FIRST BANCSHARES INC /MS/
Form DEF 14A
April 12, 2017

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨	Preliminary Proxy Statement
¨	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x	Definitive Proxy Statement
¨	Definitive Additional Materials
¨	Soliciting Material Pursuant to Rule 14a-12

THE FIRST BANCSHARES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The First Bancshares, Inc.

Notice of Annual Meeting of Shareholders

to be held on May 25, 2017

Dear Fellow Shareholder:

We cordially invite you to attend the 2017 Annual Meeting of Shareholders of The First Bancshares, Inc., the holding company for The First, A National Banking Association. At the meeting, we will report on our performance in 2016. We are excited about our achievements in 2016 and our plans for the future. We look forward to discussing these with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that the Company will hold the meeting on Thursday, May 25, 2017, at 11:30 a.m. Central Time at The University of Southern Mississippi, Scianna Hall, 118 College Drive, Hattiesburg, Mississippi 39406 for the following purposes:

1. To elect the three (3) Class I director nominees and the one (1) Class II director nominee named in the accompanying Proxy Statement.
2. To ratify the appointment of T.E. Lott & Company as the Independent Registered Public Accounting Firm for the Company.
3. To approve, on an advisory basis, the compensation of the named executive officers of the Company.
4. To approve, on an advisory basis, the frequency of an advisory vote on the compensation of the named executive officers of the Company.
5. To vote on or transact any other business that may properly come before the meeting or any adjournment of the meeting.

Management currently knows of no other business to be presented at the meeting.

Shareholders owning the Company's common stock of record at the close of business on March 31, 2017, are entitled to notice of and to attend and vote at the meeting. A complete list of these shareholders will be available at The First Bancshares, Inc.'s main office prior to the meeting.

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 25, 2017

This Notice, the Proxy Statement for the annual meeting, proxy card and Annual Report to Stockholders for the year ended December 31, 2016, are available at www.edocumentview.com/FBMS. If you would like to receive a printed or emailed copy of the proxy materials, please follow the instructions set forth in the notice that was mailed to you.

It is important that your shares be represented at the annual meeting whether or not you are able to attend in person. Even if you plan to attend the meeting, after reading the accompanying proxy materials, the Company encourages you to promptly submit your proxy by Internet, telephone or mail as described on the accompanying proxy card.

By Order of the Board of Directors,

M. Ray (Hoppy) Cole, Jr. President and CEO	E. Ricky Gibson Chairman of the Board

Dated and Mailed on or about April 12, 2017, Hattiesburg, Mississippi

The First Bancshares, Inc.

6480 U.S. Highway 98 West

Hattiesburg, Mississippi 39402

Proxy Statement for Annual Meeting of

Shareholders to be Held on May 25, 2017

INTRODUCTION

Date, Time, and Place of Meeting

The Annual Meeting of Shareholders of The First Bancshares, Inc. (the "Company"), the holding company for The First, A National Banking Association (the “Bank”) will be held at The University of Southern Mississippi, Scianna Hall, 118 College Drive, Hattiesburg, MS, on Thursday, May 25, 2017, at 11:30 a.m. Central Time, or any adjournment(s) thereof (the "Meeting"), for the purpose of considering and voting upon the matters set out in the foregoing Notice of Annual Meeting of Shareholders. This Proxy Statement is furnished to the shareholders of the Company in connection with the solicitation by the Board of Directors of proxies to be voted at the Meeting. This Proxy Statement summarizes the information that you need to know in order to cast your vote at the Meeting. You do not need to attend the Meeting in person to vote your shares of our common stock.

If you plan to attend the Meeting in person, please bring proper identification and, if your shares of our common stock are held in “street name”, meaning a bank, broker, trustee or other nominee is the shareholder of record of your shares, please bring acceptable proof of ownership, which is either an account statement or a letter from your bank, broker, trustee or other nominee confirming that you beneficially owned shares of our common stock on the record date, March 31, 2017. You can obtain directions to the Meeting by contacting Chandra Kidd at 601-268-8998.

In accordance with the rules of the U.S. Securities and Exchange Commission (the SEC), we are permitted to furnish proxy materials, including this proxy statement and our 2016 annual report, to shareholders by providing access to these documents online instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless requested. Instead, most shareholders will only receive a notice that provides instructions on how to access and review our proxy materials online. If you would like to receive a printed or emailed copy of our proxy materials free of charge, please follow the instructions set forth in the notice that was mailed to you to request the materials. This Proxy Statement is available to you online at www.edocumentview.com/FBMS.

The mailing address of the principal executive office of the Company is Post Office Box 15549, Hattiesburg, Mississippi, 39404-5549.

The approximate date on which this Proxy Statement and form of proxy are first being mailed or made available to shareholders is April 12, 2017.

Record Date; Voting Rights; Quorum; Matters to Be Considered at the Meeting; Vote Required

The record date for determining holders of outstanding stock of the Company entitled to notice of and to attend and vote at the Meeting is March 31, 2017 (the "Record Date"). Only holders of our common stock of record on the books of the Company at the close of business on the Record Date are entitled to notice of and to attend and vote at the Meeting or at any adjournment or postponement thereof. As of the Record Date, there were 9,144,412 shares of our common stock issued and outstanding, each of which is entitled to one vote on all matters. Shareholders do not have cumulative voting rights.

