

FIRST BANCSHARES INC /MS/

Form S-4

April 17, 2014

As filed with the Securities and Exchange Commission on April 17, 2014

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
under
THE SECURITIES ACT OF 1933

THE FIRST BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

MISSISSIPPI (State or other jurisdiction of incorporation or organization)	6022 (Primary Standard Industrial Classification Code Number)	64-0862173 (I.R.S. Employer Identification No.)
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6480 U.S. Hwy. 98 West
Hattiesburg, Mississippi 39402
(601) 268-8998
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Donna T. (Dee Dee) Lowery
Chief Financial Officer
6480 U.S. Hwy. 98 West
Hattiesburg, Mississippi 39402
(601) 268-8998
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Thomas P. Oldweiler, Esq.
Ambrecht Jackson LLP
63 S. Royal Street, 13th Floor
Mobile, Alabama 36602
(251)405-1300

Craig N. Landrum, Esq.
J. Andrew Gipson, Esq.
Jones Walker LLP
190 E. Capitol Street, Suite 800
Jackson, Mississippi 39201
(601) 949-4789

Approximate Date of Commencement of Proposed Sale of the Securities to the Public:
As soon as practicable after the effective date of this Registration Statement and the satisfaction
or waiver of all other conditions to the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding
company and there is compliance with General Instruction G, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 143-1(d) (Cross-Border Third-Party Tender Offer)

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee(2)(3)
Common stock, par value \$1.00 per share	258,844(1) shares	Not applicable	\$3,346,848	\$432
(1)	This amount is based upon the maximum number of shares of The First Bancshares, Inc. ("First Bancshares") common stock anticipated to be issued upon completion of the transactions contemplated in the Agreement and Plan of Merger dated as of March 3, 2014 by and between First Bancshares and BCB Holding Company, Inc. ("BCB"). This number is based on the number of shares of BCB common stock, par value \$1.00 per share, outstanding as of March 3, 2014, and the exchange of each such share of BCB common stock for shares of First Bancshares common stock valued at \$12.93 which is the lowest price possible pursuant to such merger agreement.			
(2)	Determined in accordance with Section 6(b) of the Securities Act of 1933, as amended, at a rate equal to \$128.80 per \$1,000,000 of the proposed maximum aggregate offering price.			
(3)	Pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, as amended, the registration fee is based on the value assigned under the terms of the merger agreement to the BCB common stock, and computed based on the estimated maximum number of shares (1,018,568) that may be exchanged for the First Bancshares common stock being registered.			

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell nor shall there be any sale of these securities in any jurisdiction in which such offer or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY—SUBJECT TO COMPLETION—DATED APRIL 17, 2014

MERGER PROPOSED – YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On March 6, 2014, The First Bancshares, Inc. ("First Bancshares") and BCB Holding Company, Inc. ("BCB") announced a strategic business combination in which BCB will merge with and into First Bancshares. Concurrently, BCB's wholly-owned subsidiary, Bay Bank, an Alabama banking association, will be merged with and into, First Bancshares' wholly-owned subsidiary, The First, A National Banking Association ("The First"). We believe the proposed merger will result in a stronger financial institution, with a diverse revenue stream, a well-balanced loan portfolio and an

attractive funding base. The combined company, which will retain The First Bancshares name, will have approximately \$1 billion in assets and operate 30 branches across the states of Mississippi, Alabama and Louisiana. We are sending you this proxy statement/prospectus to invite you to attend a special meeting of shareholders being held by BCB to allow you to vote on the merger agreement.

If the merger is completed, holders of BCB common stock will receive in exchange for each outstanding share (other than shares held by First Bancshares or BCB, or, shares with respect to which the holders thereof have perfected dissenters' rights): (i) for the BCB common stock that was outstanding prior to August 1, 2013, (x) \$3.60 per share which may be received in cash or First Bancshares common stock, provided that at least 30% of the aggregate consideration paid to such shareholders is in First Bancshares common stock, (y) one non-transferable contingent value right ("CVR"), and (z) a beneficial interest in a trust liquidating BCB's claims arising out of the 2010 Deepwater Horizon oil spill, and (ii) for the BCB common stock that was issued on or after August 1, 2013, \$2.25 per share plus 3.00% simple interest from August 1, 2013, in cash. Each CVR is eligible to receive a cash payment equal to up to \$0.40, with the exact amount based on the resolution of certain identified loans of Bay Bank over a three-year period following the closing of the transaction. Payout of the CVR will be overseen by a special committee of First Bancshares board of directors. First Bancshares also will assume BCB's debt and preferred stock issued to the U.S. Treasury. The total consideration to be paid in connection with the acquisition will range between approximately \$6,239,890.25 and \$6,611,762.25 depending upon the payout of the CVR as well as the price of the First Bancshares common stock on the closing of the transaction, which is subject to a floor (\$12.93) and a ceiling (\$15.81) regarding its price. The implied value of the consideration BCB shareholders will receive in the merger will change depending on changes in the market price of First Bancshares common stock and will not be known at the time you vote on the merger.

We urge you to obtain current market quotations for First Bancshares (trading symbol "FBMS") on the NASDAQ Stock Exchange.

The merger is expected to be a taxable transaction to the BCB shareholders under the Internal Revenue Code of 1986, as amended, and holders of BCB common stock are expected to be taxed on any gain or loss for United States federal income tax purposes for the exchange of shares of BCB common stock for cash and shares of First Bancshares common stock in the merger.

At the special meeting of BCB shareholders to be held on [_____] [___], 2014, holders of BCB common stock will be asked to vote to adopt and approve the agreement and plan of merger and certain other matters. Approval of the merger agreement requires the affirmative vote of two-thirds of the votes cast, assuming that a quorum is present. Holders of BCB's outstanding preferred stock are not entitled to and are not being requested to vote at the BCB special meeting.

The BCB board of directors recommends that BCB common shareholders vote "FOR" the adoption and approval of the agreement and plan of merger.

This document describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including "Risk Factors" beginning on page __ for a discussion of the risks relating to the proposed merger and owning First Bancshares common stock after the merger. You also can obtain information about our companies from documents that each of us has filed with the Securities and Exchange Commission.

M. Ray (Hoppy) Cole, Jr.
President and Chief Executive Officer
The First Bancshares, Inc.

Dr. Louie C Wilson
Chairman of the Board of
Directors of BCB Holding
Company, Inc.

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved of the First Bancshares common stock to be issued under this document or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

The shares of First Bancshares common stock to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated April __, 2014, and it is first being mailed to BCB shareholders, along with the enclosed proxy card, on or about April __, 2014.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about First Bancshares from documents that First Bancshares has filed with the Securities and Exchange Commission and that have not been included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone or email from First Bancshares at the following addresses:

The First Bancshares, Inc.
6480 U.S. Hwy. 98 West
Attn: Donna T. (Dee Dee) Lowery
Chief Financial Officer
Hattiesburg, Mississippi 39402
Phone: (601) 268-8998
Email: dlowery@thefirstbank.com

You will not be charged for any of these documents that you request. IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO PRIOR TO [_____] [___], 2014, IN ORDER TO RECEIVE THEM BEFORE THE SPECIAL MEETING.

You should rely only on the information contained or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated April ___, 2014, and you should assume that the information in this document is accurate only as of such date or such other date as is specified. You should assume that the information incorporated by reference into this document is only accurate as of the date of such document or such other date as is specified. Neither the mailing of this document to BCB shareholders nor the issuance by First Bancshares of shares of First Bancshares common stock in connection with the merger will create any implication to the contrary.

Information on the websites of First Bancshares or BCB, or any subsidiary of First Bancshares or BCB, is not part of this document. You should not rely on such information in deciding how to vote.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding BCB has been provided by BCB and information contained in this document regarding First Bancshares, as well as all pro forma information, has been provided by First Bancshares.

See “Where You Can Find More Information” on page ___ of this proxy statement/prospectus for more information about the documents referred to in this proxy statement/prospectus.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on [_____] [___], 2014

On [_____] [___], 2014, BCB Holding Company, Inc. (“BCB”) will hold a Special Meeting of Shareholders at the Bay Bank located at 6140 Airport Blvd., Mobile, Alabama at 5:30 p.m., local time, to consider and vote upon the following matters:

- a proposal to approve the Agreement and Plan of Merger, dated as of March 3, 2014, by and among First Bancshares, Inc. (“First Bancshares”) and BCB, as it may be amended from time to time (referred to as the “merger agreement”);
 - assuming approval of the merger agreement, a proposal to establish the BCB Shareholder Trust (the “Deepwater Horizon Trust”), to assign BCB’s and Bay Bank’s claims arising out of the April 2010 Deepwater Horizon incident to the Deepwater Horizon Trust for the benefit of certain of BCB’s common shareholders, and appoint three trustees to manage the Deepwater Horizon Trust;
- a proposal to approve the adjournment of the special meeting, if necessary or appropriate, in the event that there are not sufficient votes at the time of the special meeting to approve the foregoing proposal; and
- any other business properly brought before the special meeting or any adjournment or postponement thereof.

The attached proxy statement/prospectus describes the terms and conditions of the merger agreement and includes the complete text of the merger agreement as Annex A. We urge you to read the enclosed materials carefully for a complete description of the merger agreement and the merger. The accompanying proxy statement/prospectus forms a part of this notice.

The BCB board of directors has fixed the close of business on [_____] [___], 2014, as the record date for the special meeting. Only BCB shareholders of record at that time are entitled to notice of, and, if a holder of BCB common stock, to vote at, the special meeting, or any adjournment or postponement of the special meeting. Approval of the merger proposal requires the affirmative vote of two-thirds of the votes cast and each of the other proposals requires the affirmative vote of a majority of the votes cast, in all cases assuming that a quorum is present.

Alabama law provides that shareholders may dissent from the merger and demand that BCB pay the fair cash value, as defined by law, for their shares instead of receiving the consideration offered to shareholders in connection with the merger. A copy of the Alabama law governing dissenters rights is attached as Annex D hereto. For more information, see “The Merger—BCB Shareholders Have Appraisal Rights in the Merger” beginning on page ___.

Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible by submitting your proxy card by mail or in person. To submit your proxy by mail, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. This will not prevent you from voting in person, but it will help to secure a quorum. Any holder of record of BCB common stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the special meeting in the manner described in the accompanying document.

The BCB board of directors has unanimously adopted and approved the merger agreement and recommends that BCB shareholders vote “FOR” the approval of the merger agreement, “FOR” the establishment, assignment and appointments relating to the Deepwater Horizon Trust, and “FOR” the adjournment of the BCB special meeting, if necessary or appropriate, to permit further solicitation of proxies.

By Order of the Board of Directors

Dr. Louie C. Wilson, M.D.
Chairman of the Board

YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE VOTE YOUR SHARES PROMPTLY.

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Annex A Agreement and Plan of Merger, dated as of March 3, 2014, by and among The First Bancshares, Inc. and BCB Holding Company

Annex B Opinion of National Capital LLC

Annex C Opinion of Chaffe & Associates, Inc.

Annex D Alabama Business Corporation Act of Dissenter's Rights

Annex E 2013 First Bancshares Annual Report

Annex F BCB Shareholders' Trust Agreement

QUESTIONS AND ANSWERS

The following are answers to certain questions that you may have regarding the BCB special meeting and the merger. We urge you to read carefully the remainder of this document (including the risk factors beginning on page ___) because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this document.

Q: What are holders of BCB common stock being asked to vote on?

A: Holders of BCB common stock are being asked to vote (1) to adopt and approve an agreement and plan of merger by and among First Bancshares and BCB, (2) to establish the trust for the benefit of BCB's shareholders to hold BCB's claims arising out of the Deepwater Horizon oil spill, and (3) to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the adoption and approval of the merger agreement. Throughout the remainder of this proxy statement/prospectus, the agreement and plan of merger is referred to as the "merger agreement." In the merger, BCB will be merged with and into First Bancshares, and First Bancshares will be the surviving corporation. Concurrently, Bay Bank will merge with and into The First, and The First will be the surviving bank. References to the "merger" refer to the merger of BCB with and into First Bancshares, unless the context clearly indicates otherwise.

Q: What do holders of BCB common stock need to do now?

A: After you have carefully read this document and have decided how you wish to vote your shares, indicate on your proxy card how you want your shares to be voted with respect to (1) the adoption and approval of the merger agreement, (2) to establish the trust for the benefit of BCB's shareholders to hold BCB's claims arising out of the Deepwater Horizon oil spill, and (3) approval of the adjournment of the BCB special meeting, if necessary or appropriate, to solicit additional proxies. When complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Submitting your proxy by mail or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the BCB special meeting. Your proxy card must be received prior to the special meeting on [_____] [___], 2014, in order to be counted. If you would like to attend the BCB special meeting, see "Can I attend the BCB special meeting and vote my shares in person?"

Q: Why is my vote as a holder of BCB common stock important?

A: If you do not vote by proxy or vote in person at the BCB special meeting, it will be more difficult for BCB to obtain the necessary quorum to hold its special meeting. In addition, approval of the merger agreement requires the affirmative vote of two-thirds of the votes cast, assuming that a quorum is present. The BCB board of directors recommends that you vote to adopt and approve the merger agreement.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. Without instructions, your shares will not be voted and will not count toward a quorum.

Q: Can I attend the BCB special meeting and vote my shares in person?

A: Yes. All holders of BCB common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the BCB special meeting. Holders of record of BCB common stock as of the record date can vote in person at the BCB special meeting. If you choose to vote in person at the special meeting and if you are a registered shareholder of record, you should bring the enclosed proxy card and proof of identity. If you hold your shares in street name, you must obtain and bring a broker representation letter in your name from your bank, broker or other holder of record and proof of identity. Everyone who attends the special meeting must abide by the rules for the conduct of the meeting, which will be announced and determined by the Chair. At the appropriate time during the special meeting, the shareholders present will be asked whether anyone wishes to vote in person. You should raise your hand at this time to receive a ballot to record your vote. Even if you plan to attend the special meeting, BCB encourages you to vote by proxy through the mail so your vote will be counted if you later decide not to attend the special meeting.

Q: Is the merger expected to be taxable to BCB shareholders?

A: Yes. The merger will be a taxable transaction under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, and holders of BCB common stock will be taxed on any gain or loss recognized on the exchange of their shares of BCB common stock for the merger consideration for United States federal income tax purposes. You should read “United States Federal Income Tax Consequences of the Merger” beginning on page ___ for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the specific tax consequences of the merger to you.

Q: If I am a holder of BCB common stock, can I change or revoke my vote?

A: Yes. You may revoke any proxy at any time before it is voted in any of the following ways: (1) by personally appearing and choosing to vote at the special meeting, if you are the shareholder of record, or you obtain and bring a broker representation letter in your name from your bank, broker or the holder of record and, in all cases, you bring proof of identity; (2) by written notification to BCB which is received prior to the exercise of the proxy; or (3) by a subsequent proxy executed by the person executing the prior proxy and presented at the special meeting. BCB shareholders may send their written revocation letter to BCB Holding Company, Inc., Attention: Corporate Secretary, 6140 Airport Blvd, Mobile, Alabama 36608.

Any shareholder entitled to vote in person at the BCB special meeting may vote in person regardless of whether a proxy previously has been given, but the mere presence of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q: Should I send in my BCB stock certificates now?

A: No. You should not send in your BCB stock certificates at this time. After completion of the merger, First Bancshares will cause instructions to be sent to you for exchanging BCB stock certificates for shares of First Bancshares common stock and/or cash to be paid in lieu of a fractional share of First Bancshares common stock. The shares of First Bancshares common stock that holders of BCB common stock will receive in the merger will be issued in book-entry form unless you specifically elect to receive your shares of First Bancshares common stock in certificated form (the instructions that First Bancshares provides you will give you the option to elect to receive certificated shares). Please do not send in your stock certificates with your proxy card.

Q: Whom can I contact if I cannot locate my BCB stock certificate(s)?

A: If you are unable to locate your original BCB stock certificate(s), you should contact Gayle Dunning, Corporate Secretary of BCB at (251) 341-3565. Generally, merger consideration for lost certificates cannot be delivered except upon the making of an affidavit claiming such certificate to be lost, stolen or destroyed and the posting of a bond in such amount as First Bancshares may determine is reasonably necessary as indemnity against any claim that may be made with respect to such lost certificate.

