Compensation Committee, the Chairman and the Chief Executive Officer of the Stockmens Bank) will administer the plan. In general, the Committee, as plan administrator, will have the authority to grant awards under the plan, to determine the terms of each award, to interpret the provisions of the plan and to make all other determinations that it may deem necessary or advisable to administer the plan. The plan administrator will determine, within the limits of the plan, the number of shares of common stock subject to an option, to whom an option is granted, the exercise price and forfeiture or termination provisions of each option, subject to applicable law.

**Term.** The Stock Option Plan will become effective when it is approved by our Board of Directors and shareholders. We anticipated the Board of Directors will vote on the Stock Option Plan on April 30, 2019. Unless earlier terminated by our Board in accordance with its terms, the Stock Option Plan shall continue in effect until the date that all shares issuable under the Stock Option Plan have been purchased or acquired in accordance with the Stock Option Plan, provided that we may not grant any options under the Stock Option Plan after ten (10) years from the effective date of the Stock Option Plan.

**Eligibility.** Persons eligible to receive awards under the Stock Option Plan include employees and directors Stockmens Bank. Incentive stock options may only be granted to employees of First Bancshares, Inc. and its wholly-

owned subsidiary, Stockmens Bank. Non-Qualified stock options may be granted to employees and directors First Bancshares, Inc. and its wholly-owned subsidiary, Stockmens Bank.

**Authorized Shares.** The maximum number of shares of our common stock that may be issued or transferred pursuant to awards under the Stock Option Plan is 100,000, all of which may be subject to incentive stock option treatment. If any shares of stock covered by an award granted under the Stock Option Plan are not purchased or are forfeited or expire, or if an award otherwise terminates without delivery of any shares of stock subject thereto, or is settled in cash in lieu of shares of stock, then the number of shares of stock counted against the aggregate number of shares of stock available under the Stock Option Plan with respect to the award will again be available for making awards under the Stock Option Plan.

**No Outstanding Awards.** As of the date of this proxy statement, there have been no awards granted under the Stock Option Plan. There are no stock options outstanding under our former stock plan.

**Adjustments for Changes in Capitalization.** In connection with recapitalizations, stock dividends, stock splits, combination of shares or other changes in the stock, the administrator of the Stock Option Plan will make adjustments that it deems appropriate to the aggregate number of shares of common stock that may be issued under the Stock Option Plan and the terms of outstanding awards.

**Stock Options.** The Stock Option Plan authorizes the grant of stock options. A stock option is the right to purchase shares of common stock at a future date at a specified price per share generally equal to, but no less than, the fair market value of a share on the date of grant. An option may either be an incentive stock option or a non-qualified stock option. Incentive stock option benefits are taxed differently from Non-Qualified stock options, as described below under “*Federal Income Tax Treatment of Awards under the Stock Option Plan.*” Incentive stock options also are subject to more restrictive terms and are limited in amount by the Internal Revenue Code of 1986, as amended (the “Code”) and the Stock Option Plan. Each option will be subject to a separate award agreement, which will reflect the terms of the option. A stock option will vest and expire in accordance with the schedule set forth in the applicable award agreement.

**Acceleration of Awards; Possible Early Termination of Awards.** The terms of a particular award agreement may provide that the options will terminate, among other reasons, upon the holder’s termination of employment or other status with us, upon a specified date, upon the holder’s death or disability or upon the occurrence of a change in control of the Stockmens (as discussed below). The plan administrator may, within the terms of the plan and the applicable award agreement, cancel, accelerate or pay an option that would otherwise terminate for the reasons discussed above.

Upon a change in control, all outstanding awards under the Stock Option Plan will automatically terminate to the extent they are not assumed, unless otherwise provided in the applicable award agreement. However, either in advance of any actual or anticipated change in control or at the time of an actual change in control, the administrator of the Stock Option Plan may provide for the full or partial automatic vesting and exercisability of outstanding awards in connection with a change in control. The administrator of the Stock Option Plan may also effectuate the automatic cashout and termination of awards immediately prior to a change in control. For this purpose, a change in control is generally defined to include certain changes in the majority of our Board of Directors, the sale of all or substantially all of our assets and the consummation of certain mergers or consolidations.

**Transfer Restrictions.** Subject to certain exceptions, awards under the Stock Option Plan are not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient’s lifetime, only by him or her.