Under Mississippi law and our by-laws, the holders of a majority of our common stock issued and outstanding and entitled to vote, present in person or represented by proxy, will constitute a quorum at the Meeting. The inspector of election will determine whether a quorum is present at the annual meeting. If you are a beneficial owner (as defined below) of shares of our common stock and you do not instruct your bank, broker, trustee or other nominee how to vote your shares on any of the proposals, and your bank, broker, trustee or nominee submits a proxy with respect to your shares on a matter with respect to which discretionary voting is permitted, your shares will be counted as present at the Meeting for purposes of determining whether a quorum exists. In addition, shareholders of record who are present at the annual meeting in person or by proxy will be counted as present at the Meeting for purposes of determining whether a quorum exists, whether or not such holder abstains from voting on any or all of the proposals. Also, a "withhold" vote with respect to the election of a director nominee will be counted for purposes of determining whether there is a quorum at the Meeting, but will not be considered to have been voted for the director nominee.

At the Meeting, you will be asked to (1) elect three Class I director nominees and one Class II director nominee; (2) ratify the appointment of the independent registered public accounting firm of the Company; (3) approve, on an advisory basis, the compensation of our named executive officers; (4) approve, on an advisory basis, the frequency of future votes on the compensation of our named executive officers; and (5) consider any other matter that properly comes before the Meeting.

The Board of Directors recommends that you vote:

- **FOR** the election of three Class I director nominees and one Class II director nominee recommended by the Board of Directors in this proxy statement;
- **FOR** the ratification of the appointment of the independent registered public accounting firm of the Company;
- **FOR** the approval, on an advisory basis, of the compensation of our named executive officers; and
- In favor of holding an advisory vote on the compensation of our named executive officers **EVERY YEAR**.

We do not expect any matters to be presented for action at the Meeting other than the matters described in this Proxy Statement. However, if any other matter does properly come before the annual meeting, each of the proxy holders will vote any shares of our common stock, for which he holds a proxy to vote at the annual meeting, in his discretion. However, by signing, dating and returning a proxy card or submitting your proxy and voting instructions via the Internet or telephone, you will give to the persons named as proxies discretionary voting authority with respect to any matter that may properly come before the Meeting, and they intend to vote on any such other matter in accordance with their best judgment.

Proposal	**Voting Options**	**Vote Required to Adopt the**	**Effect of Abstentions**	**Effect of Broker**

		Proposal		**Non-Votes**
No. 1: Election of three Class I director nominees and one Class II director nominee	For or withhold on each director nominee	Plurality of votes cast	N/A	No effect

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Proposal	**Voting Options**	**Vote Required to Adopt the Proposal**	**Effect of Abstentions**	**Effect of Broker Non-Votes**
No. 2: Ratification of the appointment of the independent registered public accounting firm of the Company	For, against or abstain	Votes cast in favor exceed votes cast against	No effect	N/A
No. 3: Approval, on an advisory basis, of the compensation of our named executive officers	For, against or abstain	Votes cast in favor exceed votes cast against	No effect	No effect
No. 4: Approval, on an advisory basis, of the frequency of future advisory votes on the compensation of our named executive officers	Shareholders may select whether such votes should occur every year, every two years or every three years, or shareholders may abstain from voting	Plurality of votes cast	No effect	No effect

Our directors are elected by a plurality of the votes cast. This means that the candidates receiving the highest number of "FOR" votes will be elected. Under our By-Laws, to decide any other matters that come before the Meeting the votes cast in favor of the matter must exceed the votes cast against the matter, unless a different vote is required by law, the Articles of Incorporation or the By-Laws. With respect to Proposal No. 4, although the vote is non-binding, the Board of Directors will consider the shareholders to have "approved" the frequency selected by a plurality of the votes cast; that is, the frequency receiving the highest number of affirmative votes.

Submitting Proxies and Voting Instructions

If your shares of our common stock are registered directly in your name with our transfer agent, Computershare Shareowner Services LLC, you are the shareholder of record of those shares and these proxy materials have been mailed to you by the Company, as applicable. You may submit your proxy and voting instructions via the Internet, telephone or by mail as further described below. Your proxy, whether submitted via the Internet, telephone or by mail, authorizes M. Ray (Hoppy) Cole, Jr. to act as your proxy at the Meeting, with the power to appoint his substitute, to represent and vote your shares of our common stock as you directed, if applicable.

· Submit Your Proxy and Voting Instructions via the Internet or over the telephone

§ You may submit your proxy and voting instructions via the Internet or telephone until 1:00 a.m. Central Time on May 24, 2017.

- Please have your proxy card available and follow the instructions on the proxy card.

- Submit Your Proxy and Voting Instructions by Mail

- Complete, date and sign your proxy card and return it in the postage-paid envelope provided.
- If you are signing in a representative capacity (for example as guardian, executor, trustee, custodian, attorney or officer of a corporation), you should indicate your name and your title or capacity.
- Your proxy card must be received prior to May 25, 2017 in order for your shares to be voted.

§ Proxy cards should be returned to Proxy Services, C/O Computershare Investor Services, P. O. Box 30202, College Station, TX 77842-9909.