Q: When do you expect to complete the merger?

A: We currently expect to complete the merger during the second quarter of 2014. However, we cannot assure you when or if the merger will occur. We must, among other things, first obtain the approvals of holders of BCB common stock at its special meeting and the required regulatory approvals described below in “The Merger—Regulatory and Third Party Approvals” beginning on page ____.

Q: Whom should I call with questions?

A: BCB shareholders should contact W. Rich Campbell, BCB's President, by telephone at (251) 341-3565.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents that are made part of this proxy statement/prospectus by reference to other documents filed with the Securities and Exchange Commission, which is sometimes referred to as the SEC, include various forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about First Bancshares and BCB that are subject to risks and uncertainties. Congress passed the Private Securities Litigation Reform Act of 1995 in an effort to encourage corporations to provide information about companies' anticipated future financial performance. This act provides a safe harbor for such disclosure, which protects the companies from unwarranted litigation if actual results are different from management expectations. This document reflects management's current views and estimates of future economic circumstances, industry conditions, company performance, and financial results. These forward-looking statements are subject to a number of factors and uncertainties which could cause First Bancshares', BCB's or the combined company's actual results and experience to differ from the anticipated results and expectations expressed in such forward-looking statements. Forward-looking statements speak only as of the date they are made and neither First Bancshares nor BCB assumes any duty to update forward-looking statements.

In addition to factors previously disclosed in reports filed with the SEC and those identified elsewhere herein, forward-looking statements include, but are not limited to, statements about (1) the expected benefits of the transaction between First Bancshares and BCB and between The First and Bay Bank, including future financial and operating results, cost savings, enhanced revenues and the expected market position of the combined company that may be realized from the transaction, and (2) First Bancshares' and BCB's plans, objectives, expectations and intentions and other statements contained herein that are not historical facts. Other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "targets," "projects" or words of similar meaning are intended to identify forward-looking statements. The statements are based upon the current beliefs and expectations of First Bancshares' and BCB's management and are inherently subject to significant business, economic and competitive risks and uncertainties, many of which are beyond their respective control. In addition, the forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from those indicated or implied in the forward-looking statements.

The following risks, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- the businesses of First Bancshares and BCB may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected;
- the expected growth opportunities or costs savings from the transaction may not be fully realized or may take longer to realize than expected;
- revenues following the transaction may be lower than expected as a result of losses of customers or other reasons;
- deposit attrition, operating costs, customer loss and business disruption following the transaction, including difficulties in maintaining relationships with employees, may be greater than expected;
- governmental approvals of the transaction may not be obtained on the proposed terms or expected timeframe;
 - the terms of the proposed transaction may need to be modified to satisfy such approvals or conditions;
 - BCB common stock shareholders may fail to approve the transaction;
 - reputational risks and the reaction of the companies' customers to the transaction;
 - diversion of management time on merger related issues;
 - changes in asset quality and credit risk;
 - inflation;

- customer acceptance of the combined company's products and services;
 - customer borrowing, repayment, investment and deposit practices;
- the introduction, withdrawal, success and timing of business initiatives;
 - the impact, extent, and timing of technological changes;
- a weakening of the economies in which the combined company will conduct operations may adversely affect its operating results;
- the U.S. legal and regulatory framework, including those associated with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, could adversely affect the operating results of the combined company;
 - the interest rate environment may compress margins and adversely affect net interest income; and
- competition from other financial services companies in the combined company's markets could adversely affect operations.

Additional factors that could cause First Bancshares', BCB's or the combined company's results to differ materially from those described in the forward-looking statements can be found in First Bancshares' reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the SEC and available at the SEC's website (www.sec.gov) and BCB's audited financial statements. All subsequent written and oral forward-looking statements concerning First Bancshares, BCB or the proposed merger or other matters and attributable to First Bancshares, BCB or any person acting on either of their behalf are expressly qualified in their entirety by the cautionary statements above. First Bancshares and BCB do not undertake any obligation to update any forward-looking statement, whether written or oral, to reflect circumstances or events that occur after the date the forward-looking statements are made.

SUMMARY

This summary highlights the material information from this document. It may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer in order to fully understand the merger and the related transactions, including the risk factors set forth on page ___. See “Where You Can Find More Information” on page ___. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

In the Merger, Holders of BCB Common Stock Issued Prior to August 1, 2013, Will Have a Right to Receive Cash and/or Shares of First Bancshares Common Stock, a Contingent Value Right per Share of BCB Common Stock, and a Beneficial Interest in a Liquidating Trust (page __) Subject to Certain Conditions

First Bancshares and BCB are proposing the merger of BCB with First Bancshares. If the merger is completed, BCB will merge with and into First Bancshares, with First Bancshares being the surviving company, and BCB common stock will no longer be outstanding. Under the terms of the merger agreement, holders of BCB common stock outstanding prior to August 1, 2013, will have a right to receive for each share of BCB common stock held immediately prior to the merger (x) \$3.60 in cash and/or First Bancshares common stock, (y) one CVR, and (z) a beneficial interest in a trust liquidating BCB’s claims arising out of the 2010 Deepwater Horizon oil spill. Holders of BCB common stock held immediately prior to August 1, 2013 may elect to receive cash or stock or some combination of cash and stock. If the holders of such BCB common stock do not elect to receive at least 30% of the aggregate consideration to which they are entitled in First Bancshares common stock, First Bancshares may pro rata increase such percentage of the consideration received until 30% is obtained. The First Bancshares common stock to be issued pursuant to this election is subject to further adjustment in accordance with the merger agreement. If, on the date that is five business days prior to the closing date of the merger, the 30 trading day average price of First Bancshares common stock is greater than \$15.81, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$15.81 rather than the higher price. Further, if, on the date that is five business days prior to the closing date of the merger, the 30 trading day average price of First Bancshares common stock is less than \$12.93, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$12.93 rather than the lower price.

First Bancshares will not issue any fractional shares of First Bancshares common stock in the merger. Instead, a holder of BCB common stock who otherwise would have received a fraction of a share of First Bancshares common stock will receive an amount in cash. This cash amount will be determined by multiplying the fraction of a share of First Bancshares common stock to which the holder would otherwise be entitled by the average closing price of one share of First Bancshares common stock as reported on the NASDAQ for the 30 trading days prior to the 5th business day prior to the date on which the merger is completed, and then rounded to the nearest cent.

Each CVR is worth up to \$0.40 depending on the resolution of certain identified loans of Bay Bank over a three-year time period.

As a portion of the merger consideration, each holder of BCB Common Stock issued prior to August 1, 2013 will receive a beneficial interest in a trust (the “Deepwater Horizon Trust”) which will be assigned all claims of BCB and Bay Bank for loss or damages arising out of or related to the April 2010 Deepwater Horizon incident against B.P. Exploration and Production, Inc. and any other parties responsible therefor, including those described in the complaints filed by the federal District Court for the Eastern District of Louisiana, case numbers 2:13-cv-02304 and 2:13-cv-0241.

Holders of BCB common stock issued on or after August 1, 2013, will receive \$2.25 plus 3.00% simple interest from August 1, 2013, in cash only for each share of such BCB common stock outstanding.

The merger agreement between First Bancshares and BCB governs the merger. The merger agreement is included in this document as Annex A. Please read the merger agreement carefully. All descriptions in this summary and elsewhere in this document of the terms and conditions of the merger are qualified by reference to the merger agreement.

Treatment of BCB Preferred Stock (page __)

The merger agreement provides that each outstanding share of BCB's Fixed Rate Cumulative Perpetual Preferred Stock, Series 2009A and 2009AW, stated liquidation amount \$1,000 per share, issued to the U.S. Department of the Treasury, which we refer to as the U.S. Treasury, under its Capital Purchase Program (the "BCB CPP Preferred Stock") will be either redeemed by BCB or purchased by First Bancshares prior to the effective time of the merger. In the event this does not occur, then each share of BCB CPP Preferred Stock issued and outstanding prior to the effective time of the merger will be converted into the right to receive one share of preferred stock, par value \$0.01 per share, of First Bancshares to be designated, prior to the closing date of the merger, as Fixed Rate Cumulative Perpetual Preferred Stock, Series 2009 and 2009AW, stated liquidation amount \$1,000 per share.

The Merger Will Be a Taxable Transaction to BCB Shareholders (page __)

First Bancshares and BCB anticipate that the Merger will be a taxable transaction to BCB's shareholders. BCB shareholders' gains or losses on the sale of their BCB common stock will generally be treated as capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares of BCB common stock is more than one year. BCB shareholders' capital gains or losses will be in an amount equal to the difference between their basis in the common stock of BCB and the merger consideration received by such shareholder for his or her BCB common stock.

This consideration for said shares includes BCB's claim against BP Oil Company and a Contingent Value Right (see page __ for definitions). Because the value of the BP Oil Claims and Contingent Value Rights are not readily ascertainable, it is likely that the transaction will be construed and reported as an open transaction, which will impact both the amount of any potential capital gains and losses and the timing of recognition of the gain. It is also possible that the IRS may take the position that any proceeds received through either the BP Oil Claim or the Contingent Value Rights are ordinary income, rather than capital gains. Each holder of BCB common stock is urged to consult his or her tax advisor regarding the manner in which gain or loss should be calculated among different blocks of BCB common stock surrendered in the merger. See "United States Federal Income Tax Consequences of the Merger" on page ____.

The United States federal income tax consequences described above may not apply to all holders of BCB common stock. Your tax consequences will depend on your individual situation. Accordingly, BCB strongly urges you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Accounting Treatment of Merger (page __)

The merger will be accounted for as an "acquisition," as that term is used under accounting principles generally accepted in the United States of America, for accounting and financial reporting purposes.

Comparative Market Prices and Share Information (pages __ and __)

First Bancshares common stock is listed on the NASDAQ under the symbol "FBMS." The following table shows the closing sale prices of First Bancshares common stock as reported on the NASDAQ on March 5, 2014, the last trading day before we announced the merger, and on [_____] [__], 2014, the last practicable trading day before the distribution of this document.

	First Bancshares Common Stock
March 5, 2014	\$14.00
[_____] [__], 2014	\$____

The market price of First Bancshares common stock will fluctuate prior to the merger. BCB shareholders are urged to obtain current market quotations for the shares prior to making any decision with respect to the merger.

National Capital LLC Has Provided an Opinion to the BCB Board of Directors Regarding the Merger Consideration (page __ and Annex B)

On March 3, 2014, National Capital LLC, sometimes referred to as National Capital, rendered its oral opinion to the board of directors of BCB, subsequently confirmed in writing, that, as of such date and based upon and subject to the factors and assumptions described to the BCB board of directors during its presentation and set forth in its written opinion, the consideration to be paid to the holders of BCB common stock in the proposed merger was fair, from a financial point of view, to holders of BCB common stock. The full text of National Capital's written opinion, which sets forth the assumptions made, matters considered and limits on the review undertaken in connection with the

opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated by reference herein. BCB shareholders are urged to read the opinion in its entirety. Pursuant to an engagement letter between BCB and National Capital, BCB has agreed to pay National Capital a customary transaction fee in connection with the merger, which is payable upon completion of the merger. National Capital's written opinion is addressed to the board of directors of BCB, is directed only to the consideration to be paid in the merger and does not constitute a recommendation as to how any holder of BCB common stock should vote with respect to the merger or any other matter. National Capital has consented to the use of its opinion letter dated April 13, 2014, and the references to such letter in this proxy statement/prospectus.

Chaffe & Associates, Inc. Has Provided an Opinion to First Bancshares Board of Directors Regarding the Merger Consideration (page __)

In deciding to approve the merger, First Bancshares board of directors considered the opinion of its financial advisor, Chaffe & Associates, Inc., sometimes referred to as Chaffe, provided to First Bancshares board of directors on February 20, 2014, (subsequently confirmed in writing) that as of the date of the opinion, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the merger consideration payable to holders of BCB common stock pursuant to the merger agreement was fair from a financial point of view to First Bancshares. The opinion of Chaffe will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger. Pursuant to an engagement letter between First Bancshares and Chaffe, First Bancshares has agreed to pay Chaffe fees in connection with the merger, none of which are contingent upon completion of the merger, and a fee for rendering its fairness opinion, which was due upon issuing its fairness opinion. Chaffe addressed its opinion to First Bancshares board of directors, and the opinion is not a recommendation as to any action that a shareholder should take relating to the merger.

The BCB Board of Directors Recommends that Holders of BCB Common Stock Vote “FOR” the Adoption and Approval of the Merger Agreement (page __)

The BCB board of directors believes that the merger is in the best interests of BCB and its shareholders and has unanimously approved the merger and the merger agreement. The BCB board of directors unanimously recommends that holders of BCB common stock vote “FOR” the adoption and approval of the merger agreement. In reaching its decision, the BCB board of directors considered a number of factors, which are described in more detail in “The Merger—BCB’s Reasons for the Merger; Recommendation of the BCB Board of Directors” on page __. The BCB board of directors did not assign relative weights to the factors described in that section or the other factors considered by it. In addition, the BCB board of directors did not reach any specific conclusion on each factor considered, but conducted an overall analysis of these factors. Individual members of the BCB board of directors may have given weights to different factors.

BCB’s Directors and Executive Officers May Receive Additional Benefits from the Merger (page __)

When considering the information contained in this proxy statement/prospectus, including the recommendation of BCB’s board of directors to vote to adopt and approve the merger agreement, holders of BCB common stock should be aware that BCB’s executive officers and members of BCB’s board of directors may have interests in the merger that are different from, or in addition to, those of BCB shareholders generally. BCB’s board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger (to the extent these interests were in existence at the time of the evaluation and negotiation of the merger agreement and the merger), and in recommending that the merger agreement be adopted and approved by holders of BCB common stock. For information concerning these interests, please see the discussion under the caption “The Merger—Interests of BCB’s Directors and Executive Officers in the Merger” on page __.

Holders of BCB Common Stock Have Appraisal Rights (page __)

Appraisal rights, also referred to as dissenters’ rights, are statutory rights that, if applicable under law, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair cash value for their shares instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. The holders of BCB common stock are entitled to appraisal rights in the merger under the Alabama Business Corporation Act, which we refer to herein as the ABCL. For more information, see “The Merger—BCB Shareholders Have Appraisal Rights in the Merger” beginning on page __.

Conditions Exist That Must Be Satisfied or Waived for the Merger to Occur (page __)

Currently, First Bancshares and BCB expect to complete the merger during the second quarter of 2014. As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, receipt of the requisite approvals of holders of BCB common stock, the receipt of all required regulatory approvals (including approval by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Office of the Comptroller of the Currency (the “OCC”).

First Bancshares and BCB cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

BCB or First Bancshares May Terminate the Merger Agreement Under Certain Circumstances (page __)

BCB and First Bancshares may mutually agree to terminate the merger agreement before completing the merger, even after BCB shareholder approval, as long as the termination is approved by each of the BCB and First Bancshares boards of directors.

The merger agreement may also be terminated by either party in the following circumstances:

- if the merger has not been completed on or before June 30, 2014, unless the required regulatory approvals are pending and have not been finally resolved, in which event such date shall be automatically extended 60 days, unless the failure to complete the merger by that date is due to the breach of the merger agreement by the party seeking to terminate;
- if there has been a final, non-appealable denial of required regulatory approvals or an injunction prohibiting the transactions contemplated by the merger agreement;
- if the requisite shareholder vote in connection with the merger agreement is not obtained at the BCB shareholder meeting (or any adjournment or postponement thereof), unless the failure to obtain the requisite shareholder vote shall be due to the failure of the applicable party to perform or observe its agreements set forth in the merger agreement;
- if there is a breach of the merger agreement that would result in the failure of any of the closing conditions or a material breach of a representation, warranty, covenant or other agreement and such failure or breach cannot or has not been cured within 30 days after the breaching party receives written notice of such breach;
- by the First Bancshares board of directors, if prior to receipt of the BCB's shareholder approval, the BCB board of directors (1) withdraws or fails to make, the recommendation that its shareholders approve the merger agreement or (2) adopts, approves, recommends, endorses or otherwise declares advisable certain business combination proposals; or
- by the First Bancshares board of directors, if the BCB shareholders exercising dissenter's rights represent more than 10% in the aggregate of the BCB common stock immediately prior to the record date for the BCB shareholders' meeting.