**Termination of or Changes to the Stock Option Plan.** The administrator of the Stock Option Plan may amend, alter or terminate the Stock Option Plan or any award outstanding under the Stock Option Plan at any time and in any manner, subject to the consent of the holder if the amendment materially and adversely affects the holder. Unless required by applicable law, shareholder approval for any amendment, alteration or termination of the Stock Option Plan will not be required.

**Federal Income Tax Treatment of Awards under the Stock Option Plan.** Federal income tax consequences relating to awards under the Stock Option Plan are summarized in the following discussion. This summary is not

intended to be exhaustive and, among other considerations, does not describe the deferred compensation provisions of Section 409A of the Code to the extent an award is subject to and does not satisfy those rules, nor does it describe state, local, or international tax consequences. Further, federal income tax law is subject to change at any time. For non-qualified stock options, we are generally entitled to deduct (and the optionee recognizes taxable income in) an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. For incentive stock options, we are generally not entitled to a deduction nor does the participant recognize income at the time of exercise.

The full text of the proposed Stock Option Plan is attached to this proxy statement as Appendix A.

### Potential Dilution

Under the Stock Option Plan, we are asking our shareholders to authorize an aggregate total of 100,000 shares of common stock for future issuance under the Stock Option Plan. If all authorized shares are issued during the life of the Stock Option Plan, this would contribute to a potential dilution of approximately 3.9% on a fully diluted basis, based on 2,539,516 shares of common stock outstanding as of the record date, and 2,639,516 shares outstanding on a pro forma basis.

**The Board of Directors recommends a vote FOR the approval and adoption of the First Bancshares, Inc. 2019 Stock Option Plan.**

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### PROPOSAL 3 – RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR

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RSM US LLP served as our independent auditor for the year ended December 31, 2018. The Audit Committee of the Board of Directors has appointed Plante Moran as independent auditor for the fiscal year ending December 31, 2019. You are asked to ratify the appointment of Plante Moran at the annual meeting. Although shareholder ratification of the appointment of Plante Moran is not required by our Bylaws or otherwise, our Board of Directors is submitting this appointment to shareholders for their ratification at the annual meeting as a matter of good corporate practice. If the appointment of Plante Moran is not ratified by shareholders, the Audit Committee may appoint another independent auditor or may decide to maintain its appointment of Plante Moran. Even if the appointment of Plante Moran is ratified by shareholders at the annual meeting, the Audit Committee, in its discretion, may select a different independent auditor.

**The Board of Directors unanimously recommends that you vote FOR the ratification of the appointment of Plante Moran as the independent auditor for First Bancshares for the year ending December 31, 2019.**

The following table sets forth the aggregate fees billed, or expected to be billed, to us by RSM US LLP and RSM McGladrey, Inc. (an affiliate of RSM US LLP) for professional services rendered for the years ended December 31, 2018 and 2017.

	<i>Year Ended</i> <i>December 31,</i>	
	<u>2018</u>	<u>2017</u>
Audit Fees	\$51,970	\$52,875(1)
Audit-Related Fees	--	--
Tax Fees	23,481(2)	13,000
All Other Fees	--	--

- (1) Of this amount \$10,000 is related to the merger of First Home Bank into Stockmens Bank.  
(2) The increase is due to the additional work related to the revaluation of DTAs after the change in tax laws.



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## MISCELLANEOUS

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The Board of Directors is not aware of any business to come before the annual meeting other than those matters described above in this Proxy Statement. However, if any other matters should properly come before the annual meeting, it is intended that proxies in the accompanying form will be voted in respect thereof in accordance with the judgment of the person or persons voting the proxies.

We will bear the cost of solicitation of proxies, and will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of First Bancshares' common stock. In addition to solicitations by mail, our directors, officers and employees may solicit proxies personally or by facsimile or telephone without additional compensation.

A copy of First Bancshares' Annual Report to Shareholders, including financial statements, has been mailed to all shareholders of record as of the close of business on March 22, 2019. Any shareholder who has not received a copy of our Annual Report to Shareholders may do so, free of charge, by writing to Brady J. Nachtrieb, Chief Financial Officer, First Bancshares, Inc., 142 East First Street, Mountain Grove, Missouri 65711. Alternatively, this report is available free of charge at [www.thestockmensbank.com](http://www.thestockmensbank.com). The Annual Report to Shareholders is not to be treated as a part of the proxy solicitation material or as having been incorporated herein by reference.