If you submit your proxy and voting instructions via the Internet or telephone, you do not need to mail your proxy card. The proxies will vote your shares of our common stock at the Meeting as instructed by the latest dated proxy received from you, whether submitted via the Internet, telephone or by mail. You may also vote in person at the annual meeting.

If your shares of our common stock are held in a stock brokerage account by a bank, broker, trustee or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your bank, broker, trustee or other nominee that is considered the shareholder of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee on how to vote your shares of our common stock via the Internet or by telephone, if the bank, broker, trustee or other nominee offers these options or by completing, signing, dating and returning a voting instruction form. Your bank, broker, trustee or other nominee will send you instructions on how to submit your voting instructions for your shares of our common stock.

Shares of common stock represented by properly executed proxies, unless previously revoked, will be voted at the Meeting in accordance with the directions therein. If a properly executed proxy is submitted but no voting instruction are specified, such shares will be voted as the Board of Directors recommends, namely FOR each director nominee listed in this Proxy Statement, FOR the ratification of the appointment of the independent registered public accounting firm, FOR the approval, on an advisory basis, of the compensation of our named executive officers and in favor of holding an advisory vote on the compensation of our named executive officers EVERY YEAR, and in the discretion of the person named in the proxy with respect to any other business that may come before the Meeting.

Unless a new record date is fixed, your proxy will still be valid and may be used to vote shares of our common stock at the postponed or adjourned annual meeting.

A proxy may be revoked by a shareholder at any time prior to the exercise thereof by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date. A proxy shall also be revoked if the shareholder is present and elects to vote in person or notifies the Secretary of the Company in writing at the Meeting of your wish to revoke your proxy. Your attendance alone at the Meeting will not be enough to revoke your proxy.

Broker-Non-Votes

If you properly complete, sign, date and return a proxy card or voting instruction form, your shares of our common stock will be voted as you specify. If you are a shareholder of record and you make no specifications on your proxy card, your shares of our common stock will be voted in accordance with the recommendations of the Board of Directors, as provided above. If you are a beneficial owner and you do not provide voting instructions to your bank, broker, trustee or other nominee holding shares of our common stock for you, your shares of our common stock will not be voted with respect to any proposal for which the shareholder of record does not have discretionary authority to vote. Rules of the New York Stock Exchange ("NYSE") determine whether proposals presented at shareholder meetings are "discretionary" or "non-discretionary." If a proposal is determined to be discretionary, your bank, broker, trustee or other nominee is permitted under NYSE rules to vote on the proposal without receiving voting instructions from you. If a proposal is determined to be non-discretionary, your bank, broker, trustee or other nominee is not permitted under NYSE rules to vote on the proposal without receiving voting instructions from you. A "broker non-vote" occurs when a bank, broker, trustee or other nominee holding shares for a beneficial owner returns a valid proxy, but does not vote on a particular proposal because it does not have discretionary authority to vote on the matter and has not received voting instructions from the shareholder for whom it is holding shares.

Under the NYSE rules, the proposal relating to the ratification of the appointment of the independent registered public accounting firm of the Company is a discretionary proposal. If you are a beneficial owner and you do not provide voting instructions to your bank, broker, trustee or other nominee holding shares for you, your shares may be voted with respect to the ratification of the appointment of the independent registered public accounting firm.

Under the rules of the NYSE, the proposals relating to the election of directors, the compensation of our named executive officers and the frequency of future advisory votes on the compensation of our named executive officers are non-discretionary proposals. Accordingly, if you are a beneficial owner and you do not provide voting instructions to your bank, broker, trustee or other nominee holding shares for you, your shares will not be voted with respect to these proposals. Without your voting instructions, a broker non-vote will occur with respect to your shares on each non-discretionary proposal for which you have not provided voting instructions.

PROPOSAL 1 – Election of Directors

Current Membership on the Board of Directors

The Board of Directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the Board members expire at each annual meeting. The current terms of the Class I directors will expire at the Meeting. The term of each of the Class II directors will expire at the 2018 annual meeting of shareholders and the term of each of the Class III directors will expire at the 2019 annual meeting of shareholders. Our current directors and their classes as of March 15, 2017 are as follows:

Class I	Class II	Class III
Gregory H. Mitchell (I)	Charles R. Lightsey (I)	David W. Bomboy, M.D. (I)
Ted E. Parker (I)	Fred A. McMurry (I)	E. Ricky Gibson (I)
J. Douglas Seidenburg (I)	Andrew D. Stetelman (I)	M. Ray (Hoppy) Cole, Jr.

(I) indicates independent director under NASDAQ director independence standards.

On March 14, 2017, as permitted under our bylaws, the Board of Directors increased the size of the board from nine to ten members.

Gregory H. Mitchell, who has served on the Board of Directors since 2003, will cease being a director at the annual meeting. During his tenure, Mr. Mitchell has worked diligently to provide the Board of Directors with astute and independent insight and advice. The Board sincerely thanks Mr. Mitchell for his service and numerous contributions over the past 14 years.

Class I Director Nominees

At the Meeting, shareholders are being asked to elect three (3) Class I director nominees each to serve a three-year term, expiring at the 2020 annual meeting of shareholders, or until their successors are elected and qualified. The Class I director nominees are listed below. Ted E. Parker and J. Douglas Seidenburg each currently serve as a Class I director. Rodney D. Bennett has been recommended by the nominating committee, and does not currently serve on the Board of Directors but he does currently serve on the bank board.