For a further description of these provisions see page __.

Expenses and Termination Fees (page __)

In general, each of BCB and First Bancshares will be responsible for all expenses incurred by it in connection with the negotiation and completion of the transactions contemplated by the merger agreement, subject to specific exceptions discussed in this document. Upon termination of the merger agreement under specified circumstances, BCB may be required to pay First Bancshares a termination fee of \$350,000. See “The Merger Agreement—Termination Fee” beginning on page __ for a complete discussion of the circumstances under which the termination fee will be required to be paid.

Regulatory Approvals Required for the Merger (page __)

BCB and First Bancshares have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. The required regulatory approvals include approval from the Federal Reserve, the OCC, the United States Department of Justice, state securities authorities, and various other federal and state regulatory authorities and self-regulatory organizations. BCB and First Bancshares have filed all applications and notifications believed to be necessary to obtain the required regulatory approvals.

Although we do not know of any reason why we cannot obtain the required regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them.

The Rights of Holders of BCB Common Stock Will Change as a Result of the Merger (page __)

The rights of holders of BCB common stock are governed by Alabama law, as well as BCB’s Articles of Incorporation, as amended (which we refer to as the BCB Articles), and BCB’s Amended and Restated Bylaws (or, the BCB Bylaws). After completion of the merger, the rights of former BCB shareholders will be governed by Mississippi law and by First Bancshares’ Articles of Incorporation, as amended (which we refer to as the First Bancshares Articles), and First Bancshares’ Bylaws, as amended (or, the First Bancshares Bylaws). This document contains descriptions of the material differences in shareholder rights beginning on page __.

BCB Will Hold its Special Meeting on [_____] [___], 2014 (page ___)

The BCB special meeting will be held on _____, 2014, at the Bay Bank, located at 6140 Airport Blvd., Mobile, Alabama 36608 at 5:30 p.m., local time. At the special meeting, holders of BCB common stock will be asked to:

- adopt and approve the merger agreement;
- approve the establishment of the Deepwater Horizon Trust, the assignment of BCB's and Bay Bank's claims arising out of the April 2010 Deepwater Horizon incident to the Deepwater Horizon Trust, and the appointment of three trustees to manage the Deepwater Horizon Trust;
- approve the adjournment of the special meeting, if necessary or appropriate, in the event that there are not sufficient votes at the time of the special meeting to approve the foregoing proposal; and
- vote on any other business properly brought before the special meeting or any adjournment or postponement thereof.

Record Date. Only holders of record of BCB common stock at the close of business on [_____] __, 2014, will be entitled to vote at the special meeting. Each share of BCB common stock is entitled to one vote. As of the record date of _____, 2014, there were 1,018,568 shares of BCB common stock entitled to vote at the special meeting.

Required Vote. Approval of the merger agreement requires the affirmative vote of two-thirds of the votes cast, and the other proposals require the affirmative vote of a majority of the votes cast, in all cases assuming that a quorum is present.

All of the directors of BCB have entered into agreements with First Bancshares pursuant to which they have agreed, in their capacity as holders of BCB common stock, to vote all of their shares in favor of the adoption and approval of the merger agreement. As of the record date, these directors of BCB and their affiliates had the right to vote approximately 366,103 shares of BCB common stock, or approximately 35.9% of the outstanding BCB shares entitled to be voted at the special meeting. We expect these individuals to vote their BCB common stock in favor of the approval of the merger agreement in accordance with those agreements.

Information about the Companies (page ___)

BCB Holding Company, Inc.

BCB is an Alabama corporation incorporated in 1998 that is the owner of Bay Bank, an Alabama-chartered bank established in 1999. As of March 31, 2014, BCB had total assets of approximately \$77.8 million, deposits of approximately \$56.8 million and total stockholders' equity of approximately \$5.2 million. BCB operates four (4) banking offices in Mobile County, Alabama. Bay Bank's deposits are insured by the FDIC.

The principal executive offices of BCB are located at 6140 Airport Blvd., Mobile, Alabama 36608, and its telephone number is (251)341-3565. Additional information about BCB and its subsidiaries is included in documents incorporated by reference in this document. See "Where You Can Find More Information" on page ___.

The First Bancshares, Inc.

First Bancshares is a Mississippi corporation incorporated in 1995 that is the owner of, The First, A National Banking Association, incorporated in 1996. As of December 31, 2013, First Bancshares had total assets of approximately \$941 million, deposits of approximately \$780 million and total shareholders' equity of approximately \$85 million. First Bancshares operates 24 banking (including loan production) offices throughout south Mississippi, Louisiana and south Alabama. The First's deposits are insured by the FDIC.

The principal executive offices of First Bancshares are located at 6480 U.S. Hwy. 98 West, Hattiesburg, Mississippi 39402, and its telephone number is (601) 268-8998. Additional information about First Bancshares and The First is included in documents incorporated by reference in this document. See "Where You Can Find More Information" on page ____.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF FIRST BANCSHARES
(In Thousands, Except Share Data) (Unaudited)

	2013	2012	2011	December 31,	
				2010	2009
Earnings:					
Net interest income	\$ 28,401	\$ 22,194	\$ 19,079	\$ 16,334	\$ 14,390
Provision for loan losses	1,076	1,228	1,468	983	1,206
Noninterest income	7,083	6,324	4,598	3,895	4,397
Noninterest expense	28,165	22,164	18,870	15,843	15,323
Net income	4,639	4,049	2,871	2,549	1,743
Net income applicable to common stockholders	4,215	3,624	2,529	2,233	1,461
Per common share data:					
Basic net income per Share	\$.98	\$ 1.17	\$.83	\$.74	\$.49
Diluted net income per Share	.96	1.16	.82	.74	.49
Per share data:					
Basic net income per share	\$ 1.07	\$ 1.31	\$.94	\$.84	\$.58
Diluted net income per share	1.06	1.29	.93	.84	.58
Selected Year End Balances:					
Total assets	\$ 940,890	\$ 721,385	\$ 681,413	\$ 503,045	\$ 477,552
Securities	258,023	226,301	221,176	107,136	114,618
Loans, net of allowance	577,574	408,970	383,418	327,956	314,033
Deposits	779,971	596,627	573,394	396,479	383,754
Stockholders' equity	85,108	65,885	60,425	57,098	43,617

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF BCB

In Thousands, Except Share Data) (Unaudited)

	2013	2012	2011	December 31, 2010	2009
Earnings:					
Net interest income	\$ 2,417	\$ 2,464	\$ 2,634	\$ 2,909	\$ 2,555
Provision for loan losses	-	236	-	1,193	3,153
Noninterest income	756	1,084	1,093	198	1,516
Noninterest expense	3,181	3,314	3,790	4,567	4,031
Net income (loss)	(7)	-	(63)	(2,562)	(3,112)
Net income (loss) applicable to common stockholders	(7)	-	(86)	(1,907)	(2,218)
Per common share data:					
Basic net income (loss) per share	\$ (.01)	\$ -	\$ (0.11)	\$ (2.63)	\$ (3.06)
Selected Year End Balances:					
Total assets	\$ 78,818	\$ 81,624	\$ 86,774	\$ 89,094	\$ 89,384
Securities	19,726	24,121	31,052	27,148	23,668
Loans, net of allowance	44,512	44,403	45,218	46,125	52,089
Deposits	58,485	59,890	64,920	67,771	65,054
Stockholders' equity	5,109	5,746	5,680	4,878	7,134

UNAUDITED SELECTED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following table shows unaudited pro forma condensed combined financial information about the financial condition and results of operations after giving effect to the merger and the planned redemption by BCB (or assumption by First Bancshares) of the BCB CPP Preferred Stock from the U.S. Treasury. The unaudited pro forma condensed combined financial information assumes that the merger is accounted for under the acquisition method of accounting, and that First Bancshares will record the assets and liabilities of BCB at their respective fair values as of the date the merger is completed. The unaudited pro forma condensed combined balance sheets give effect to the transactions as if the transactions had occurred on December 31, 2013. The unaudited pro forma condensed combined income statements for the year ended December 31, 2013, give effect to the transactions as if the transactions had become effective at January 1, 2013.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined at the beginning of the period presented, nor the impact of possible business model changes. The unaudited pro forma condensed combined financial information also does not consider any potential impacts of current market conditions on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the preliminary determinations of the fair value of assets acquired and liabilities assumed reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual fair values that will be recorded upon completion of the merger.

	Year Ended December 31,2013
Income Statement (dollars in thousands)	
Net interest income	\$ 30,818
Noninterest income	7,839
Total revenue	38,657
Provision for loan losses	1,076
Noninterest expense	31,346
Income before income taxes	6,235
Provision for income taxes	1,604
Net income	4,631
Balance Sheet (in thousands)	
Cash and due from banks	\$ 46,345
Net loans	616,624
Total assets	1,013,554
Total deposits	837,751
Total borrowed funds	79,100
Total shareholders' equity	\$ 86,248
Regulatory Capital Ratios	
Tier 1 capital to average assets (leverage)	8.13%

Tier 1 capital to risk-weighted assets	11.35%
Total capital to risk-weighted assets	12.15%

COMPARATIVE PER SHARE DATA

The following table sets forth for First Bancshares common stock and BCB common stock certain historical, pro forma and pro forma-equivalent per share financial information. The pro forma and pro forma-equivalent per share information gives effect to the merger and the planned redemption by BCB (or assumption by First Bancshares) of the BCB CPP Preferred Stock from the U.S. Treasury as if the transactions had been effective as of the dates presented, in the case of the book value data, and as if the transactions had become effective on January 1, 2013, in the case of the net income and dividends declared data. The unaudited pro forma data in the table assumes that the merger is accounted for using the acquisition method of accounting and represents a current estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of BCB at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. See "Unaudited Pro Forma Condensed Combined Financial Information" on page ___.

We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and revenue enhancement opportunities. The unaudited pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible business model changes as a result of current market conditions which may impact revenues, expense efficiencies, asset dispositions, share repurchases and other factors. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods nor is it indicative of the results of operations in future periods or the future financial position of the combined company. The Comparative Per Share Data table for the year ended December 31, 2013, combines the historical income per share data of First Bancshares and subsidiaries and BCB and subsidiaries giving effect to the transactions as if the merger, using the acquisition method of accounting, and the planned redemption by BCB (or assumption by First Bancshares) of the BCB CPP Preferred Stock from the U.S. Treasury had become effective on January 1, 2013. The pro forma adjustments are based upon available information and certain assumptions that First Bancshares' management believes are reasonable. Upon completion of the merger, the operating results of BCB will be reflected in the consolidated financial statements of First Bancshares on a prospective basis.

(Unaudited)	Income*	December 31, 2013	
		(12 months) Book Value – Common	Cash Dividends – Common
First Bancshares	\$ 0.96	\$ 13.27	\$ 0.15
Historical			
BCB Historical	(0.01)	3.07	-
Pro Forma Combined*	\$ 0.94	\$ 13.33	\$ 0.15

* Assumes a 50%-50% split in the election of the merger consideration by holders of BCB common stock outstanding prior to August 1, 2013, and a price per share of First Bancshares common stock of \$14.51.

COMPARATIVE PER SHARE MARKET PRICE INFORMATION

First Bancshares common stock trades on the NASDAQ under the symbol "FBMS." The following table sets forth, for the periods indicated, the high and low sales prices of shares of First Bancshares common stock, as reported on the NASDAQ and the quarterly cash dividends declared per share. As of of April __, 2014, the last date prior to the printing of this document for which it was practicable to obtain this information, there were _____ shares of First Bancshares common stock issued and outstanding, and approximately _____ shareholders of record.

	High	Low	First Bancshares Common Stock Dividends
2014			
1st Quarter	\$ 14.85	\$ 13.83	\$ 0.0375
2013			
4th Quarter	\$ 16.60	\$ 13.02	\$ 0.0375
3rd Quarter	14.96	11.55	0.0375
2nd Quarter	15.40	11.50	0.0375
1st Quarter	12.49	9.55	0.0375
2012			
4th Quarter	\$ 10.96	\$ 9.13	\$ 0.0375
3rd Quarter	10.52	8.99	0.0375
2nd Quarter	9.25	8.54	0.0375
1st Quarter	11.02	7.10	0.0375

There is no established public trading market in which shares of BCB common stock are regularly traded, nor are there any uniformly quoted prices for shares of BCB common stock. The last sale of BCB common stock (other than the sale of BCB common stock to certain directors and executive officers on July 31, 2013) prior to the execution of the merger agreement known to BCB management occurred on February 15, 2012, at \$4.00 per share. BCB has not paid any cash dividends on its shares of common stock.

RISK FACTORS

In addition to the other information included in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the heading “Special Note Regarding Forward-Looking Statements” on page ___ of this proxy statement/prospectus and the matters discussed under the caption “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2013 filed by First Bancshares (as updated by subsequently filed Forms 10-Q and other reports filed with the SEC), holders of BCB common stock should consider the matters described below in determining whether to adopt and approve the merger agreement. If any of the following risks or other risks, which have not been identified or which First Bancshares and BCB may believe are immaterial or unlikely, actually occur, the business, financial condition and results of operations of the combined company could be harmed. Many factors, including those described below, could cause actual results to differ materially from those discussed in forward-looking statements.

Holders of BCB common stock will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Holders of BCB common stock currently have the right to vote in the election of the BCB board of directors and on other matters affecting BCB. When the merger occurs, each holder of BCB common stock that receives shares of First Bancshares common stock will become a shareholder of First Bancshares with a percentage ownership of the combined organization that is smaller than such shareholder’s current percentage ownership of BCB. Because of this, holders of BCB common stock will have less influence on the management and policies of First Bancshares than they now have on the management and policies of BCB.

First Bancshares may not be able to successfully integrate BCB or realize the anticipated benefits of the merger.

First Bancshares’ merger with BCB involves the combination of two bank holding companies that previously have operated independently. A successful combination of the operations of the two entities will depend substantially on First Bancshares’ ability to consolidate operations, systems and procedures and to eliminate redundancies and costs. First Bancshares may not be able to combine the operations of BCB with its operations without encountering difficulties, such as:

- the loss of key employees and customers;
- the disruption of operations and business;
- inability to maintain and increase competitive presence;
 - deposit attrition, customer loss and revenue loss;
- possible inconsistencies in standards, control procedures and policies;
- unexpected problems with costs, operations, personnel, technology and credit; and/or
- problems with the assimilation of new operations, sites or personnel, which could divert resources from regular banking operations.

Additionally, general market and economic conditions of governmental actions affecting the financial industry generally may inhibit First Bancshares’ successful integration of BCB.

Further, First Bancshares entered into the merger agreement with the expectation that the merger will result in various benefits including, among other things, benefits relating to enhanced revenues, a strengthened market position for the combined company throughout First Bancshares’ footprint, cross-selling opportunities, technology, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties,

including whether First Bancshares integrates BCB in an efficient and effective manner, and general competitive factors in the marketplace. First Bancshares also believes that its ability to successfully integrate BCB with its operations will depend to a large degree upon its ability to retain BCB's existing management personnel. Although First Bancshares has entered into retention agreements with certain key employees of BCB since the merger agreement was signed, there can be no assurances that these key employees will not depart. See "The Merger—Interests of Certain BCB Directors and Executive Officers in the Merger" beginning on page ____.

First Bancshares' failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially impact its business, financial condition and operating results. In addition, the attention and effort devoted to the integration of BCB with First Bancshares' existing operations may divert management's attention from other important issues and could seriously harm its business. Finally, any cost savings that are realized may be offset by losses in revenues or other charges to earnings.

The market price of First Bancshares common stock after the merger may be affected by factors different from those currently affecting the shares of BCB or First Bancshares common stock.

The businesses of First Bancshares and BCB differ in important respects and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of First Bancshares and BCB. For a discussion of the businesses of First Bancshares and BCB and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under "Where You Can Find More Information" beginning on page ___.

The merger agreement limits BCB's ability to pursue an alternative acquisition proposal and requires BCB to pay a termination fee of \$350,000 under limited circumstances relating to alternative acquisition proposals.