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## SHAREHOLDER PROPOSALS

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Our Bylaws provide that in order for a shareholder to make nominations for the election of directors or proposals for business to be brought before an annual meeting, the shareholder must deliver notice of nominations and/or proposals to the Secretary of First Bancshares not less than 30 nor more than 60 days prior to the date of the annual meeting; provided that if less than 40 days' notice of the annual meeting is given to shareholders, the shareholder's notice must be delivered not later than the close of the tenth day following the day on which notice of the annual meeting was mailed to shareholders. We anticipate that, in order to be timely, shareholder nominations or proposals intended to be made at this year's meeting must be made by March 29, 2019. As specified in our Articles of Incorporation, the notice with respect to nominations for election of directors must set forth certain information regarding each nominee for election as a director, including that person's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected, and certain information regarding the shareholder giving the notice. The notice with respect to business proposals to be brought before the meeting must state the shareholder's name, address and number of shares of First Bancshares common stock held, and briefly discuss the business to be brought before the meeting, the reasons for conducting such business at the meeting and any interest of the shareholder in the proposal.

BY ORDER OF THE BOARD OF DIRECTORS



SHANNON PETERSON  
SECRETARY

Mountain Grove, Missouri  
March 29, 2019

**FIRST BANCSHARES, INC.  
2019 STOCK OPTION PLAN**

1. Plan Purpose. The purpose of the Plan is to promote the long-term interests of the Corporation and its shareholders by providing a means for attracting and retaining directors, emeritus directors and employees of the Corporation and its Affiliates, and aligning the interests of Participants, as defined below, with shareholders.

2. Definitions. The following definitions are applicable to the Plan:

“Affiliate” -- means any “parent corporation” or “subsidiary corporation” of the Corporation, as such terms are defined in Section 424(e) and (f), respectively, of the Code.

“Award” -- means the grant by the Committee of an Incentive Stock Option, a Non-Qualified Stock Option, or any combination thereof, as provided in the Plan.

“Award Agreement” -- means the agreement evidencing the grant of an Award made under the Plan.

“Board” -- means the board of directors of the Corporation.

“Cause” -- means Termination of Service by reason of personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, or intentional failure to perform stated duties or gross negligence.

“Code” -- means the Internal Revenue Code of 1986, as amended.

“Committee” -- means the Corporation's Stock Option Committee referred to in Section 3 hereof, or if there is no such Stock Option Committee, the Board. The Stock Option Committee shall be comprised of the Board's Compensation Committee and the Bank's Chairman and the Bank's Chief Executive Officer.

“Corporation” -- means First Bancshares, Inc., a Missouri corporation, and any successor thereto.

“Incentive Stock Option” -- means an option to purchase Shares granted by the Committee which is intended to qualify as an incentive stock option under Section 422(b) of the Code. Unless otherwise set forth in the Award Agreement, any Option which does not qualify as an Incentive Stock Option for any reason shall be deemed *ab initio* to be a Non-Qualified Stock Option.

“Market Value” -- means the average of the high and low quoted sales price on the date in question (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred) of a Share on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if on such date the Shares are not quoted on the Composite Tape, on the New York Stock Exchange, or if the Shares are not listed or admitted to trading on the New York Stock Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which the Shares are listed or admitted to trading, or, if the Shares are not listed or admitted to trading on any such exchange, the mean between the closing high bid and low asked quotations with respect to a Share on such date on the Nasdaq Stock Market or any similar system then in use, or, if no such quotations are available, the fair market value on such date of a Share as the Committee shall reasonably determine in good faith on a consistently applied basis.

“Non-Qualified Stock Option” -- means an option to purchase Shares granted by the Committee which does not qualify, for any reason, as an Incentive Stock Option.

“Option” -- means an Incentive Stock Option or a Non-Qualified Stock Option.

“Participant” -- means any director, emeritus director or employee of the Corporation or any Affiliate who is selected by the Committee to receive an Award.

“Plan” -- means this First Bancshares, Inc. 2019 Stock Option Plan.

“Shares” -- means the shares of common stock of the Corporation.

“Termination of Service” -- means cessation of service, for any reason, whether voluntary or involuntary, so that the affected individual is not either (i) an employee of the Corporation or any Affiliate for purposes of an Incentive Stock Option, or (ii) a director, emeritus director or employee of the Corporation or any Affiliate for purposes of any other Award.