<u>Class I</u>

Ted E. Parker (I)

J. Douglas Seidenburg (I)

Rodney D. Bennett, Ed.D (I)

Class II Director Nominee

At the Meeting, shareholders are being asked to elect one (1) Class II director nominee to serve a one-year term, expiring at the 2018 annual meeting of shareholders, or until his successor is elected and qualified. The Class II director nominee is listed below. Thomas E. Mitchell does not currently serve on the Board of Directors but he does currently serve on the bank board. Mr. Mitchell has been recommended by the nominating committee and would fill the vacancy currently existing on the Board of Directors.

Class II

Thomas E. Mitchell (I)

The person named as proxy on the proxy card intends to vote your shares of our common stock for the election of the three Class I director nominees and the one Class II director nominee, unless otherwise directed. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement. If, contrary to our present expectations, any director nominee is unable to serve or for good cause will not serve, your proxy will be voted for a substitute nominee designated by the Board of Directors, unless otherwise directed.

Vote Required to Elect Director Nominees

Under our by-laws, our directors are elected by a plurality of shares cast.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE THREE CLASS i director nomineeS, MESSRS. Bennett, parker and Seidenburg, and the one class II director nominee, mr. mitchell.

Information About Director Nominees and Continuing Directors

The following sets forth information we have obtained from the director nominees and continuing directors regarding: (a) their principal occupations for the last five years; (b) directorships they hold or have held within the last five years with other public companies, if any; (c) their ages at March 15, 2017; (d) the year they were first elected as a director; and (e) a description of positions and offices they hold with the Company or the Bank (other than as a director), as applicable. The below also sets forth the director's particular experience, qualifications, attributes, or skills that, when considered in the aggregate, led the Board of Directors to conclude that the person should serve as a director of the Company:

Information about Director Nominees

Class I Director Nominees

Rodney D. Bennett, Ed.D, 50, does not currently serve on the Board of Directors but he does currently serve on the bank board.

Background: Since 2013, Dr. Bennett has served as the President of The University of Southern Mississippi in Hattiesburg, Mississippi. In this role, he is responsible for the management and administrative oversight of every facet of institutional operations on two campuses. He is affiliated with the American College Personnel Association, the New President's Academy Advisory Committee, American Association of State Colleges and Universities, the NCAA/Conference USA, as well as numerous other organizations.

Experience/Qualifications/Skills: Dr. Bennett's background and numerous affiliations provide the board with a broad range of experience and knowledge of organizational management. His insight will provide significant value to the board.

Ted E. Parker, 57, has been a director of the Company since 1995 and is also a director of the bank.

Background: Mr. Parker attended the University of Southern Mississippi and served as a licensed commodity floor broker at the Chicago Mercantile Exchange. He has been in the stocker-grazer cattle business for more than 30 years. He is currently serving on Bayer Animal Health Advisory Board and on the Marketing and International Trade Committee of the National Cattleman's Beef Association. He has served as a board member of Farm Bureau Insurance. He is a member of the National Cattlemen's Association, the Texas Cattle Feeders Association, Covington County Cattlemen's Association, and the Seminary Baptist Church.

Experience/Qualifications/Skills: Mr. Parker has served on the board of the Company since its inception in 1995. His experience in the cattle business provides the board with insight into the needs of the agricultural community in the Company's markets. He is very familiar with the market in which he lives and works and is also very involved in his community.

J. Douglas Seidenburg, 57, has been a director of the Company since 1998 and is also a director of the bank.

Background: Mr. Seidenburg is the owner and president of Molloy-Seidenburg & Co., P.A. He has been a CPA for more than 30 years. Mr. Seidenburg is involved in many civic, educational, and religious activities in the Jones County area. Past activities include serving as president of the Laurel Sertoma Club, president of the University of Southern Mississippi Alumni Association of Jones County, one of the founders of First Call for Help, a local United Way Agency started in 1990, treasurer of St. John's Day School, director of Leadership Jones County and Future Leaders of Jones County. Mr. Seidenburg is a graduate of the University of Southern Mississippi, where he earned a B.S. degree in Accounting. Mr. Seidenburg served as director of the Laurel bank prior to consolidation.

Experience/Qualifications/Skills: Mr. Seidenburg has served on the board of the Company since 1998. He is Chairman of the Audit Committee and serves as the Financial Expert. His experience as a CPA and his knowledge of corporate governance help provide the board with an understanding of financial and accounting issues that are faced in today's business environment.

Class II Director Nominee

Thomas E. Mitchell, 69, does not currently serve on the Board of Directors but he does currently serve on the bank board.

Background: Mr. Mitchell is a resident of Bay Minette, Alabama, joined the Board of Directors of The First, A National Banking Association in July, 2016. He is President of Stuart Contracting Co., Inc. in Bay Minette which is a major area contractor known for large-scale school, government, industrial and commercial projects of all types. Mr. Mitchell is involved in numerous other partnerships and companies and is a part owner in a number of shopping center projects and office parks and various other residential and commercial projects in Alabama. He is a member of First Baptist Church of Bay Minette where he serves on the Board of Deacons.