The merger agreement prohibits BCB from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, unless the directors determine in good faith (after consultation with legal and financial advisors) that (1) a proposed acquisition transaction with an entity other than First Bancshares would be required in order for its directors to comply with their fiduciary duties and (2) that such alternative transaction is reasonably likely to be consummated and would result in a transaction more favorable to BCB's shareholders from a financial point of view than the merger with First Bancshares. See "The Merger Agreement—No Solicitation" on page ___. The merger agreement also provides for the payment by BCB to First Bancshares of a termination fee in the amount of \$350,000 in the event that BCB terminates the merger agreement for certain reasons. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of BCB from considering or proposing such an acquisition. See "The Merger Agreement—Termination Fee" on page ___.

BCB has not obtained an updated fairness opinion from National Capital reflecting changes in circumstances that may have occurred since the signing of the merger agreement.

BCB has not obtained an updated opinion as of the date of this document from National Capital, which is BCB's financial advisor, regarding the fairness, from a financial point of view, of the consideration to be paid in connection with the merger. Changes in the operations and prospects of First Bancshares or BCB, general market and economic conditions and other factors which may be beyond the control of First Bancshares and BCB, and on which the fairness opinion was based, may have altered the value of First Bancshares or BCB or the prices of shares of First Bancshares common stock and shares of BCB common stock as of the date of this document, or may alter such values and prices by the time the merger is completed. The opinion does not speak as of any date other than the date of that opinion. For a description of the opinion BCB received from its financial advisor, please refer to "The Merger—Opinion of BCB's Financial Advisor" beginning on page ___. For a description of the other factors considered by BCB's board of directors in determining to approve the merger, please refer to "The Merger—BCB's Reasons for the Merger; Recommendation of the BCB Board of Directors" beginning on page ___.

The merger is subject to the receipt of consents and approvals from government entities that may impose conditions that could have an adverse effect on the combined company following the merger.

Before the merger may be completed, various approvals or consents must be obtained from the Federal Reserve, the OCC, and various bank, securities, antitrust and other regulatory authorities. These government entities, including the Federal Reserve, may impose conditions on the completion of the merger or require changes to the terms of the merger. Although First Bancshares and BCB do not currently expect that any material conditions or changes would be imposed, there can be no assurances that they will not be. Such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger.

If the merger is not completed, First Bancshares and BCB will have incurred substantial expenses without realizing the expected benefits of the merger.

Each of First Bancshares and BCB has incurred substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. If the merger is not completed, First Bancshares and BCB would have to recognize these expenses without realizing the expected benefits of the merger. However, in the event that First Bancshares willfully breaches certain of its obligations under the merger agreement, BCB will be entitled to reimbursement of its reasonable expenses in an amount not to exceed \$250,000.

BCB's Directors and certain executive officers have interests in the merger that may differ from the interests of BCB's shareholders including, if the merger is completed, the receipt of financial and other benefits.

BCB's directors and certain of BCB's executive officers have interests in the merger that are in addition to, and may be different from, the interests of BCB shareholders generally. In the case of directors, they will receive ongoing indemnification for their acts as directors. In the case of certain executive officers, these interests are one year employment agreements to continue their employment under certain circumstances. See "The Merger—Interests of Certain BCB Directors and Executive Officers in the Merger" beginning on page __ for a discussion of these interests.

The shares of First Bancshares common stock to be received by BCB shareholders as a result of the merger will have different rights from the shares of BCB common stock.

Upon completion of the merger, BCB shareholders may become First Bancshares shareholders and, in such event, their rights as shareholders will be governed by First Bancshares Articles and First Bancshares Bylaws. The rights associated with BCB common stock are different from the rights associated with First Bancshares common stock. Please see "Comparison of Shareholders' Rights" beginning on page __ for a discussion of the different rights associated with First Bancshares common stock.

Like most banking organizations, First Bancshares' business is highly susceptible to credit risk.

As a lender, First Bancshares is exposed to the risk that First Bancshares' customers will be unable to repay their loans according to their terms and that the collateral securing the payment of their loans (if any) may not be sufficient to assure repayment. Credit losses could have a material adverse effect First Bancshares' operating results. First Bancshares' credit risk with respect to its consumer installment and commercial loan portfolios relates principally to the general creditworthiness of individuals and businesses within First Bancshares' local market areas. First Bancshares' credit risk with respect to First Bancshares' residential and commercial real estate mortgage and construction loan portfolios relates principally to the general creditworthiness of individuals and businesses and the value of real estate serving as security for the repayment of the loans. A related risk in connection with loans secured by commercial real estate is the effect of unknown or unexpected environmental contamination, which could make the real estate effectively unmarketable or otherwise significantly reduce its value as security, or could expose First Bancshares to remediation liabilities as the lender.

First Bancshares' allowance for loan losses may not be sufficient to cover actual loan losses, which could adversely affect its earnings.

First Bancshares maintains an allowance for loan losses in an attempt to cover loan losses inherent in First Bancshares' loan portfolio. Additional loan losses will likely occur in the future and may occur at a rate greater than First Bancshares has experienced to date.

The determination of the allowance for loan losses, which represents management's estimate of probable losses inherent in First Bancshares' credit portfolio, involves a high degree of judgment and complexity. First Bancshares' policy is to establish reserves for estimated losses on delinquent and other problem loans when it is determined that losses are expected to be incurred on such loans. Management's determination of the adequacy of the allowance is based on various factors, including an evaluation of the portfolio, past loss experience, current economic conditions, the volume and type of lending conducted by First Bancshares, composition of the portfolio, the amount of First Bancshares' classified assets, seasoning of the loan portfolio, the status of past due principal and interest payments and other relevant factors. Changes in such estimates may have a significant impact on First Bancshares' financial statements. If First Bancshares' assumptions and judgments prove to be incorrect, First Bancshares' current allowance

may not be sufficient and adjustments may be necessary to allow for different economic conditions or adverse developments in its loan portfolio. Federal regulators also periodically review First Bancshares' allowance for loan losses and may require First Bancshares to increase its provision for loan losses or recognize further loan charge-offs, based on judgments different than those of its management. Any increase in First Bancshares' allowance for loan losses would have an adverse effect on its operating results and financial condition.

Commercial and commercial real estate loans generally are viewed as having more risk of default than residential real estate loans or other loans or investments. These types of loans also typically are larger than residential real estate loans and other consumer loans. Because the loan portfolio contains a significant number of commercial and commercial real estate loans with relatively large balances, the deterioration of a material amount of these loans may cause a significant increase in nonperforming assets. An increase in nonperforming loans could result in a loss of earnings from these loans, an increase in the provision for loan losses or an increase in loan charge-offs, which would have an adverse impact on First Bancshares' results of operations and financial condition.

Changes in interest rates and other factors beyond First Bancshares' control may adversely affect its earnings and financial condition.

First Bancshares' net income depends to a great extent upon the level of its net interest income. Changes in interest rates can increase or decrease net interest income and net income. Net interest income is the difference between the interest income First Bancshares earns on loans, investments and other interest-earning assets, and the interest First Bancshares pays on interest-bearing liabilities, such as deposits and borrowings. Net interest income is affected by changes in market interest rates, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a period, an increase in market rates of interest could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduce net interest income.

Changes in market interest rates are affected by many factors beyond First Bancshares' control, including inflation, unemployment, the money supply, international events, and events in world financial markets. First Bancshares attempts to manage its risk from changes in market interest rates by adjusting the rates, maturity, repricing, and balances of the different types of interest-earning assets and interest-bearing liabilities, but interest rate risk management techniques are not exact. As a result, a rapid increase or decrease in interest rates could have an adverse effect on First Bancshares' net interest margin and results of operations. Changes in the market interest rates for types of products and services in First Bancshares' markets also may vary significantly from location to location and over time based upon competition and local or regional economic factors.

If First Bancshares or The First were unable to borrow funds through access to capital markets, The First may not be able to meet the cash flow requirements of its depositors and borrowers, or the operating cash needs to fund corporate expansion and other corporate activities.

Liquidity is the ability to meet cash flow needs on a timely basis at a reasonable cost. The First's liquidity primarily is used to make loans and leases to repay deposit liabilities as they become due or are demanded by customers. Liquidity policies and limits are established by First Bancshares' board of directors. Management regularly monitors the overall liquidity position of The First and First Bancshares to ensure that various alternative strategies exist to cover unanticipated events that could affect liquidity. Management also establishes policies and monitors guidelines to diversify The First's funding sources to avoid concentrations in any one market source. Funding sources include Federal funds purchased, securities sold under repurchase agreements, non-core deposits, and short- and long-term debt. The First is also a member of the Federal Home Loan Bank, or FHLB, System which provides funding through advances to members that are collateralized with mortgage-related assets.

The First maintains a portfolio of securities that can be used as a secondary source of liquidity. There are other sources of liquidity available to The First should they be needed. These sources include sales or securitizations of loans, The First's ability to acquire additional national market, non-core deposits, additional collateralized borrowings such as FHLB advances, the issuance and sale of debt securities, and the issuance and sale of preferred or common securities in public or private offerings. The First also can borrow from the FRB's discount window.

If The First is unable to access any of these funding sources when needed, The First might be unable to meet customers' needs, which could adversely impact The First's financial condition, results of operations, cash flows, and level of regulatory-qualifying capital.

First Bancshares faces risks related to its operational, technological and organizational infrastructure.

First Bancshares' ability to grow and compete is dependent on its ability to build or acquire the necessary operational and technological infrastructure and to manage the cost of that infrastructure as First Bancshares expands. Similar to other large corporations, in First Bancshares' case, operational risk can manifest itself in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or outside persons and exposure to external events. As discussed below, First Bancshares is dependent on its operational infrastructure to help manage these risks. In addition, First Bancshares is heavily dependent on the strength and capability of its technology systems which it uses both to interface with customers and to manage internal financial and other systems. First Bancshares' ability to develop and deliver new products that meet the needs of its existing customers and attract new ones depends on the functionality of First Bancshares' technology systems. Additionally, First Bancshares' ability to run its business in compliance with applicable laws and regulations is dependent on these infrastructures.

First Bancshares continuously monitors its operational and technological capabilities and make modifications and improvements when First Bancshares believes it will be cost effective to do so. In some instances, First Bancshares may build and maintain these capabilities itself. First Bancshares also outsources some of these functions to third parties. These third parties may experience errors or disruptions that could adversely impact First Bancshares and over which it may have limited control. First Bancshares also faces risk from the integration of new infrastructure platforms and/or new third party providers of such platforms into its existing businesses.

A failure in First Bancshares' operational systems or infrastructure, or those of third parties, could impair its liquidity, disrupt its businesses, result in the unauthorized disclosure of confidential information, damage its reputation and cause financial losses.

First Bancshares' business is dependent on its ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex, across numerous and diverse markets. These transactions, as well as the information technology services First Bancshares provides to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards. Due to the breadth of First Bancshares' client base and its geographical reach, developing and maintaining First Bancshares' operational systems and infrastructure is challenging, particularly as a result of rapidly evolving legal and regulatory requirements and technological shifts. First Bancshares' financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond First Bancshares' control, such as a spike in transaction volume, cyber attack or other unforeseen catastrophic events, which may adversely affect First Bancshares' ability to process these transactions or provide services.

In addition, First Bancshares operations rely on the secure processing, storage and transmission of confidential and other information on its computer systems and networks. Although First Bancshares takes protective measures to maintain the confidentiality, integrity and availability of its clients' information across all geographic and product lines, and endeavor to modify these protective measures as circumstances warrant, the nature of the threats continues to evolve. As a result, its computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber attacks and other events that could have an adverse security impact. Despite the defensive measures First Bancshares takes to manage its internal technological and operational infrastructure, these threats may originate externally from third parties such as foreign governments, organized crime and other hackers, and outsource or infrastructure-support providers and application developers, or may originate internally from within First Bancshares' organization. Given the increasingly high volume of our transactions, certain errors may be repeated or compounded before they can be discovered and rectified.

First Bancshares also faces the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including exchanges, clearing agents, clearing houses or other financial intermediaries. Such parties could also be the source of an attack on, or breach of, its operational systems, data or infrastructure. In addition, as interconnectivity with its clients grows, First Bancshares increasingly faces the risk of operational failure with respect to its clients' systems.

Although First Bancshares has not experienced a cyber incident, if one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, its computer systems and networks, or otherwise cause interruptions or malfunctions in it, as well as its clients' or other third parties' operations, which could result in damage to our reputation, substantial costs, regulatory penalties and/or client dissatisfaction or loss. Potential costs of a cyber incident may include, but would not be limited to, remediation costs, increased protection costs, lost revenue from the unauthorized use of proprietary information or the loss of current and/or future customers, and litigation.

The loss of certain key personnel could negatively affect First Bancshares' operations.

First Bancshares depends in large part on the retention of a limited number of key executive management, lending and other banking personnel. First Bancshares could undergo a difficult transition period if it were to lose the services of any of these individuals. First Bancshares' success also depends on the experience of its banking facilities' managers and lending officers and on their relationships with the customers and communities they serve. The loss of these key persons could negatively impact the affected banking operations. The unexpected loss of key senior managers, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on its business, financial condition, or operating results.

Changes in government regulations and legislation could limit First Bancshares' future performance and growth.

The banking industry is heavily regulated. First Bancshares is subject to examination, supervision and comprehensive regulation by various federal and state agencies. First Bancshares' compliance is costly and restricts certain of its activities. Banking regulations are primarily intended to protect the federal deposit insurance fund and depositors, not shareholders. The burdens imposed by federal and state regulations put banks at a competitive disadvantage compared to less regulated competitors, such as finance companies, mortgage banking companies and leasing companies. Changes in the laws, regulations and regulatory practices affecting the banking industry may increase First Bancshares' costs of doing business or otherwise adversely affect it and create competitive advantages for others. Regulations affecting banks and financial services companies undergo continuous change, and First Bancshares cannot predict the ultimate effect of these changes, which could have a material adverse effect on its profitability or financial condition. Federal economic and monetary policies may also affect First Bancshares' ability to attract deposits and other funding sources, make loans and investments, and achieve satisfactory interest spreads.

The geographic concentration of First Bancshares' markets makes its business highly susceptible to local economic conditions.

Unlike larger organizations that are more geographically diversified, First Bancshares' offices are primarily concentrated in selected markets in Louisiana, Alabama, and Mississippi. As a result of this geographic concentration, First Bancshares' financial results depend largely upon economic conditions in these market areas. Deterioration in economic conditions in the markets First Bancshares serves could result in one or more of the following:

- an increase in loan delinquencies;
- an increase in problem assets and foreclosures;
- a decrease in the demand for First Bancshares products and services; and
- a decrease in the value of collateral for loans, especially real estate, in turn reducing customers' borrowing power, the value of assets associated with problem loans and collateral coverage.

THE BCB SPECIAL MEETING

This section contains information about the special meeting of BCB shareholders that has been called to consider and approve the merger agreement and the Deepwater Horizon Trust. Together with this document, BCB also is sending you a notice of the special meeting and a form of proxy that the BCB board of directors is soliciting. The BCB special meeting will be held on June __, 2014, at Bay Bank, located at 6140 Airport Blvd., Mobile, Alabama 36608 at 5:30 p.m., local time.

Matters to Be Considered

The purpose of the special meeting is to vote on:

- a proposal to adopt and approve the merger agreement;
- assuming approval of the merger agreement, a proposal to establish the BCB Shareholder Trust (the “Deepwater Horizon Trust”), to assign BCB’s and Bay Bank’s claims arising out of the April 2010 Deepwater Horizon incident to the Deepwater Horizon Trust, and appoint three trustees to manage the Deepwater Horizon Trust;
- a proposal to approve the adjournment of the special meeting, if necessary or appropriate, in the event that there are not sufficient votes at the time of the special meeting to approve the foregoing proposal; and
- any other business properly brought before the special meeting or any adjournment or postponement thereof.

Proxies

Each copy of this document mailed to holders of BCB common stock is accompanied by a form of proxy with instructions for voting by mail. If you hold stock in your name as a shareholder of record and are voting by mail, you should complete, sign, date and return the proxy card accompanying this document in the enclosed postage-paid return envelope to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting.

If you hold your stock in “street name” through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.

