

**THE FARMERS AND MERCHANTS BANKSHARES, INC. SIGNS DEFINITIVE AGREEMENT TO ACQUIRE
MOUNTAIN HOME BANCSHARES, INC.**

For release: January 16, 2019—The Farmers and Merchants Bankshares, Inc., the bank holding company for the Farmers and Merchants Bank, both of Stuttgart, Arkansas and Mountain Home Bancshares, Inc., the bank holding company for Integrity First Bank, both of Mountain Home, Arkansas, announce the execution of a definitive agreement in which The Farmers and Merchants Bankshares, Inc. will acquire Mountain Home Bancshares and Integrity First Bank. Pursuant to the terms of the definitive agreement, the Mountain Home Bancshares shareholders will be entitled to receive cash for the sale of their Mountain Home Bancshares common stock.

The joint announcement was released today by Farmers and Merchants Bankshares President and Chief Executive Officer Gary Hudson and Mountain Home Bancshares President Gary Childers.

“The cultures embracing community investment and excellent customer service present in these two community banks are mirror images of one another. This combination will enhance customer experiences and community relations across our varied markets in Arkansas,” said Childers. He added, “The board of directors of Mountain Home Bancshares views this opportunity to join the outstanding team of bankers with Farmers and Merchants Bankshares as a means to bring a broader array of services and improved technology to our present markets while providing maximum value for our shareholders.”

“The joining of these two banks expands Farmers and Merchants’ outreach into Jonesboro, Bentonville, Mountain Home, Flippin, Gassville, Lakeview, and Pocahontas, vibrant communities with good things happening,” said Hudson. “Our banks share similar values and business philosophies of community involvement and commitment. We have full faith that combining the financial strength of our organizations will serve the customers of both institutions well,” he added.

Completion of the transaction is subject to certain closing conditions, including regulatory and shareholder approval. Following the successful completion of these steps, it is anticipated the transaction will close during the second quarter of 2019.

At the close of business December 31, 2018, Integrity First Bank was approximately \$525 million in Total Assets while Farmers and Merchants Bank was \$1,062,940,267 in Total Assets. Upon successful completion of the acquisition, it is expected that total assets of The Farmers and Merchants Bankshares, Inc. will exceed one and a half billion dollars.

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