Experience/Qualifications/Skills: Mr. Mitchell formerly served on the Board of Directors of SouthTrust Corporation and serves as director for American Fidelity Insurance Company. The Board feels that Mr. Mitchell’s vast business experience as well as his knowledge of the Alabama and Florida markets will be an asset. Mr. Mitchell’s experience will provide the board with insight into the trends, risks, etc. of the market in which he lives and works.

Information about Continuing Directors

David W. Bomboy, M.D., 71, has been a director of the Company since 1995 and is also a director of the bank.

Background: Dr. Bomboy is a lifelong resident of Hattiesburg, Mississippi. He received a B.S. with honors in Pre-Medicine from the University of Mississippi in 1968 and earned an M.D. degree from the University of Mississippi Medical Center in 1971. Dr. Bomboy completed his orthopedic surgical training at the University of Mississippi in 1976. He is a board-certified orthopedic surgeon and has practiced orthopedics in southern Mississippi for 41 years. Dr. Bomboy is a member of the Mississippi State Medical Association, the American Medical Association, and the Mississippi Orthopedic Society and is past president. He served as president of the Methodist Hospital Medical Staff.

Experience/Qualifications/Skills: Dr. Bomboy has served on the board of the Company since its inception in 1995. He is the sole physician on the Company's board which enables him to bring a different perspective to the challenges the board faces. His background, experience, and knowledge of the medical and business communities are important in the board's oversight of management. His past involvement in real estate development adds another perspective to board discussions.

M. Ray (Hoppy) Cole, Jr., 55, served as director of the Company from 1998 to 1999, and then from 2001 through the present and currently serves on the board of the bank.

Background: Mr. Cole currently serves as CEO and President of the bank and the Company. Prior to joining the bank in September 2002, Mr. Cole was Secretary/Treasurer and Chief Financial Officer of the Headrick Companies, Inc. for eleven years. Mr. Cole began his career with The First National Bank of Commerce in New Orleans, Louisiana and held the position of Corporate Banking Officer from 1985-1988. In December of 1988, Mr. Cole joined Sunburst Bank in Laurel, Mississippi serving as Senior Lender and later as President of the Laurel office. Mr. Cole graduated from the University of Mississippi where he earned a Bachelor's and Master's Degree in Business Administration. Mr. Cole also attended the Stonier Graduate School of Banking at the University of Delaware. He also served as a director of the Company's Laurel bank prior to consolidation.

Experience/Qualifications/Skills: Mr. Cole has served on the board of the Company for more than fifteen years. Mr. Cole's years of experience in banking as well as his experience as CFO of a large company lend expertise to the board. His insight is an essential part of formulating the Company's policies, plans and strategies.

E. Ricky Gibson, 60, serves as Chairman of the Board and has been a director of the Company since 1995 and is also a director of the bank.

Background: Mr. Gibson has been president and owner of N&H Electronics, Inc., a wholesale electronics distributor, since 1988 and of Mid South Electronics, a wholesale consumer electronics distributor, since 1993. He attended the University of Southern Mississippi. He is a member of Parkway Heights United Methodist Church.

Experience/Qualifications/Skills: Mr. Gibson has served on the board of the Company since its inception in 1995. As the owner of wholesale electronics distributorships, Mr. Gibson is knowledgeable about all aspects of running a successful business and he understands the challenges business owners face. Also, he has developed an understanding of the Company's bank and the banking industry in general, particularly in the area of audit and executive compensation. He serves as Chairman of the Board of both the Company and the bank and has served as chairman of the bank audit committee and is chairman of the compensation committee.

Charles R. Lightsey, 77, has been a director of the Company since 2003 and is also a director of the bank.

Background: Mr. Lightsey owns his own business as a Social Security Disability Representative. Mr. Lightsey worked with the Social Security Administration for 39 years, serving as District Manager of the Laurel Office for 32 years. He is a recipient of The Commissioner's Citation, the highest accolade accorded by the SSA. His community involvement includes serving as a former deacon of the First Baptist Church of Laurel, member and Board of Directors of the Laurel Kiwanis Club, president of the Laurel-Jones County Council on Aging, member of the Pine Belt Mental Health Association Council and Chairman of the Federal, State and Local Government United Way. He received his degree in Management and Real Estate from the University of Southern Mississippi in 1961.

He currently serves on the Laurel Advisory Board. Mr. Lightsey served on the board of the Company’s Laurel bank prior to consolidation.

Experience/Qualifications/Skills: Mr. Lightsey has served on the Company’s board since 2003. His background as a manager with the Social Security Administration and his ownership of a business provide the board with a broad range of knowledge and business acumen. His business experience has equipped him with the skills necessary to be a leader on the board and to serve as chairman on two board committees.

Fred A. McMurry, 52, has been a director of the Company since 1995 and is also a director of the bank.

Background: Mr. McMurry is a lifetime resident of the Oak Grove area. He is currently President and General Manager of Havard Pest Control, Inc. with over 33 years of experience in this family-owned business. He also serves on the board of the Bureau of Plant Industry of the Mississippi Department of Agriculture and Commerce and the Dixie National Junior Livestock Sales Committee. He served as President of the Lamar County 4-H. In addition, he is President of West Oaks, LLC. and Vice President of Oak Grove Land Company, Inc.