If you hold common stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by signing and returning a proxy card with a later date, delivering a written revocation letter to the BCB Corporate Secretary, or by attending the special meeting in person and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy previously has been given, but the mere presence of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

BCB Holding Company, Inc.
Attn: Corporate Secretary

6140 Airport Blvd., Mobile, Alabama 36608

If your shares are held in “street name” by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies. All shares represented by valid proxies that BCB receives through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted “FOR” approval of the merger agreement and merger, “FOR” the establishment of the Deepwater Horizon Trust, assignment of BCB’s and Bay Bank’s claims arising out of the April 2010 Deepwater Horizon incident to the Deepwater Horizon Trust, and appointment of three trustees to manage the Deepwater Horizon Trust; and “FOR” approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. According to the BCB Bylaws, business to be conducted at the special meeting must be confined to the subjects stated in BCB’s notice of the special meeting.

Solicitation of Proxies

BCB will bear the entire cost of soliciting proxies from holders of BCB common stock. In addition to solicitation of proxies by mail, BCB will request that banks, brokers, and other record holders send proxies and proxy material to the beneficial owners of BCB common stock and secure their voting instructions. If necessary, BCB may use several of its regular employees, who will not be specially compensated, to solicit proxies from holders of BCB common stock, either personally or by telephone, facsimile, letter or other electronic means.

Record Date

The close of business on _____, 2014 has been fixed as the record date for determining the BCB shareholders entitled to receive notice of and to vote at the special meeting. At that time, 1,018,568 shares of BCB common stock were outstanding, held by approximately 297 holders of record.

Quorum

In order to conduct voting at the special meeting, there must be a quorum. A quorum is the number of shares that must be present at the meeting, either in person or by proxy. To have a quorum at the special meeting requires the presence of holders of BCB common stock or their proxies who are entitled to cast at least a majority of the votes that all holders of common stock are entitled to cast.

Votes Required

Approval of the merger agreement requires the affirmative vote of two-thirds of the votes cast by holders of BCB common stock, assuming that a quorum is present. You are entitled to one vote for each share of BCB common stock you hold as of the record date.

Approval of the proposal to establish the Deepwater Horizon Trust, to assign BCB's and Bay Bank's claims arising out of the April 2010 Deepwater Horizon incident to the Deepwater Horizon Trust, and to appoint three trustees to manage the Deepwater Horizon Trust, requires the affirmative vote of a majority of the votes cast by holders of BCB common stock, assuming that a quorum is present.

Approval of the proposal to adjourn the special meeting if necessary or appropriate in order to solicit additional proxies requires the affirmative vote of a majority of the votes cast, assuming that a quorum is present. Assuming there is a quorum, your failure to vote, an abstention or a broker non-vote will have no effect on either proposal.

Holders of BCB CPP Preferred Stock are not entitled to vote on the adoption and approval of the merger agreement or otherwise at the special meeting.

The BCB board of directors urges BCB shareholders to promptly vote by completing, dating, and signing the accompanying proxy card and returning it promptly in the enclosed postage-paid envelope. If you hold your stock in "street name" through a bank or broker, please vote by following the voting instructions of your bank or broker.

If you are the registered holder of your BCB common stock or you obtain a broker representation letter from your bank, broker or other holder of record of your BCB common stock and in all cases you bring proof of identity, you may vote your BCB common stock in person by ballot at the special meeting. Votes properly cast at the special meeting, in person or by proxy, will be tallied by BCB's inspector of elections.

As of the record date, directors of BCB had the right to vote approximately 366,103 shares of BCB common stock, or approximately 35.9% of the outstanding BCB shares entitled to vote at the special meeting. All of the directors of

BCB and Bay Bank have entered into agreements with First Bancshares pursuant to which they have agreed, in their capacity as holders of BCB common stock, to vote all of their shares in favor of the adoption and approval of the merger agreement. We expect these individuals to vote their BCB common stock in accordance with these agreements.

Recommendation of the BCB Board of Directors

The BCB board of directors has unanimously adopted and approved the merger agreement and the transactions it contemplates, including the merger. The BCB board of directors determined that the merger, merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of BCB and its shareholders and recommends that you vote “FOR” approval of the merger agreement, “FOR” the establishment, assignment and appointments relating to the Deepwater Horizon Trust, and “FOR” the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. See “The Merger—BCB’s Reasons for the Merger; Recommendation of the BCB Board of Directors” on page __ for a more detailed discussion of the BCB board of directors’ recommendation.

Attending the Special Meeting

All holders of BCB common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. BCB reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. Everyone who attends the special meeting must abide by the rules for the conduct of the meeting. Even if you plan to attend the special meeting, we encourage you to vote by mail proxy so your vote will be counted if you later decide not to attend the special meeting.

Selecting a portion of the Merger Consideration

Under the terms of the merger agreement, holders of BCB common stock outstanding prior to August 1, 2013, will have a right to receive for each share of BCB common stock held immediately prior to the merger (x) \$3.60 in either cash or First Bancshares common stock, (y) one contingent value right (which is referred to as a "CVR"), and (z) a beneficial interest in a trust liquidating BCB's claims arising out of the 2010 Deepwater Horizon oil spill. If the holders of such BCB common stock do not elect to receive at least 30% of the aggregate consideration to which they are entitled in First Bancshares common stock, First Bancshares may pro rata increase such percentage of the consideration received until 30% is obtained. The First Bancshares common stock to be issued pursuant to this election is subject to further adjustment in accordance with the merger agreement. If, on the date that is five business days prior to the closing date of the merger, the 30 trading days average price of First Bancshares common stock is greater than \$15.81, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$15.81 rather than the higher price. Further, if, on the date that is five business days prior to the closing date of the merger, the 30 trading days average price of First Bancshares common stock is less than \$12.93, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$12.93 rather than the lower price.

Included with the proxy attached to this proxy statement/prospectus is a form on which you may elect what percentage of cash and/or stock you would like to receive in exchange for your shares of BCB common stock which were outstanding prior to August 1, 2013, if the merger is approved. If you do not elect a percentage, or you do not return a proxy and/or the form at or before the special meeting, you will receive only shares of First Bancshares common stock as your pro rata share of the merger consideration. If the amount of First Bancshares common stock selected by BCB shareholders as merger consideration is less than 30% of the total merger consideration, First Bancshares may adjust the composition of the consideration to ensure that at least 30% of the aggregate merger consideration consists of First Bancshares common stock.

Logistics of the "\$3.60" election. Included with the proxy attached to this proxy statement/prospectus is a form on which you may elect what percentage of cash and stock you would like to receive in exchange for your shares of BCB common stock which were outstanding prior to August 1, 2013, if the merger is approved. If you do not elect a percentage, or you do not return a proxy and/or the form at or before the special meeting, you will receive \$3.60 worth, as described above, of shares of First Bancshares common stock instead of \$3.60 of cash for the \$3.60 "(x)" portion of the merger consideration. If the amount of First Bancshares common stock selected by BCB shareholders as portions of merger consideration is less than 30% of the total merger consideration, First Bancshares may adjust the composition of the consideration to ensure that at least 30% of the aggregate merger consideration consists of First Bancshares common stock.

Valuation of the First Bancshares common stock for conversion purposes. The First Bancshares common stock to be issued pursuant to this election is subject to further adjustment in accordance with the merger agreement. If, on the date that is five business days prior to the closing date of the merger, the 30 trading days average price of First Bancshares common stock is greater than \$15.81, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$15.81 rather than the higher price. Further, if, on the date that is five business days prior to the closing date of the merger, the 30 trading days average price of First Bancshares common stock is less

than \$12.93, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$12.93 rather than the lower price.

Possible Forced Proration of the First Bancshares common stock. If the holders of such BCB common stock do not elect to receive at least 30% of the aggregate consideration to which they are entitled in First Bancshares common stock, First Bancshares may pro rata increase such percentage of the consideration to each shareholder received until 30% is cumulatively obtained.

CERTAIN INFORMATION CONCERNING FIRST BANCSHARES

Description of Business

General

The First Bancshares, Inc. was incorporated on June 23, 1995, to serve as a bank holding company for The First (which may be referred to herein as the “Bank”) located in Hattiesburg, Mississippi. The First began operations on August 5, 1996, from its main office in the Oak Grove community, which was on the outskirts of Hattiesburg but now is included in the city of Hattiesburg. The First currently operates its main office and two branches in Hattiesburg, one in Laurel, one in Purvis, one in Picayune, one in Pascagoula, one in Bay St. Louis, one in Wiggins, four in Gulfport, one in Biloxi, one in Long Beach and one in Diamondhead, Mississippi, as well as one branch in Bogalusa, Louisiana, a loan production office in Baton Rouge, Louisiana and five branches in Baldwin County, Alabama. The First Bancshares and its subsidiary bank engage in a general commercial and retail banking business characterized by personalized service and local decision-making, emphasizing the banking needs of small to medium-sized businesses, professional concerns and individuals. The First is a wholly-owned subsidiary bank of the First Bancshares.

Location and Service Area

The First serves the cities of Hattiesburg, Laurel, Purvis, Picayune, Pascagoula, Bay St. Louis, Wiggins, Gulfport, Biloxi, Long Beach and Diamondhead, Mississippi; Bogalusa and Baton Rouge, Louisiana; Daphne, Fairhope, Foley, Gulf Shores and Orange Beach, Alabama, and the surrounding areas of Lamar, Forrest, Jones, Pearl River, Jackson, Hancock, Stone and Harrison Counties in Mississippi; Washington Parish in Louisiana; and Baldwin County in Alabama. The main office primarily serves the area in and around the northern portion of Lamar County. The Purvis office primarily serves the area in and around Purvis, Mississippi, which is in the east-central part of Lamar County and is the county seat. Lamar County is located in the southeastern section of Mississippi. Hattiesburg, one of the largest cities in Mississippi, is located in Forrest and Lamar Counties. Major employers located in the Lamar and Forrest County areas include Forrest General Hospital, the University of Southern Mississippi, Wesley Medical Center, Camp Shelby, the Hattiesburg Public Schools, the Hattiesburg Clinic, the City of Hattiesburg, and Marshall Durbin Poultry. The principal components of the economy of the Lamar and Forrest County areas include service industries, wholesale and retail trade, manufacturing, and transportation and public utilities. The Laurel office serves the city of Laurel and the surrounding area of Jones County, Mississippi, with the majority of its retail business coming from the local area and the remaining business coming from other areas of Jones County, as well as portions of Jasper County, Wayne County, Smith County, and Covington County. Major employers in the Jones County area include Howard Industries, Sanderson Farms, Inc., and South Central Regional Medical Center. The Picayune office primarily serves the area in and around Picayune, Mississippi, including areas of north Hancock County and Pearl River, LA and Slidell, LA. Picayune is located in the southern part of Pearl River County. Pearl River County is located in the southern section of Mississippi. Major employers in the Pearl River County area include Stennis Space Center, Chevron, Texaco, Arizona Chemical, American Crescent Elevator Co., City of Picayune, Crosby Memorial Hospital and the public schools. The principal components of the economy of the Pearl River County area include timber, service industries, wholesale and retail trade, manufacturing, and transportation and public utilities. The Pascagoula and Ocean Springs offices primarily serve the area in and around Pascagoula and Ocean Springs, Mississippi, including areas of Jackson County. Major employers in the Jackson County area include Northrop Grumman, Singing River Hospital, and Shell Oil Company. The Bay St. Louis and Diamondhead offices serve the city of Bay St. Louis, Diamondhead and the surrounding area of Hancock County, Mississippi. Major employers in the Hancock County area include the City of Bay St. Louis, Hancock County, and Stennis Space Center. The Wiggins office serves the city of Wiggins and the surrounding area of Stone County, Mississippi. Stone County is south of Forrest County and north of Harrison County. The Gulfport, Biloxi, and Long Beach offices serve the city of Gulfport

and the surrounding area of Harrison County, Mississippi. Major employers in the Harrison County area include Keesler Air Force Base and a vast array of casinos. The Bogalusa office serves the city of Bogalusa and the surrounding area of Washington Parish, Louisiana. The major employers in the Washington Parish area include Temple-Inland, the Bogalusa School System, and LSU-Washington/St. Tammany Regional Medical Center. The Fairhope, Daphne, Foley, Gulf Shores and Orange Beach offices serve their respective cities, as well as the surrounding area of Baldwin County, Alabama. Major employers in the Baldwin County area include Baldwin County Board of Education, Wal-Mart Super Centers, Infirmary Health, UTC Aerospace Systems, and South Baldwin Regional Medical Center.

Banking Services

The First Bancshares strives to provide its customers with the breadth of products and services comparable to those offered by large regional banks, while maintaining the quick response and personal service of a locally owned and managed bank. In addition to offering a full range of deposit services and commercial and personal loans, The First offers products such as mortgage loans. The following is a description of the products and services offered or planned to be offered by the Bank.

! Deposit Services. The Bank offers a full range of deposit services that are typically available in most banks and savings and loan associations, including checking accounts, NOW accounts, savings accounts, and other time deposits of various types, ranging from daily money market accounts to longer-term certificates of deposit. The transaction accounts and time certificates are tailored to the Bank's principal market area at rates competitive to those offered by other banks in the area. All deposit accounts are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to the maximum amount allowed by law. The Bank solicits these accounts from individuals, businesses, associations and organizations, and governmental authorities. In addition, the Bank offers certain retirement account services, such as Individual Retirement Accounts (IRAs).

! Loan Products. The Bank offers a full range of commercial and personal loans. Commercial loans include both secured and unsecured loans for working capital (including loans secured by inventory and accounts receivable), business expansion (including acquisition of real estate and improvements), and purchase of equipment and machinery. Consumer loans include equity lines of credit and secured and unsecured loans for financing automobiles, home improvements, education, and personal investments. The Bank also makes real estate construction and acquisition loans. The Bank's lending activities are subject to a variety of lending limits imposed by federal law. While differing limits apply in certain circumstances based on the type of loan or the nature of the borrower (including the borrower's relationship to the Bank), in general the Bank is subject to a loans-to-one-borrower limit of an amount equal to 15% of the Bank's unimpaired capital and surplus. The Bank may not make any loans to any director, executive officer, or 10% shareholder unless the loan is approved by the Board of Directors of the Bank and is made on terms not more favorable to such a person than would be available to a person not affiliated with the Bank.

! Mortgage Loan Divisions. The Bank has mortgage loan divisions which originate loans to purchase existing or construct new homes and to refinance existing mortgages.

! Other Services. Other Bank services include on-line internet banking services, voice response telephone inquiry service, commercial sweep accounts, cash management services, safe deposit boxes, travelers checks, direct deposit of payroll and social security checks, and automatic drafts for various accounts. The Bank is associated with the Interlink, Plus, Pulse, Star, and Community Cash networks of automated teller machines that may be used by the Bank's customers throughout Mississippi and other regions. The Bank also offers VISA and MasterCard credit card services through a correspondent bank.

Competition

The Bank generally competes with other financial institutions through the selection of banking products and services offered, the pricing of services, the level of service provided, the convenience and availability of services, and the degree of expertise and the personal manner in which services are offered. Mississippi law permits statewide branching by banks and savings institutions, and many financial institutions in the state have branch networks. Consequently, commercial banking in Mississippi is highly competitive. Many large banking organizations currently operate in the First Bancshares' market area, several of which are controlled by out-of-state ownership. In addition, competition between commercial banks and thrift institutions (savings institutions and credit unions) has been intensified significantly by the elimination of many previous distinctions between the various types

of financial institutions and the expanded powers and increased activity of thrift institutions in areas of banking which previously had been the sole domain of commercial banks. Federal legislation, together with other regulatory changes by the primary regulators of the various financial institutions, has resulted in the almost total elimination of practical distinctions between a commercial bank and a thrift institution. Consequently, competition among financial institutions of all types is largely unlimited with respect to legal ability and authority to provide most financial services.

The First Bancshares faces increased competition from both federally-chartered and state-chartered financial and thrift institutions, as well as credit unions, consumer finance companies, insurance companies, and other institutions in the First Bancshares' market area. Some of these competitors are not subject to the same degree of regulation and restriction imposed upon the First Bancshares. Many of these competitors also have broader geographic markets and substantially greater resources and lending limits than the First Bancshares and offer certain services such as trust banking that the First Bancshares does not currently provide. In addition, many of these competitors have numerous branch offices located throughout the extended market areas of the First Bancshares that may provide these competitors with an advantage in geographic convenience that the First Bancshares does not have at present.