3. Administration. The Plan shall be administered by the Corporation's Stock Option Committee consisting of two or more members of the Board, each of whom (i) shall be an “outside director,” as defined under Section 162(m) of the Code and the Treasury regulations thereunder, and (ii) shall be a “non-employee director,” as defined under Rule 16(b) of the Securities Exchange Act of 1934 or any similar or successor provision. The members of the Committee shall be appointed by the Board. Except as limited by the express provisions of the Plan or by resolutions adopted by the Board, the Committee shall have sole and complete authority and discretion to (i) select Participants and grant Awards; (ii) determine the number of Shares to be subject to types of Awards generally, as well as to individual Awards granted under the Plan; (iii) determine the terms and conditions upon which Awards shall be granted under the Plan; (iv) prescribe the form and terms of Award Agreements; (v) establish from time to time regulations for the administration of the Plan; and (vi) interpret the Plan and make all determinations deemed necessary or advisable for the administration of the Plan.

A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee without a meeting, shall be acts of the Committee.

4. Shares Subject to Plan.

(a) Subject to adjustment by the operation of Section 6, the maximum number of Shares with respect to which Awards may be made under the Plan is 100,000, all of which may be granted as Incentive Stock Options. Any Shares surrendered to the Corporation in payment of the exercise price of Options granted under the Plan or in payment of withholding tax upon exercise of an Option shall again be available for issuance pursuant to future Options under the Plan. If any outstanding Option expires or is terminated or canceled without having been exercised or settled in full, the Shares allocable to the terminated portion of the Option shall again be available for grant under the Plan. The Shares with respect to which Awards may be made under the Plan may be either authorized and unissued Shares or previously issued Shares reacquired and held as treasury Shares.

(b) During any calendar year, no Participant may be granted Awards under the Plan with respect to more than 100,000 Shares, subject to adjustment as provided in Section 6.

5. Awards.

The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan and the requirements of applicable law as the Committee shall determine, including the granting of Options in tandem with other Awards under the Plan:

(a) *Exercise Price.* Except as set forth in Section 5(d) below, the exercise price per Share for an Option shall be determined by the Committee; *provided, however,* that such exercise price shall not be less than 100% of the Market Value of a Share on the date of grant of such Option.

(b) *Option Term.* Except as set forth in Section 5(d) below, the term of each Option shall be fixed by the Committee but shall be no greater than 10 years in the case of an Incentive Stock Option or 15 years in the case of a Non-Qualified Stock Option.

(c) *Time and Method of Exercise.* The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, Shares, other Awards or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(d) *Incentive Stock Options.* Incentive Stock Options may be granted by the Committee only to employees and Directors of the Corporation or its Affiliates. In addition, an employee who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding securities of the Corporation or an Affiliate shall not be eligible for the grant of an Incentive Stock Option unless (i) the exercise price is at least one hundred ten percent (110%) of the Market Value on the date of grant of such Incentive Stock Option, and (ii) the Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the date of grant of such Incentive Stock Option. For purposes of this Section 5(d), in determining ownership of securities, the attribution rules of Section 424(d) of the Code shall apply. Further, and notwithstanding a designation of an Option as an Incentive Stock Option, to the extent that the aggregate Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Corporation) exceeds \$100,000 (or such higher annual limit as may be set by the Code for Incentive Stock Options), such Options with respect to such Shares exceeding such amount shall be treated as Non-Qualified Stock Options. For purposes of this Section 5(d), Incentive Stock Options shall be considered in the order in which they were granted and the Market Value of the Shares for this purpose shall be determined as of the date of grant of such Incentive Stock Option.

(f) *Termination of Service.* Unless otherwise determined by the Committee and set forth in the Award Agreement evidencing the grant of the Option, upon Termination of Service of the Participant for any reason other than for Cause, all Options then currently exercisable shall remain exercisable for the lesser of (A) two (2) years following such Termination of Service or (B) until the expiration of the Option by its terms; *provided that* provided that no Option that is exercised after the ninetieth (90th) day following the Participant's Termination from Service as an employee for any reason other than disability shall be treated as an Incentive Stock Option, and such Option shall instead be treated as a Non-Qualified Stock Option; *and, provided further that,* no Option that is exercised after the last day of the twelve (12) month period following the Participant's Termination of Service as an employee due to disability shall be treated as an Incentive Stock Option, and such Option shall instead be treated as a Non-Qualified Stock Option. Upon Termination of Service for Cause, all Options not previously exercised shall immediately be forfeited. For this purpose, "disability" means a total

and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Options other than Incentive Stock Options, the Committee in its sole discretion may determine whether a total and permanent disability exists in accordance with uniform and non-discriminatory standards adopted by the Committee from time to time. In the event that the Participant dies after the Participant's Termination of Service but before the expiration of the Participant's Option as set forth in this Section 5(f), all or part of the Option may be exercised (prior to expiration) by the executors or administrators of the Participant's estate or by any person who has acquired the Option directly from the Participant by beneficiary designation, bequest or inheritance, but only to the extent that the Option was vested and exercisable as of date of the Participant's Termination of Service (or became vested and exercisable as a result of the Termination of Service). If the Option is not exercised as to all of the vested Shares within the time specified by the Committee, the Option shall terminate, and the remaining Shares covered by such Option shall revert to the Plan