Experience/Qualifications/Skills: Mr. McMurry has been a director of the Company since its inception in 1995. He contributes his extensive knowledge of the Lamar County area of Mississippi, which is one of the Company’s primary markets. His many years of experience in family-owned businesses give him a broad understanding of the needs of the Company’s customers as well as insight into the economic trends in the area. He also has been involved in real estate development which adds value to loan discussions.

Andrew D. Stetelman, 56, has been a director of the Company since 1995 and is also a director of the bank.

Background: Mr. Stetelman is the third generation of his family in London and Stetelman Realtors. He graduated from the University of Southern Mississippi in 1983. He has served in many capacities with the National, State, and Hattiesburg Board of Realtors, and is past president and the Realtor of the Year in 1992 of the Hattiesburg Board of Realtors and the first Mississippi Commercial Realtor of the Year. He presently serves as the chairman of the Hattiesburg Convention Center, is a board member for the Area Development Partnership, and is a member of the Kiwanis International.

Experience/Qualifications/Skills: Mr. Stetelman has been a director of the Company since its inception in 1995. His experience in commercial real estate and real estate investments provides the board with insight in the trends and risks associated with residential, rental, and commercial real estate within all of the Company’s markets. His advice on all real estate issues is very valuable to the board.

Information about the Non-Director Executive Officer of the Company

Dee Dee Lowery, CPA, 50, serves as Executive Vice President and Chief Financial Officer of the Company and the bank.

Background: Prior to joining the bank in February 2005, Ms. Lowery was Vice President and Investment Portfolio Manager of Hancock Holding Company from 2001 to 2005. Ms. Lowery began her career in 1988 with McArthur, Thames, Slay and Dews, PLLC as a staff accountant until joining Lamar Capital Corporation in 1993. From 1993 until the merger in 2001 with Hancock Holding Company, Mrs. Lowery held several positions beginning with Internal Auditor from 1993 to 1995, Comptroller from 1995 to 1998 and then Chief Financial Officer and Treasurer from 1998 to 2001. Ms. Lowery graduated from the University of Southern Mississippi where she earned a Bachelor's Degree in Business Administration with an emphasis in Accounting. Mrs. Lowery is on the Advisory Board for the Business School at the University of Southern Mississippi. Ms. Lowery is a member of the MS Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Ms. Lowery is a member of the Rotary Club of Petal and serves on the board for the Petal Children's Task Force. Mrs. Lowery is also an active member of The Turning Pointe Church.

Family Relationships

M. Ray (Hoppy) Cole, Jr., Director, CEO and President of the Company and the Bank, is the son of Ellen Cole, President, Pascagoula Branch and the father of Milton R. (Mit) Cole, III, President, Laurel Branch. E. Ricky Gibson, Chairman of the Board and Director, is the father-in-law of Chase Blankenship, VP and Commercial Lender in Hattiesburg, MS.

EXECUTIVE OFFICER COMPENSATION

Compensation Discussion and Analysis

Overview of Compensation Program

The Compensation Committee (for purposes of this analysis, the "Committee") of the Board of Directors has responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Committee ensures that the total compensation paid to the named executive officers is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to the named executive officers are similar to those provided to other executive officers in publicly traded financial institutions.

On February 6, 2009, the Company became a participant in the U.S. Treasury's Troubled Asset Relief Program ("TARP") by participating in the Capital Purchase Program. On September 29, 2010, the Company refinanced the

Company's Capital Purchase Program funding into Community Development Capital Initiative funding. The Community Development Capital Initiative is also a TARP program. On December 6, 2016, the Company entered into that certain Securities Purchase Agreement, dated December 6, 2016, pursuant to which the Company repurchased all 17,123 shares of its Series CD Preferred Stock from the United States Treasury Department. Therefore, as of December 6, 2016 the Company no longer has any shares of Series CD Preferred stock issued or outstanding and no longer participates in the TARP program. Although the limitations and restrictions imposed on the Company under TARP will no longer apply to the Company going forward, because the Series CD Preferred Stock was outstanding for nearly all of 2016, The First Bancshares, Inc. and certain of the Company's employees were subject to compensation related limitations and restrictions for the period that we continued to participate in TARP (referred to herein as the "TARP Period"). The TARP compensation limitations and restrictions included the following:

· Except in limited circumstances, the Company's most highly compensated employee (as determined on an annual basis) is prohibited from receiving cash bonus payments during the TARP period. Mr. Cole was subject to this limitation during 2016.

· Except in limited circumstances, the Company's Named Executive Officers (NEOs) and the Company's next five most highly compensated employees (each as determined on an annual basis) are prohibited from receiving any severance payments upon a termination of employment or any payments triggered by the occurrence of a change in control.

- The Company's NEOs and next 20 most highly compensated employees are subject to a "clawback" of incentive compensation if that compensation is based on materially inaccurate financial statement or performance metrics. Further, no one in this group of employees may receive any tax gross-up payment during the TARP period.

- The Company is limited to an annual tax deduction of $500,000 with respect to the compensation paid to each of the Company's NEOs.