Currently there are numerous other commercial banks, savings institutions, and credit unions operating in The First's primary service area.

Employees

As of March 20, 2014, the First Bancshares had 257 full-time employees and 9 part-time employees.

Supervision And Regulation

The First Bancshares and the Bank are subject to state and federal banking laws and regulations which impose specific requirements or restrictions on and provide for general regulatory oversight with respect to virtually all aspects of operations. These laws and regulations are generally intended to protect depositors, not shareholders. To the extent that the following summary describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Any change in applicable laws or regulations may have a material effect on the business and prospects of the First Bancshares. Beginning with the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and following with the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), and now, most recently the sweeping Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), numerous additional regulatory requirements have been placed on the banking industry in the past several years, and additional changes have been proposed. The operations of the First Bancshares and the Bank may be affected by legislative changes and the policies of various regulatory authorities. The First Bancshares is unable to predict the nature or the extent of the effect on its business and earnings that fiscal or monetary policies, economic control, or new federal or state legislation may have in the future.

Legislative and Regulatory Initiatives and First Bancshares Participation

The Congress, Treasury Department and the federal banking regulators, including the FDIC, have taken broad action since early September 2008 to address volatility in the U.S. banking system. In October 2008, the Emergency Economic Stabilization Act of 2008 ("EESA") was enacted. The EESA authorized the Treasury Department to purchase from financial institutions and their holding companies up to \$700 billion in mortgage loans, mortgage-related securities and certain other financial instruments, including debt and equity securities issued by financial institutions and their holding companies in a troubled asset relief program ("TARP"). The purpose of TARP was to restore confidence and stability to the U.S. banking system and to encourage financial institutions to increase their lending to customers and to each other. The Treasury Department allocated \$250 billion towards the TARP Capital Purchase Program ("CPP"), pursuant to which the Treasury Department purchased debt or equity securities from participating institutions. The TARP also included the Community Development Capital Initiative ("CDCI"), which was made available only to certified Community Development Financial Institutions ("CDFIs") and imposed a lower dividend or interest rate, as applicable, than the CPP funding. Participants in the TARP are subject to executive compensation limits and are encouraged to expand their lending and mortgage loan modifications.

On February 6, 2009, as part of the CPP, the First Bancshares entered into a Letter Agreement and Securities Purchase Agreement (collectively, the “Purchase Agreement”) with the Treasury Department, pursuant to which the First Bancshares sold (i) 5,000 shares of the First Bancshares’ Fixed Rate Cumulative Perpetual Preferred Stock, Series UST (the “CPP Preferred Stock”) and (ii) a warrant (the “Warrant”) to purchase 54,705 shares of the First Bancshares’ Common Stock for an exercise price of \$13.71 per share. On September 29, 2010, after successfully obtaining CDFI certification, the First Bancshares exited the CPP by refinancing its CPP funding into lower-cost CDCI funding and also accepted additional CDCI funding. In connection with this transaction, the First Bancshares retired its CPP Preferred Stock and issued to the Treasury Department 17,123 shares of the First Bancshares’ Fixed Rate Cumulative Perpetual Preferred Stock, Series CD (the “CDCI Preferred Stock”). Including refinanced funding and newly obtained funding, the First Bancshares’ total CDCI funding is \$17,123,000.

The CDCI Preferred Stock qualifies as Tier 1 capital and, provided that the First Bancshares maintains its CDFI eligibility and certification, is entitled to cumulative dividends at a rate of 2% per annum until 2018, and 9% per annum thereafter. The Warrant has a 10-year term and is immediately exercisable upon its issuance, and its exercise price is subject to anti-dilution adjustments.

In order to benefit from the lower dividend rate associated with the CDCI Preferred Stock, the First Bancshares is required to maintain compliance with the eligibility requirements of the CDFI Program. These eligibility requirements include the following:

- The First Bancshares must have a primary mission of promoting community development, based on criteria set forth in 12 C.F.R. 1805.201(b)(1);
- The First Bancshares must provide Financial Products, Development Services, and/or other similar financing as a predominant business activity in arm’s-length transactions, as provided in 12 C.F.R. 1805.201(b)(2);
- The First Bancshares must serve a Target Market by serving one or more Investment Areas and/or Targeted Populations, substantially in the manner set forth in 12 C.F.R. 1805.201(b)(3);
- The First Bancshares must provide Development Services in conjunction with its Financial Products, either directly, through an Affiliate, or through a contract with a third-party provider, as provided in 12 C.F.R. 1805.201(b)(4);
- The First Bancshares must maintain accountability to residents of the applicable Investment Area(s) and/or Targeted Population(s) through representation on its governing Board of Directors or otherwise, as provided in 12 C.F.R. 1805.201(b)(5); and
- The First Bancshares must remain a non-governmental entity, which is not an agency or instrumentality of the United States of America, or any State or political subdivision thereof, as described in 12 C.F.R. 1805.201(b)(6) and within the meaning of any supplemental regulations or interpretations of 12 C.F.R. 1805.201(b)(6) or such supplemental regulations published by the Fund.

As used in the discussion above, the terms “Affiliate,” “Financial Products,” “Development Services,” “Target Market,” “Investment Area(s),” and “Targeted Population(s)” have the meanings ascribed to such terms in 12 C.F.R. 1805.104.

American Reinvestment and Recovery Act of 2009. The America Reinvestment and Recovery Act of 2009 (“ARRA”) contained expansive new restrictions on executive compensation for financial institutions and other companies participating in the TARP. These restrictions apply to First Bancshares’ and are further detailed in implementing regulations found at 31 CFR Part 30. (Any reference to “ARRA” herein includes a reference to the implementing regulations.)

ARRA prohibits bonus and similar payments to the most highly compensated employee of the First Bancshares. The prohibition does not apply to bonuses payable pursuant to “employment agreements” in effect prior to February 11, 2009. “Long-term” restricted stock is excluded from ARRA’s bonus prohibition, but only to the extent the value of the stock does not exceed one-third of the total amount of annual compensation of the employee receiving the stock, the stock does not “fully vest” until after all TARP-related obligations have been satisfied, and any other conditions which the Treasury may specify have been met.

ARRA prohibits any payment to the principal executive officer, the principal financial officer, and any of the next eight most highly compensated employees upon departure from the First Bancshares for any reason for as long as any TARP-related obligations remain outstanding.

Under ARRA TARP-participating companies are required to recover any bonus or other incentive payment paid to the principal executive officer, the principal financial officer, or any of the next 23 most highly compensated employees on the basis of materially inaccurate financial or other performance criteria.

ARRA prohibits TARP participants from implementing any compensation plan that would encourage manipulation of the reported earnings of the First Bancshares in order to enhance the compensation of any of its employees.

ARRA requires the principal executive officer and the principal financial officer of any publicly-traded TARP-participating company to provide a written certification of compliance with the executive compensation restrictions in ARRA in the First Bancshares' annual filings with the SEC beginning in 2010.

ARRA requires each TARP-participating company to implement a company-wide policy regarding excessive or luxury expenditures, including excessive expenditures on entertainment or events, office and facility renovations, aviation or other transportation services.

ARRA directs the Treasury to review bonuses, retention awards, and other compensation paid to the principal executive officer and the next four other highest paid executive officer of the First Bancshares and the next 20 most highly compensated employees of each company receiving TARP assistance before ARRA was enacted, and to "seek to negotiate" with the TARP recipient and affected employees for reimbursement if it finds any such payments were inconsistent with TARP or otherwise in conflict with the public interest.

ARRA also prohibits the payment of tax gross-ups; required disclosures related to perquisite payments and the engagement, if any, by the TARP participant of a compensation consultant; and prohibits the deduction for tax purposes of executive compensation in excess of \$500,000 for each applicable senior executive.

These standards could change based on subsequent guidance issued by the Treasury or the Internal Revenue Service. As long as the Treasury continues to hold equity interests in the First Bancshares issued under the TARP, the First Bancshares will monitor its compensation arrangements and modify such compensation arrangements, agree to limit and limit its compensation deductions, and take such other actions as may be necessary to comply with the standards discussed above, as they may be modified from time to time. The First Bancshares does not anticipate that any material changes to its existing executive compensation structure will be required to comply with the executive compensation standards included in the TARP.

Dodd-Frank Act. The enactment during 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has resulted in increased regulation for the financial services industry. Provisions affecting the activities of the First Bancshares and the Bank include, without limitation, the following:

- Asset-based deposit insurance assessments. FDIC deposit insurance premium assessments are based on bank assets rather than domestic deposits.
- Deposit insurance limit increase. The deposit insurance coverage limit has been permanently increased from \$100,000 to \$250,000.
- Limitation on federal preemption. Limitations have been imposed on the ability of national bank regulators to preempt state law. Formerly, the national bank and federal thrift regulators possessed preemption powers with regard to transactions, operating subsidiaries and attorney general civil enforcement authority. These preemption

requirements have been limited by the Dodd-Frank Act, which will likely impact state banks by affecting activities previously permitted through parity with national banks.

- Changes to regulation of bank holding companies. Under Dodd-Frank, bank holding companies must be well-capitalized and well-managed to engage in interstate transactions. In the past, only the subsidiary banks were required to meet those standards. The Federal Reserve Board's "source of strength doctrine" has now been codified, mandating that bank holding companies, such as the First Bancshares, serve as a source of strength for their subsidiary banks, meaning that the bank holding company must be able to provide financial assistance in the event the subsidiary bank experiences financial distress.
- Executive compensation limitations. The Dodd-Frank Act codified executive compensation limitations similar to those previously imposed on TARP recipients.

Summary. The foregoing is a brief summary of certain statutes, rules and regulations affecting the First Bancshares and the Bank. It is not intended to be an exhaustive discussion of all the statutes and regulations having an impact on the operations of such entities. Additional bills may be introduced in the future in the United States Congress and state legislatures to alter the structure, regulation and competitive relationships of financial institutions. It cannot be predicted whether and what form any of these proposals will be adopted or the extent to which the business of the First Bancshares and the Bank may be affected thereby.

First Bancshares

Because it owns the outstanding capital stock of the Bank, the First Bancshares is a bank holding company within the meaning of the Federal Bank Holding Company Act of 1956 (the "BHCA").

The BHCA. Under the BHCA, the First Bancshares is subject to periodic examination by the Federal Reserve and is required to file periodic reports of its operations and such additional information as the Federal Reserve may require. The First Bancshares' and the Bank's activities are limited to banking, managing or controlling banks, furnishing services to or performing services for its subsidiaries, and engaging in other activities that the Federal Reserve determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

The Dodd-Frank Act removed many limitations on the Federal Reserve Board's authority to make examinations of banks that are subsidiaries of bank holding companies. Under the Dodd-Frank Act, the Federal Reserve Board is generally permitted to examine bank holding companies and their subsidiaries, provided that the Federal Reserve Board must rely on reports submitted directly by the institution and examination reports of the appropriate regulators (such as the OCC) to the fullest extent possible; must provide reasonable notice to, and consult with, the appropriate regulators before commencing an examination of a bank holding company subsidiary; and, to the fullest extent possible, must avoid duplication of examination activities, reporting requirements, and requests for information.

Investments, Control, and Activities. With certain limited exceptions, the BHCA requires every bank holding company to obtain the prior approval of the Federal Reserve before (i) acquiring substantially all the assets of any bank, (ii) acquiring direct or indirect ownership or control of any voting shares of any bank if after such acquisition it would own or control more than 5% of the voting shares of such bank (unless it already owns or controls the majority of such shares), or (iii) merging or consolidating with another bank holding company.

In addition, and subject to certain exceptions, the BHCA and the Change in Bank Control Act, together with regulations thereunder, require Federal Reserve approval (or, depending on the circumstances, no notice of disapproval) prior to any person or company acquiring "control" of a bank holding company, such as the First Bancshares. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of the bank holding company. Control is rebuttably presumed to exist if a person acquires 10% or more but less than 25% of any class of voting securities and either the First Bancshares has registered securities under

Section 12 of the Exchange Act (which the First Bancshares has done) or no other person owns a greater percentage of that class of voting securities immediately after the transaction. The regulations provide a procedure for challenge of the rebuttable control presumption.

Under the BHCA, a bank holding company is generally prohibited from engaging in, or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in nonbanking activities, unless the Federal Reserve Board, by order or regulation, has found those activities to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the activities that the Federal Reserve Board has determined by regulation to be proper incidents to the business of a bank holding company include making or servicing loans and certain types of leases, engaging in certain insurance and discount brokerage activities, performing certain data processing services, acting in certain circumstances as a fiduciary or investment or financial adviser, owning savings associations, and making investments in certain corporations or projects designed primarily to promote community welfare.

The Federal Reserve Board has imposed certain capital requirements on the First Bancshares under the BHCA, including a minimum leverage ratio and a minimum ratio of "qualifying" capital to risk-weighted assets. These requirements are described below under "Capital Regulations." Subject to its capital requirements and certain other restrictions, the First Bancshares may borrow money to make a capital contribution to the Bank, and such loans may be repaid from dividends paid from the Bank to the First Bancshares (although the ability of the Bank to pay dividends is subject to regulatory restrictions as described below in "The Bank - Dividends"). The First Bancshares is also able to raise capital for contribution to the Bank by issuing securities without having to receive regulatory approval, subject to compliance with federal and state securities laws.

Source of Strength; Cross-Guarantee. In accordance with Federal Reserve Board policy, the First Bancshares is expected to act as a source of financial strength to the Bank and to commit resources to support the Bank in circumstances in which the First Bancshares might not otherwise do so. Under the BHCA, the Federal Reserve Board may require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve Board's determination that such activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal bank regulatory authorities have additional discretion to require a bank holding company to divest itself of any bank or nonbank subsidiary if the agency determines that divestiture may aid the depository institution's financial condition.

The Bank

The Bank operates as a national banking association incorporated under the laws of the United States and subject to examination by the Office of Comptroller of the Currency ("OCC"). Deposits in the Bank are insured by the FDIC up to a maximum amount (generally \$250,000 per depositor, subject to aggregation rules). The OCC and the FDIC regulate or monitor virtually all areas of the Bank's operations, including security devices and procedures, adequacy of capitalization and loan loss reserves, loans, investments, borrowings, deposits, mergers, issuances of securities, payment of dividends, interest rates payable on deposits, interest rates or fees chargeable on loans, establishment of branches, corporate reorganizations, maintenance of books and records, and adequacy of staff training to carry on safe lending and deposit gathering practices. The OCC requires the Bank to maintain certain capital ratios and imposes limitations on the Bank's aggregate investment in real estate, bank premises, and furniture and fixtures. The Bank is required by the OCC to prepare quarterly reports on their financial condition and to conduct an annual audit of their financial affairs in compliance with minimum standards and procedures prescribed by the OCC.

Under FDICIA, all insured institutions must undergo regular on-site examinations by their appropriate banking agency. The cost of examinations of insured depository institutions and any affiliates may be assessed by the appropriate agency against each institution or affiliate as it deems necessary or appropriate. Insured institutions are required to submit annual reports to the FDIC and the appropriate agency (and state supervisor when applicable). FDICIA also directs the FDIC to develop with other appropriate agencies a method for insured depository institutions to provide supplemental disclosure of the estimated fair market value of assets and liabilities, to the extent feasible and practicable, in any balance sheet, financial statement, report of condition, or any other report of

any insured depository institution. FDICIA also requires the federal banking regulatory agencies to prescribe, by regulation, standards for all insured depository institutions and depository institution holding companies relating, among other things, to: (i) internal controls, information systems, and audit systems; (ii) loan documentation; (iii) credit underwriting; (iv) interest rate risk exposure; and (v) asset quality.

National banks and their holding companies which have been chartered or registered or undergone a change in control within the past two years or which have been deemed by the OCC or the Federal Reserve Board, respectively, to be troubled institutions must give the OCC or the Federal Reserve Board, respectively, thirty days prior notice of the appointment of any senior executive officer or director. Within the thirty day period, the OCC or the Federal Reserve Board, as the case may be, may approve or disapprove any such appointment.