6. Adjustments Upon Changes in Capitalization. In the event of any change in the outstanding Shares subsequent to the effective date of the Plan by reason of any reorganization, recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation or any change in the corporate structure or Shares of the Corporation, the maximum aggregate number and class of shares and exercise price of the Award, if any, as to which Awards may be granted under the Plan and the number and class of shares and exercise price of the Award, if any, with respect to which Awards have been granted under the Plan shall be appropriately adjusted by the Committee, whose determination shall be conclusive. However, any repurchases by the Corporation of its Shares shall have no effect on the number of Shares reserved for issuance under the Plan, or Awards granted under the Plan. Except as otherwise provided herein, any Award which is adjusted as a result of this Section 6 shall be subject to the same terms and conditions as the original Award.

7. Effect of Merger on Options. In the case of any merger, consolidation or combination of the Corporation (other than a merger, consolidation or combination in which the Corporation is the continuing corporation and which does not result in the outstanding Shares being converted into or exchanged for different securities, cash or other property, or any combination thereof), any Participant to whom an Option has been granted shall have the additional right (subject to the provisions of the Plan and any limitation applicable to such Option), thereafter and during the term of each such Option, to receive upon exercise of any such Option an amount equal to the excess of the fair market value on the date of such exercise of the securities, cash or other property, or combination thereof, receivable upon such merger, consolidation or combination in respect of a Share over the exercise price of such Option, multiplied by the number of Shares with respect to which such Option shall have been exercised. Such amount may be payable fully in cash, fully in one or more of the kind or kinds of property payable in such merger, consolidation or combination, or partly in cash and partly in one or more of such kind or kinds of property, all in the discretion of the Committee.

8. Effect of Change in Control. Each of the events specified in the following clauses (i) through (iii) of this Section 8 shall be deemed a "change in control": (i) any third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, shall become the beneficial owner of shares of the Corporation with respect to which 25% or more of the total number of votes for the election of the Board may be cast, (ii) as a result of, or in connection with, any cash tender offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Corporation shall cease to constitute a majority of the Board, or (iii) the shareholders of the Corporation shall approve an agreement providing either for a transaction in which the Corporation will cease to be an independent publicly-owned corporation or for a sale or other disposition of all or substantially all the assets of the Corporation. If a tender offer or exchange offer for Shares (other than such an offer by the Corporation) is commenced, or if a change in control shall occur, unless the Committee shall have otherwise provided in the Award Agreement, all Options granted and not fully exercisable shall become exercisable in full upon the happening of such event, however, no Option which has previously been exercised or otherwise terminated

shall become exercisable. In addition, the Committee shall have the sole and unilateral authority to effectuate the automatic cashout and termination of one or more Options immediately prior to or in connection with the change in control and without regard to whether the Participant consents to such cashout, provided that the payment to the Participant is at the price the Participant would have received had he or she been a shareholder at the time of such change in control with such cashout being equal to the positive “spread” (if any) between the price per Share (or equivalent value of cash and stock is the consideration paid in the change in control) paid to Corporation shareholders in the change in control and the exercise price of the Option, multiplied by the number of Shares subject to the Option. For avoidance of doubt, if no positive spread exists pursuant to the foregoing, then such cashout of the Option shall be effectuated with no cash payment to the Participant holding such an Option.

9. Assignments and Transfers. No Incentive Stock Option granted under the Plan shall be transferable other than by will or the laws of descent and distribution. Any other Award shall be transferable by will, the laws of descent and distribution, a “domestic relations order,” as defined in Section 414(p)(1)(B) of the Code, or a gift to any member of the Participant's immediate family or to a trust for the benefit of one or more of such immediate family members. During the lifetime of an Award recipient, an Award shall be exercisable only by the Award recipient unless it has been transferred as permitted hereby, in which case it shall be exercisable only by such transferee. For the purpose of this Section 9, a Participant's “immediate family” shall mean the Participant's spouse, children and grandchildren.