The TARP rules further required the Company to adopt an "Excessive or Luxury Expenditure Policy." The Company's Board of Directors has complied with this requirement and the policy is located on the Company's website, www.thefirstbank.com on the Investor Relations page. It is the intent of the Company's Board of Directors that the policy remain in full force and effect for the duration of the TARP period. The policy covers, in particular, entertainment or events, office and facility renovations, aviation or other transportation services and other similar items, activities or events for which the Company may reasonably anticipate such expenditures that are not reasonable expenditures for staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of the Company's business operations. All of the Company's employees are required to comply with the policy. The Company's Chief Executive Officer and Chief Financial Officer are primarily accountable for ensuring adherence to the policy and for certifying that prior approval for any expenditure requiring such prior approval was properly obtained.

In addition to the foregoing limitations and restrictions, the TARP rules and regulations require the Committee to undertake a semi-annual risk assessment with respect to certain of the compensation plans, programs and arrangements maintained by the Company, regardless of whether the individual employee(s) covered by the plan, program or arrangement is a NEO. The risk assessments are intended to reduce the chance that any employee will be incentivized to take unacceptable risks in order to maximize his or her compensation under such plans, programs and arrangements.

As the TARP final rules were implemented in 2009, the Committee regularly discussed its compliance obligations with respect to the Company's executive compensation programs at each committee meeting. The Committee has depended upon guidance from the Company's legal counsel to fully interpret the extent of the application of each of these requirements in the Company's executive compensation programs.

On a related note, in June 2010, federal banking regulators issued final interagency guidance that set forth a framework for assessing the soundness of incentive compensation plans, programs and arrangements maintained by financial institutions. The guidance focuses on balanced risk-taking incentives, compatibility with effective controls and risk management, and strong corporate governance.

The Compensation Committee believes that an awareness and assessment of the impact of risk has always been, and will continue to be, a component of its analysis of executive compensation. As such, the Committee recognizes the role of risk assessment in the overall processes and procedures for establishing such executive compensation. In this regard, the Committee believes that the TARP semi-annual risk assessment and the Federal Reserve's rules will serve as a framework for reconfirming the appropriateness of the process and procedure the Committee has previously followed in reaching its decisions with respect to compensation related matters.

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during fiscal 2016 as well as the other individuals included in the Summary Compensation Table are referred to as the "named executive officers" or "NEOs".

Compensation Philosophy and Objectives

The Committee believes that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals by the Company, and which aligns the interests of the executive officers with the Company's overall business strategy, values and management initiatives. The Company's compensation policies are intended to reward executives for strategic management and the enhancement of shareholder value and support a performance-oriented environment that rewards achievement of internal goals. The Company has also adopted a Compensation Philosophy that provides guidance to the Committee when making decisions surrounding the compensation of the NEOs. Our philosophy generally targets near the market (peer) median for NEO base salaries with a strong emphasis on incentive compensation programs that provide an alignment between pay and performance.

The Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of peer companies. To that end, the Committee believes in rewarding the NEOs with reasonable incentive compensation awards if Company performance meets budget and is comparable to peer group data. This is a critical piece in the compensation plan design at the Company and is realized through the ability of the NEOs to annually earn both short-term (cash) and long-term (stock-based) incentive payouts when performance justifies such awards.

Role of Executive Officers in Compensation Decisions

The Committee makes all compensation decisions for the named executive officers and approves recommendations regarding equity awards to all named executive officers of the Company. Decisions regarding the non-equity compensation of other executive officers are made by the Committee and the Chief Executive Officer.

The Committee and the Chief Executive Officer annually review the performance of each of the named executive officers (other than the Chief Executive Officer whose performance is reviewed by the Committee). The conclusions reached and recommendations based on these reviews, including with respect to salary adjustments and annual award amounts, are presented to the Committee. The Committee can exercise its discretion in modifying any recommended adjustments or awards to executives.

Setting Executive Compensation

At our annual meeting of shareholders held in 2016 and as required by the “say-on-pay” rules of the Securities and Exchange Commission, we sought the approval, on an advisory basis, of our shareholders, concerning our executive compensation program as described in the proxy statement for that meeting. A vast majority (approximately 74%) of our shareholders whose shares were present at the 2016 annual meeting and who voted (or affirmatively abstained from voting (excluding broker non-votes)) on the say-on-pay proposal voted to approve such compensation. As a result, the Compensation Committee did not implement any specific changes to our executive compensation programs as a result of the 2016 shareholder advisory vote. The Compensation Committee intends to monitor the results of this year’s “say-on-pay” proposal vote and to incorporate such results as one of many factors considered in connection with the discharge of its responsibilities, although no such factor will likely be assigned a quantitative weighting.

Based on the foregoing objectives, the Committee has structured the Company’s annual and long-term incentive-based cash and non-cash executive compensation to motivate executives to achieve the business goals set by the Company and reward the executives for achieving such goals. To that end, the Committee has retained Blanchard Consulting Group, an independent third party consultant to provide research for benchmarking purposes related to executive compensation. Additionally, the Company subscribes to and participates in the Mississippi Bankers Association survey, which provides the Committee with comparative compensation data from the Company’s market areas and its peer groups. This information is used by the Committee to ensure that it is providing compensation opportunities comparable to its peer group, thereby allowing the Company to retain talented executive officers who contribute to the Company’s overall and long-term success.