Deposit Insurance. The FDIC establishes rates for the payment of premiums by federally insured banks and thrifts for deposit insurance. A Deposit Insurance Fund ("DIF") is maintained for commercial banks and thrifts, with insurance premiums from the industry used to offset losses from insurance payouts when banks and thrifts fail. Since 1993, insured depository institutions like the Bank have paid for deposit insurance under a risk-based premium system. Assessments are calculated based on the depository institution's average consolidated total assets, less its average amount of tangible equity.

Transactions With Affiliates and Insiders. The Bank is subject to Section 23A of the Federal Reserve Act, which places limits on the amount of loans to, and certain other transactions with, affiliates, as well as on the amount of advances to third parties collateralized by the securities or obligations of affiliates. The aggregate of all covered transactions is limited in amount, as to any one affiliate, to 10% of the Bank's capital and surplus and, as to all affiliates combined, to 20% of the Bank's capital and surplus. Furthermore, within the foregoing limitations as to amount, each covered transaction must meet specified collateral requirements.

The Bank is also subject to Section 23B of the Federal Reserve Act, which prohibits an institution from engaging in certain transactions with affiliates unless the transactions are on terms substantially the same, or at least as favorable to such institution, as those prevailing at the time for comparable transactions with nonaffiliated companies. The Bank is subject to certain restrictions on extensions of credit to executive officers, directors, certain principal shareholders, and their related interests. Such extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and (ii) must not involve more than the normal risk of repayment or present other unfavorable features.

Dividends. A national bank may not pay dividends from its capital. All dividends must be paid out of undivided profits then on hand, after deducting expenses, including reserves for losses and bad debts. In addition, a national bank is prohibited from declaring a dividend on its shares of common stock until its surplus equals its stated capital, unless the bank has transferred to surplus no less than one-tenth of its net profits of the preceding two consecutive half-year periods (in the case of an annual dividend). The approval of the OCC is required if the total of all dividends declared by a national bank in any calendar year exceeds the total of its net profits for that year combined with its retained net profits for the preceding two years, less any required transfers to surplus. In addition, under FDICIA, the banks may not pay a dividend if, after paying the dividend, the bank would be undercapitalized. See "Capital Regulations" below.

Branching. National banks are required by the National Bank Act to adhere to branch office banking laws applicable to state banks in the states in which they are located. Under current Mississippi, Alabama and Louisiana law, banks may open branches throughout these states with the prior approval of the OCC or other primary federal regulator. In addition, with prior regulatory approval, banks are able to acquire existing banking operations in Mississippi, Alabama and Louisiana. Furthermore, federal legislation has recently been passed which permits interstate branching. The new law permits out of state acquisitions by bank holding companies (subject to veto by new state law), interstate branching by banks if allowed by state law, interstate merging by banks, and de novo branching by national banks if allowed by state law. See "Recent Legislative Developments."

Community Reinvestment Act. The Community Reinvestment Act requires that, in connection with examinations of financial institutions within their respective jurisdictions, the Federal Reserve, the FDIC, the OCC, or the Office of Thrift Supervision shall evaluate the record of the financial institutions in meeting the credit needs of their local

communities, including low and moderate income neighborhoods, consistent with the safe and sound operation of those institutions. These factors are also considered in evaluating mergers, acquisitions, and applications to open a branch or facility.

Other Regulations. Interest and certain other charges collected or contracted for by the Bank are subject to state usury laws and certain federal laws concerning interest rates. The Bank's loan operations are subject to certain federal laws applicable to credit transactions, such as the federal Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers; the Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs community it serves; the Equal Credit Opportunity Act, prohibiting discrimination on the basis of creed or other prohibited factors in extending credit; the Fair Credit Reporting Act of 1978, governing the use and provision of information to credit reporting agencies; the Fair Debt Collection Practices Act, concerning the manner in which consumer debts may be collected by collection agencies; and the rules and regulations of the various federal agencies charged with the responsibility of implementing such federal laws. The deposit operations of the Bank also are subject to the Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records, and the Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve Board to implement that Act, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services.

Capital Regulations. The federal bank regulatory authorities have adopted risk-based capital guidelines for banks and bank holding companies that are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, account for off-balance sheet exposure, and minimize disincentives for holding liquid assets. The resulting capital ratios represent qualifying capital as a percentage of total risk-weighted assets and off-balance sheet items. The guidelines are minimums, and the federal regulators have noted that banks and bank holding companies contemplating significant expansion programs should not allow expansion to diminish their capital ratios and should maintain ratios well in excess of the minimums. The current guidelines require all bank holding companies and federally-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4% must be Tier 1 capital. Tier 1 capital includes common shareholders' equity, qualifying perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, but excludes goodwill and most other intangibles and excludes the allowance for loan and lease losses. Tier 2 capital includes the excess of any preferred stock not included in Tier 1 capital, mandatory convertible securities, hybrid capital instruments, subordinated debt and intermediate term-preferred stock, and general reserves for loan and lease losses up to 1.25% of risk-weighted assets.

Under the guidelines, banks' and bank holding companies' assets are given risk-weights of 0%, 20%, 50% and 100%. In addition, certain off-balance sheet items are given credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. These computations result in the total risk-weighted assets. Most loans are assigned to the 100% risk category, except for first mortgage loans fully secured by residential property and, under certain circumstances, residential construction loans, both of which carry a 50% rating. Most investment securities are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% rating, and direct obligations of or obligations guaranteed by the United States Treasury or United States Government agencies, which have a 0% rating.

The federal bank regulatory authorities have also implemented a leverage ratio, which is Tier 1 capital as a percentage of average total assets less intangibles, to be used as a supplement to the risk-based guidelines. The principal objective of the leverage ratio is to place a constraint on the maximum degree to which a bank holding company may leverage its equity capital base. The minimum required leverage ratio for top-rated institutions is 3%, but most institutions are required to maintain an additional cushion of at least 100 to 200 basis points.

FDICIA established a capital-based regulatory scheme designed to promote early intervention for troubled banks and requires the FDIC to choose the least expensive resolution of bank failures. The capital-based regulatory framework contains five categories of compliance with regulatory capital requirements, including "well capitalized," "adequately

capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." To qualify as a "well capitalized" institution, a bank must have a leverage ratio of no less than 5%, a Tier 1 risk-based ratio of no less than 6%, and a total risk-based capital ratio of no less than 10%, and the Bank must not be under any order or directive from the appropriate regulatory agency to meet and maintain a specific capital level. As of December 31, 2013, the First Bancshares and The First, were qualified as "well capitalized."

Under the FDICIA regulations, the applicable agency can treat an institution as if it were in the next lower category if the agency determines (after notice and an opportunity for hearing) that the institution is in an unsafe or unsound condition or is engaging in an unsafe or unsound practice. The degree of regulatory scrutiny of a financial institution will increase, and the permissible activities of the institution will decrease, as it moves downward through the capital categories. Institutions that fall into one of the three undercapitalized categories may be required to (i) submit a capital restoration plan; (ii) raise additional capital; (iii) restrict their growth, deposit interest rates, and other activities; (iv) improve their management; (v) eliminate management fees; or (vi) divest themselves of all or part of their operations. Bank holding companies controlling financial institutions can be called upon to boost the institutions' capital and to partially guarantee the institutions' performance under their capital restoration plans.

These capital guidelines can affect the First Bancshares in several ways. If the First Bancshares continues to grow at a rapid pace, a premature "squeeze" on capital could occur making a capital infusion necessary. The requirements could impact the First Bancshares' ability to pay dividends. The First Bancshares' present capital levels are more than adequate; however, rapid growth, poor loan portfolio performance, or poor earnings performance could change the First Bancshares' capital position in a relatively short period of time.

Failure to meet these capital requirements would mean that a bank would be required to develop and file a plan with its primary federal banking regulator describing the means and a schedule for achieving the minimum capital requirements. In addition, such a bank would generally not receive regulatory approval of any application that requires the consideration of capital adequacy, such as a branch or merger application, unless the Bank could demonstrate a reasonable plan to meet the capital requirement within a reasonable period of time.

Enforcement Powers. FIRREA expanded and increased civil and criminal penalties available for use by the federal regulatory agencies against depository institutions and certain "institution-affiliated parties" (primarily including management, employees, and agents of a financial institution, independent contractors such as attorneys and accountants, and others who participate in the conduct of the financial institution's affairs). These practices can include the failure of an institution to timely file required reports; the filing of false or misleading information; or the submission of inaccurate reports. Civil penalties may be as high as \$1,000,000 a day for such violations. Criminal penalties for some financial institution crimes have been increased to twenty years. In addition, regulators are provided with greater flexibility to commence enforcement actions against institutions and institution-affiliated parties. Possible enforcement actions include the termination of deposit insurance. Furthermore, FIRREA expanded the appropriate banking agencies' power to issue cease and desist orders that may, among other things, require affirmative action to correct any harm resulting from a violation or practice, including restitution, reimbursement, indemnifications, or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts, or take other actions as determined by the ordering agency to be appropriate.

Effect of Governmental Monetary Policies. The earnings of the Bank are affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The Federal Reserve Board's monetary policies have had, and are likely to continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The monetary policies of the Federal Reserve Board have major effects upon the levels of bank loans, investments, and deposits through its open market operations in United States government securities and through its regulation of the discount rate on borrowings of member banks and the reserve requirements against member bank deposits. It is not possible to predict the nature or impact of future changes in monetary and fiscal policies.

Significant Legislation. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Banking Act") permits eligible bank holding companies in any state, with regulatory approval, to acquire banking organizations in any other state. The Interstate Banking Act allows banks with different home states to merge, unless a

particular state opts out of the statute. In addition, the Interstate Banking Act permits national and state banks to establish de novo branches in another state if there is a law in that state which applies equally to all banks and expressly permits all out-of-state banks to establish de novo branches.

The Gramm-Leach-Bliley Act of 1999 (the "Financial Services Modernization Act") repealed the two affiliation provisions of the Glass-Steagall Act: Section 20, which restricted the affiliation of Federal Reserve Member Banks with firms "engaged principally" in specified securities activities; and Section 32, which restricts officer, director, or employee interlocks between a member bank and any company or person "primarily engaged" in specified securities activities. In addition, the Financial Services Modernization Act also contains provisions that expressly preempt any state law restricting the establishment of financial affiliations, primarily related to insurance. The general effect of the law is to establish a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms, and other financial service providers by revising and expanding the BHCA framework to permit a holding company system to engage in a full range of financial activities through a new entity known as a Financial Holding Company. "Financial activities" is broadly defined to include not only banking, insurance, and securities activities, but also merchant banking and additional activities that the Federal Reserve, in consultation with the Secretary of the Treasury, determines to be financial in nature, incidental to such financial activities, or complementary activities that do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

Generally, the Financial Services Modernization Act:

- ! Repeals historical restrictions on, and eliminates many federal and state law barriers to, affiliations among banks, securities firms, insurance companies, and other financial service providers;
- ! Provides a uniform framework for the functional regulation of the activities of banks, savings institutions, and their holding companies;
- ! Broadens the activities that may be conducted by national banks, banking subsidiaries of bank holding companies, and their financial subsidiaries;
- ! Provides an enhanced framework for protecting the privacy of consumer information;
- ! Adopts a number of provisions related to the capitalization, membership, corporate governance, and other measures designed to modernize the Federal Home Loan Bank system;
- ! Modifies the laws governing the implementation of the Community Reinvestment Act ("CRA"); and
- ! Addresses a variety of other legal and regulatory issues affecting both day-to-day operations and long-term activities of financial institutions.

In order for a bank holding company to take advantage of the ability to affiliate with other financial services providers, that company must become a "Financial Holding Company" as permitted under an amendment to the BHCA. To become a Financial Holding Company, a company would file a declaration with the Federal Reserve, electing to engage in activities permissible for Financial Holding Companies and certifying that it is eligible to do so because all of its insured depository institution subsidiaries are well-capitalized and well-managed. In addition, the Federal Reserve must also determine that each insured depository institution subsidiary of a company has at least a "satisfactory" CRA rating.

The Financial Services Modernization Act also permits national banks to engage in expanded activities through the formation of financial subsidiaries. A national bank may have a subsidiary engaged in any activity authorized for national banks directly or any financial activity, except for insurance underwriting, insurance investments, real estate investment or development, or merchant banking, which may only be conducted through a subsidiary of a Financial Holding Company. Financial activities include all activities permitted under new sections of the BHCA or permitted by regulation.

A national bank seeking to have a financial subsidiary, and each of its depository institution affiliates, must be "well-capitalized" and "well-managed." The total assets of all financial subsidiaries may not exceed the lesser of 45% of a bank's total assets, or \$50 billion. A national bank must exclude from its assets and equity all equity investments, including retained earnings, in a financial subsidiary. The assets of the subsidiary may not be consolidated with the bank's assets. The bank must also have policies and procedures to assess financial subsidiary risk and protect the bank from such risks and potential liabilities.

The Financial Services Modernization Act amended the Federal Deposit Insurance Act governing subsidiaries of state banks that engage in "activities as principal that would only be permissible" for a national bank to conduct in a financial subsidiary. It expressly preserves the ability of a state bank to retain all existing subsidiaries. Because Mississippi permits commercial banks chartered by the state to engage in any activity permissible for national banks, the state bank competitors of The First are permitted to form subsidiaries to engage in the activities authorized by the Financial Services Modernization Act, to the same extent as The First. In order to form a financial subsidiary, a state bank must be well-capitalized, and the state bank would be subject to the same capital deduction, risk management and affiliate transaction rules as applicable to national banks.

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act) broadened the application of anti-money laundering regulations to apply to additional types of financial institutions, such as broker-dealers, and strengthened the ability of the U.S. Government to detect and prosecute international money laundering and the financing of terrorism. The principal provisions of Title III of the USA Patriot Act require that regulated financial institutions, including state member banks: (i) establish an anti-money laundering program that includes training and audit components; (ii) comply with regulations regarding the verification of the identity of any person seeking to open an account; (iii) take additional required precautions with non-U.S. owned accounts; and (iv) perform certain verification and certification of money laundering risk for their foreign correspondent banking relationships. The USA Patriot Act also expanded the conditions under which funds in a U.S. interbank account may be subject to forfeiture and increased the penalties for violation of anti-money laundering regulations. Failure of a financial institution to comply with the USA Patriot Act's requirements could have serious legal and reputational consequences for the institution. The Bank has adopted policies, procedures and controls to address compliance with the requirements of the USA Patriot Act under the existing regulations and will continue to revise and update its policies, procedures and controls to reflect changes required by the USA Patriot Act and implementing regulations.

The Sarbanes-Oxley Act of 2002 addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. Section 404 of the Sarbanes-Oxley Act, and regulations adopted by the SEC require the First Bancshares to include in its Annual Report, a report stating management's responsibility to establish and maintain adequate internal controls over financial reporting and management's conclusion on the effectiveness of the internal controls at year end. From time to time, various bills are introduced in the United States Congress with respect to the regulation of financial institutions. Certain of these proposals, if adopted, could significantly change the regulation of banks and the financial services industry. The First Bancshares cannot predict whether any of these proposals will be adopted or, if adopted, how these proposals would affect the First Bancshares.

Recent Legislative and Regulatory Initiatives

Mortgage Rules. During 2013, the CFPB finalized a series of rules related to the extension of residential mortgage loans made by banks. Among these rules, are requirements that a bank make a good faith determination that a borrower has the ability to repay a mortgage loan prior to extending such credit, a requirement that certain mortgage loans contain escrow payments, new appraisal requirements and specific rules regarding how loan originators may be compensated. The implementation of these new rules began in January 2014.

Volcker Rule. In December 2013, the Federal Reserve, the FDIC, the OCC, the SEC, and the CFTC issued the "Prohibitions And Restrictions On Proprietary Trading And Certain Interests In, And Relationships With, Hedge Funds And Private Equity Funds," commonly referred to as the Volcker Rule, which regulates and restricts investments which may be made by banks. The Volcker Rule was adopted to implement a portion of the Dodd-Frank Act and new Section 13 of the Bank Holding Company which prohibits any banking entity from engaging in proprietary trading or from acquiring or retaining an ownership interest in, sponsoring, or having certain relationships with a hedge fund or private equity fund ("covered funds"), subject to certain exemptions.

Basel III. On July 2, 2013, the First Bancshares' primary federal regulators—the Federal Reserve Board and the OCC – adopted final rules implementing the Basel III framework which substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions. These final rules are based on the international capital accords of the Basel Committee on Banking Supervision (Basel Committee).