10. Employee Rights Under the Plan. No person shall have a right to be selected as a Participant nor, having been so selected, to be selected again as a Participant, and no employee or other person shall have any claim or right to be granted an Award under the Plan or under any other incentive or similar plan of the Corporation or any Affiliate. Neither the Plan nor any action taken thereunder shall be construed as giving any employee any right to be retained in the employ of the Corporation or any Affiliate.

11. Delivery and Registration of Stock. The Corporation's obligation to deliver Shares with respect to an Award shall, if the Committee so requests, be conditioned upon the receipt of a representation as to the investment intention of the Participant to whom such Shares are to be delivered, in such form as the Committee shall determine to be necessary or advisable to comply with the provisions of the Securities Act of 1933 or any other federal, state or local securities legislation. It may be provided that any representation requirement shall become inoperative upon a registration of the Shares or other action eliminating the necessity of such representation under such Securities Act or other securities legislation. The Corporation shall not be required to deliver any Shares under the Plan prior to (i) the admission of such Shares to listing on any stock exchange on which Shares may then be listed and (ii) the completion of such registration or other qualification of such Shares under any state or federal law, rule or regulation, as the Committee shall determine to be necessary or advisable.

12. Withholding Tax. Where a Participant or other person is entitled to receive Shares pursuant to the exercise of an Option pursuant to the Plan, the Corporation shall have the right to require the Participant or such other person to pay the Corporation the amount of any taxes which the Corporation is required to withhold with respect to such Shares, or, in lieu thereof, to retain, or sell without notice, a number of such Shares sufficient to cover the amount required to be withheld. All withholding decisions pursuant to this Section 12 shall be at the sole discretion of the Committee or the Corporation.

13. Amendment or Termination.

(a) The Board may amend, alter, suspend, discontinue, or terminate the Plan without the consent of shareholders or Participants, except that any such action will be subject to the approval of the Corporation's

shareholders if, when and to the extent such shareholder approval is necessary or required for purposes of any applicable federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted, or if the Board, in its discretion, determines to seek such shareholder approval.

(b) The Committee may waive any conditions of or rights of the Corporation or modify or amend the terms of any outstanding Award; provided, however, that the Committee shall not change the exercise price for an awarded Option unless pursuant to Section 6 hereof. The Committee may not, however, amend, alter, suspend, discontinue or terminate any outstanding Award without the consent of the Participant or holder thereof, except as otherwise provided herein.

14. Effective Date and Term of Plan. The Plan shall become effective upon the later of its adoption by the Board or its approval by the shareholders of the Corporation. In the event that the shareholders of the Corporation fail to approve the Plan within twelve (12) months prior to or after its adoption by the Board, any Incentive Stock Options that have been granted hereunder and any Shares that have been awarded or purchased under the Plan upon exercise of any Incentive Stock Option shall instead be deemed to be Non-Qualified Stock Options and be deemed to be the exercise of a Non-Qualified Stock Option, and no additional Incentive Stock Options shall be granted under the Plan. The Plan shall continue in effect for a term of ten years thereafter unless sooner terminated under Section 13 hereof.

15. Section 409A. It is the intention of the Corporation that no Option shall be “deferred compensation” subject to Section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise, and the Plan and the terms and conditions of all Options shall be interpreted accordingly. The following rules shall apply to Options intended to be subject to Section 409A of the Code (“409A Options”): (a) in the case of a 409A Option providing for distribution or settlement upon vesting or lapse of a risk of forfeiture, if the time of such distribution or settlement is not otherwise specified in the Plan or Award Agreement or other governing document, the distribution or settlement shall be made no later than March 15<sup>th</sup> of the calendar year following the calendar year in which such 409A Option vested or the risk of forfeiture lapsed, and (b) in the case of any distribution of any other 409A Option, if the timing of such distribution is not otherwise specified in the Plan or Award Agreement or other governing document, the distribution shall be made not later than the end of the calendar year during which the settlement of the 409A Option is specified to occur.

16. Governing Law. The Plan, all Award Agreements, and all related matters, shall be governed by the laws of the State of Missouri, without regard to choice of law principles that direct the application of the laws of another state.

\* \* \* \* \*

IN WITNESS WHEREOF, the Corporation, acting by and through its duly authorized officer, has executed this Plan on this the [●] day of \_\_\_\_\_ 2019.

FIRST BANCSHARES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