The services provided by the independent third-party consultant , Blanchard Consulting Group, were used as the basis of comparison of compensation between the Company and the companies in the Compensation Peer Group. Blanchard Consulting Group had no conflicts of interests.

In 2013 the Committee engaged Blanchard Consulting Group to conduct an executive total compensation review. This review focused on salary, cash compensation (salary plus bonus and/or annual cash incentive), direct compensation (cash compensation plus long-term incentives), and total compensation (direct compensation plus retirement benefits and any other compensation) for the NEOs. Results from this 2013 study were reviewed by the Committee in considering salary adjustments and executive total compensation targets for 2013, 2014, 2015 and 2016. In 2016, the Committee again utilized Blanchard Consulting Group to assess CEO base salary as compared to a peer group of eight publicly traded banks. The peer companies include the following:

1	MSL	MidSouth Bancorp Inc.
2	FFKT	Farmers Capital Bank Corp.
3	WBHC	Wilson Bank Holding Company
4	FGBI	First Guaranty Bancshares Inc.
5	HBOS	Heritage Financial Group Inc.
6	CBAN	Colony Bankcorp Inc.
7	FFMH	First Farmers and Merchants Corporation
8	CHFN	Charter Financial Corporation

Independent Compensation Consultant

Blanchard Consulting Group is a national firm with an exclusive focus on the banking and financial services industry. Blanchard Consulting Group does not provide any services to the Company besides compensation consulting services. Blanchard Consulting Group reports directly to the Compensation Committee. The Compensation Committee and executive management utilized Blanchard Consulting Group’s reports and reviews to assist with decisions during 2016 but did not solely rely on them. The ultimate decisions made by the Committee and management were a balance between internal views and strategy along with the outside perspective of our independent consultant.

Compensation Policies and Practices as They Relate to Risk Management

As participants in TARP, during 2016, the Company was subject to the executive compensation requirements of the Emergency Economic Stabilization Act of 2008 (“EESA”) and as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”). In compliance therewith the Committee of the Board of Directors of the Company meets at least semi-annually to discuss and evaluate employee compensation plans in light of its assessment of risk posed to the Company from such plans and to ensure compliance with executive compensation rules and regulations implemented under EESA and ARRA. The Committee met twice in 2016 to review the Company's compensation plans and determined that the Company had no compensation plans that would encourage manipulation of reported earnings to enhance compensation or encourage unnecessary or excessive risk-taking. The compensation plans at the Bank also use a proper balance of profitability and strategic goals (such as core deposit growth, asset quality, and audit/compliance) to ensure the officers of the Bank are focusing both on profits and strategic goals that are linked to the long-term viability of the organization. The Committee has determined that there are no compensation policies or procedures that are likely to have a material adverse effect on the Company.

In addition, the Committee has incorporated restricted stock into the compensation package for the top executive officers to tie a portion of their total compensation package to the long-term performance of the Bank. The Committee utilizes a vesting provision with these equity grants to help retain key officers and allow these amounts to be eligible for any clawback policies implemented by the Board.

2016 Executive Compensation Components

Historically, and for the fiscal year ended December 31, 2016, the principal components of compensation for named executive officers were:

- base salary;
- performance-based cash incentive bonus compensation;
- equity incentive compensation;
- retirement and other benefits; and
- perquisites and other personal benefits.

Base Salary

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. When determining salary increases, the Committee uses a Compensation Philosophy that targets the median (50^{th} percentile) of the competitive market for executives that are meeting performance expectations and the upper quartile of market (or the base salary range) for executives that are high performers or exceeding performance expectations. Base salary ranges for named executive officers are determined for each executive using market research and based on his or her position and responsibility.

During its review of base salaries for executives, the Committee primarily considers: 1) performance of the Company; 2) market data provided by the Company’s outside consultants; 3) internal review of the executive’s compensation, both individually and relative to other officers; and 4) individual performance of the executive. Salary levels are typically considered annually as part of the Company’s performance review process as well as upon a promotion or other change in job responsibility. Merit based increases to salaries of the named executive officers are based on the Committee’s assessment of the individual’s performance. The Committee recommended to the Board that the CEO's and each named executive officer's 2016 salary be disclosed in the Summary Compensation Table (shown later in this document), and the Board accepted this recommendation. The base salary adjustments for each named executive officer for 2016 (as compared to their base salaries in 2015) ranged from approximately 3.00% to 7.02% of salary.

Performance-Based Cash Incentive Bonus Compensation

The Company has established an incentive bonus compensation plan that is based upon individual performance as well as team and corporate performance. All named executive officers, except for the Chief Executive Officer, as he did not have a cash incentive plan for 2016, in the Company have unique performance goals in up to seven (7) categories. The incentive plan provides each eligible officer with a "balanced scorecard" for their short-term cash incentive award. The "balanced scorecard" establishes specific corporate and shareholder-related performance goals balanced by the officer's area of responsibility, his or her business unit, and his or her expected individual level of contribution to the Company's achievement of its corporate goals. Cash incentive payments that are authorized to be paid to eligible officers under the performance incentive plan are payable on an annual basis during the year following the year in which the services were performed and are contingent only upon such executive officer's continued employment with the Company through the date of payment.

During the first quarter of 2016, the Board (by the vote of the members of the Board who are not "interested directors&