The new rules address both the components of capital and other issues affecting the numerator in banking institutions' regulatory capital ratios, as well as address risk weights and other issues affecting the denominator, replacing the existing Basel I-derived risk weighting approach with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee's 2004 "Basel II" capital accords. Such instruments issued prior to May 19, 2010, currently included in Tier 1 capital are grandfathered in, so long as they are limited to 25 percent of the institution's Tier 1 capital elements. The final rules impose several new minimum capital ratios, including a common equity to risk-weighted assets minimum ratio of 4.5%, a Tier 1 capital to risk-weighted assets minimum ratio of 8%, and a capital conservation buffer of 2.5% added to the common equity Tier 1 capital, the Tier 1 capital and the total capital ratios. Each of the minimum capital ratios take effect in 2015, with the capital conservation buffer set to be phased in the beginning of 2016 and implemented in full by 2019.

Under the final rules, the treatment of residential mortgage exposures remains unchanged from current practice. First-lien, one-to-four family residential mortgage exposures that are not past due, non-accrual, or restructured will generally receive a 50 percent risk weight. All other residential mortgages receive a 100 percent risk weight. Under the final rules however, some banks are given a one-time "opt out" in which they may elect to filter certain volatile accumulated other comprehensive income (AOCI) components from inclusion in regulatory capital. The AOCI opt-out election must be made on the institution's first Call Report, FR Y-9C or FR Y-9SP, as applicable, filed after January 1, 2015. Lastly, under the final rules, banks with less than \$15 billion in total consolidated assets as of December 31, 2009, or organized in mutual form as of May 19, 2010, are exempt from the requirement that they phase out TruPS and cumulative perpetual preferred stock from Tier 1 capital.

Properties

The First Bancshares' main office, which is the holding company headquarters, is located at 6480 U.S. Hwy 98 West in Hattiesburg, Mississippi. The First Bancshares operates 23 full service banking and financial services offices and one motor bank facility as well as one loan production office. The First Bancshares maintains leases on the Hardy Court Branch, the Gulfport Downtown Branch, the Pascagoula Branch, the Ocean Springs Branch, and the Fairhope Branch, as well as on the Bay Minette LPO. Management ensures that all properties, whether owned or leased, are maintained in suitable condition.

Legal Proceedings

From time to time the First Bancshares and/or the Bank may be named as defendants in various lawsuits arising out of the normal course of business. At present, the First Bancshares is not aware of any legal proceedings that it anticipates may materially adversely affect its business.

Market Information

The First Bancshares' common stock trades on the NASDAQ Global Market under the ticker symbol "FBMS". The following table sets forth the high and low sales price of the First Bancshares' common stock as reported on the NASDAQ Global Market. These prices do not reflect retail mark-ups, mark-downs or commissions.

Cash

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		High Sale	Low Sale	Dividends Paid
2013				
	4th quarter	\$16.60	\$13.02	\$0.0375
	3rd quarter	14.96	11.55	0.0375
	2nd quarter	15.40	11.50	0.0375
	1st quarter	12.49	9.55	0.0375
2012				
	4th quarter	\$10.96	\$ 9.13	\$0.0375
	3rd quarter	10.52	8.99	0.0375
	2nd quarter	9.25	8.54	0.0375
	1st quarter	11.02	7.10	0.0375

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There were 1,146 registered shareholders and approximately 374 beneficial holders of the First Bancshares' common stock at March 20, 2014, and 5,149,280 shares outstanding. On March 20, 2014, the high and low sale prices of the First Bancshares' common stock as reported on the NASDAQ Global Market was \$14.13 and \$14.13, respectively.

The principal sources of funds to the First Bancshares to pay dividends are the dividends received from The First, National Banking Association, Hattiesburg, Mississippi. Consequently, dividends are dependent upon the Bank's earnings, capital needs, regulatory policies, as well as statutory and regulatory limitations. Federal and state banking laws and regulations restrict the amount of dividends and loans a bank may make to its parent company. Approval by The First Bancshares, Inc. regulators is required if the total of all dividends declared in any calendar year exceed the total of its net income for that year combined with its retained net income of the preceding two years.

Stock Performance Graph

The following performance graph and related information are neither "soliciting material" nor "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent the First Bancshares specifically incorporates it by reference to such filing.

The performance graph compares the cumulative five-year shareholder return on the First Bancshares' common stock, assuming an investment of \$100 on December 31, 2008, and the reinvestment of dividends thereafter, to that of the common stocks of United States companies reported in the NASDAQ Composite-Total Returns Index and the common stocks of the NASDAQ OMX Banks Index. The NASDAQ OMX Banks Index contains securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark as Banks. They include banks providing a broad range of financial services, including retail banking, loans and money transmissions.

Total Returns	2008	2009	2010	2011	2012	2013
Index For:						
The First Bancshares, Inc.	100.00	77.65	95.77	87.46	109.98	165.78
NASDAQ Composite-Total Returns	100.00	145.34	171.70	170.34	200.57	281.14
NASDAQ OMX Banks Index	100.00	83.70	95.54	85.51	101.50	143.84

Notes:

- A. The lines represent monthly index levels derived from compounded daily returns that include all dividends.
- B. The indexes are reweighted daily, using the market capitalization on the previous trading day.
- C. If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.
- D. The index level for all series was set to \$100.00 on 12/31/2008.

Description of First Bancshares Common Stock

First Bancshares has 10,000,000 shares of authorized common stock, \$1.00 par value, and authority to issue up to 10,000,000 shares of preferred stock, \$1.00 par value, with such preferences, limitations, and relative rights as determined by the Board of Directors. As of March 20, 2014, there were 5,149,280 shares of First Bancshares common stock issued and outstanding.

Voting Rights; Cumulative Voting

Pursuant to the MBCA and the First Bancshares Bylaws, each outstanding share of the First Bancshares common stock is entitled to one vote on each matter submitted to a vote. Holders of the First Bancshares' common stock do not have cumulative voting rights. Article 2.6 of the First Bancshares Bylaws provides that unless otherwise required by the MBCA or the Articles, all classes or series of the First Bancshares shares entitled to vote generally on a matter shall for that purpose be considered a single voting group.

Limitations on Directors' and Officers' Liability

Article 7 of the First Bancshares Articles of Incorporation provide that no director of the First Bancshares shall be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for any appropriation in violation of fiduciary duties of any business opportunity; for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law, under Section 79-4-8.33 of the MBCA, or for any transaction from which the director derived an improper personal benefit. Article 8 of the First Bancshares Bylaws provide for indemnification of Directors and Officers as discussed below under the caption "Indemnification."

Supermajority Voting Requirements; Business Combinations or Control Share Acquisition

The MBCA states that in the absence of a greater requirement in the articles of incorporation, a sale, lease, exchange, or other disposition of all, or substantially all, a corporation's property requires approval by a majority of the shares entitled to vote on the transaction. The First Bancshares Articles of Incorporation do not provide for a greater than majority vote on such a transaction.

The First Bancshares Articles of Incorporation do include a control share acquisition provision requiring any person who plans to acquire a control block of stock (generally defined as 10%) to obtain approval by the majority vote of disinterested shareholders or the affirmative vote of 75% of eligible members of the Board of Directors in order to vote the control shares. If a control share is made without first obtaining this approval, all stock beneficially owned by the acquiring person in excess of 10% will be considered "excess stock" and will not be entitled to vote.

Any person who proposes to make or has made a control share acquisition may deliver a statement to the First Bancshares describing the person's background and the control share acquisition and requesting a special meeting of shareholders of the First Bancshares to decide whether to grant voting rights to the shares acquired in the control share acquisition. The acquiring person must pay the expenses of this meeting. If no request is made, the voting rights to be accorded the shares acquired in the control share acquisition shall be presented to the next special or annual meeting of the shareholders. If the acquiring person does not deliver his or her statement to the First Bancshares, it may elect to repurchase the acquiring person's shares at fair market value. Control shares acquired in a control share acquisition are not subject to redemption after an acquiring person's statement has been filed unless the shares are not accorded full voting rights by the shareholders.

Removal of Directors

Article 11 of the First Bancshares Articles of Incorporation provide that no director of the First Bancshares may be removed except by the shareholders for cause, provided that directors elected by a particular voting group may be removed only by the shareholders in that voting group for cause. Article 3.3 of the First Bancshares Bylaws provide further that removal action may only be taken at a shareholders' meeting for which notice of the removal action has been given. A removed director's successor may be elected at the same meeting to serve the unexpired term.

Board of Directors

Under Article 10 of the First Bancshares's Articles of Incorporation, the Board of Directors of the First Bancshares is divided into three classes — Class I, Class II, and Class III as nearly equal in numbers of directors as possible. Article 3.2 of the Bylaws establishes a minimum of 9 directors, and a maximum of 25 directors. At present there are a total of 10 directors divided as follows: 3 Class I directors, 3 Class II directors, and 4 Class III directors. The terms of the Class I directors will expire at the 2014 Annual Shareholders' Meeting. The terms of the Class II directors will expire at the 2015 Annual Shareholders' Meeting. The terms of the Class III directors will expire at the 2016 Annual Shareholders' Meeting.

Vacancies in the Board of Directors

Under the First Bancshares Bylaws, any vacancy, may be filled for the unexpired term by the affirmative vote of a majority of the remaining directors, provided that, if the vacant office was held by a director elected by a particular voting group, only the shares of that voting group or the remaining directors elected by that voting group shall be entitled to fill the vacancy; and further provided that, if the vacant office was held by a director elected by a particular voting group, the other remaining directors or director (elected by another voting group or groups) may fill the vacancy during an interim period before the shareholders of the vacated director's voting group act to fill the vacancy.

Amendment of the Articles of Incorporation or Bylaws

Under the MBCA, the board of directors has the power to amend or repeal the bylaws of a Mississippi corporation such as the First Bancshares, unless such power is expressly reserved for the shareholders. Article 10 of the First Bancshares Bylaws provide that the Bylaws may be amended, altered, or repealed by the Board of Directors, except with regard to the provisions establishing the number of directors and process for removal of directors, which may only be amended by the affirmative vote of holders of outstanding shares entitled to more than 80% of the votes entitled to be cast on the alteration, amendment, or repeal.

Amendments to the Articles of Incorporation that result in dissenters' rights require the affirmative vote of a majority of the outstanding shares entitled to vote on the amendment. Otherwise, the Articles of Incorporation may be amended by a majority vote of the shares present at a meeting where a quorum is present.

Special Meetings of Shareholders

Under the First Bancshares Bylaws, special meetings of the shareholders, for any purpose or purposes, may be called by the Chairman of the Board, the Chief Executive Officer, or the Board of Directors, or within 75 days of a written request of shareholders holding in the aggregate 10% or more of the total voting power entitled to vote on an issue. Such a request must state the purpose or purposes of the proposed special meeting.

Shareholder Proposals and Nominations

The First Bancshares Bylaws provide procedures that must be followed to properly nominate candidates for election as directors. At least 60 days prior to the Annual Meeting, or 10 days after notice of the Annual Meeting is provided to shareholders, notice must be given to the Secretary of the First Bancshares if a shareholder intends to nominate an individual for election to the Board of Directors or propose any shareholder action. These Bylaw provisions also require information to be supplied about both the shareholder making such nomination or proposal and the person nominated.

Indemnification

Section 79-4-8.50 through 79-4-8.59 of the MBCA provide the First Bancshares with broad powers and authority to indemnify its directors and officers and to purchase and maintain insurance for such purposes and mandate the indemnification of the First Bancshares' directors under certain circumstances. The First Bancshares's Articles of Incorporation also provide it with the power and authority, to the fullest extent legally permissible under the MBCA, to indemnify its directors and officers, persons serving at the request of the First Bancshares or for its benefit as directors or officers of another corporation, and persons serving as the First Bancshares' representatives or agents in certain circumstances. Pursuant to such authority and the provisions of the First Bancshares' Articles of Incorporation, the First Bancshares intends to purchase insurance against certain liabilities that may be incurred by it and its officers and directors.

The Articles of Incorporation of First Bancshares contain a provision which, subject to certain exceptions described below, eliminates the liability of a director or officer to it or its shareholders for monetary damages for any breach of duty as a director or officer. This provision does not eliminate such liability to the extent the director or officer engaged in willful misconduct or a knowing violation of criminal law or of any federal or state securities law, including, without limitation, laws proscribing insider trading or manipulation of the market for any security.

Under its Bylaws, First Bancshares must indemnify any person who becomes subject to a lawsuit or proceeding by reason of service as a director of First Bancshares or The First or any other corporation which the person served as a director at the request of the First Bancshares. Except as noted in the next paragraph, directors are entitled to be indemnified against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by the director in connection with the proceeding. Directors are also entitled to have First Bancshares advance any such expenses prior to final disposition of the proceeding, upon delivery of (1) a written affirmation by the director of his good faith belief that the standard of conduct necessary for indemnification has been met, and (2) a written undertaking to repay the amounts advanced if it is ultimately determined that the standard of conduct has not been met.

Under the Bylaws, indemnification will be disallowed if it is established that the director appropriated, in violation of his duties, any business opportunity of the First Bancshares, engaged in acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, approved dividends or other distributions in violation of the MBCA, or engaged in any transaction in which the director derived an improper personal benefit. In addition to the Bylaws of First Bancshares, the MBCA requires that a corporation indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he or she was a party because he is or was a director of the corporation against reasonable expenses incurred by him or her in connection with the proceeding. The MBCA also provides that, upon application of a director, a court may order indemnification if it determines that the director is entitled to such indemnification under the applicable standard of the MBCA.

The Board of Directors of First Bancshares also has the authority to extend to officers, employees, and agents the same indemnification rights held by directors, subject to all of the accompanying conditions and obligations. The Board of Directors has extended or intends to extend indemnification rights to all of its executive officers.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of First Bancshares pursuant to the Articles of Incorporation or Bylaws, or otherwise, First Bancshares has been advised that, in the opinion of the SEC, such indemnification is against public policy as

expressed in the Act and is, therefore, unenforceable.

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Financial Statements

The financial statements of First Bancshares may be found on pages 29 through 72 of First Bancshares Annual Report to Shareholders for the year ended December 31, 2013, on Form 10-K which is attached hereto as Annex E.

Management's Discussion and Analysis of Financial Condition and Results of Operations

First Bancshares Management's Discussion and Analysis of Financial Condition and Results of Operation is contained on pages 6 through 27 of First Bancshares Annual Report to Shareholders for the year ended December 31, 2013, which is attached hereto as Annex E.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

During 2013, there were no changes in or disagreements with First Bancshares' accountants on Accounting and Financial Disclosures.

CERTAIN INFORMATION CONCERNING BCB HOLDING COMPANY, INC.

Business

BCB is a registered bank holding company and an Alabama corporation incorporated in 1998 that is the owner of Bay Bank, an Alabama-chartered bank established in 1999. Its main office is located at 6140 Airport Blvd., Mobile, Alabama 36608 (Telephone Number: (251) 341-3565). As of March 31, 2014, BCB had total assets of approximately \$77.8 million, deposits of approximately \$56.8 million and total stockholders' equity of approximately \$5.2 million. BCB operates four banking offices in Mobile County, Alabama. Bay Bank's deposits are insured by the FDIC.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

During 2013, there were no changes in or disagreements with BCB's accountants on Accounting and Financial Disclosures.

THE MERGER

The discussion in this proxy statement/prospectus of the merger and the principal terms of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, a copy of which accompanies this proxy statement/prospectus as Annex A and is incorporated into this proxy statement/prospectus by reference. References in this discussion and elsewhere in this proxy statement/prospectus to the “merger” are to the merger of BCB into First Bancshares, unless the context clearly indicates otherwise.

General

On March 3 and February 20, 2014, BCB board of directors and First Bancshares’ board of directors, respectively, unanimously approved the merger agreement and the merger. If all of the conditions set forth in the merger agreement are satisfied or waived (to the extent permitted by law) and if the merger is otherwise completed, BCB will merge with and into First Bancshares, and First Bancshares will be the surviving corporation. Concurrently with the merger of BCB with and into First Bancshares, Bay Bank will merge with and into The First, and The First will be the surviving bank.

Under the terms of the merger agreement, holders of BCB common stock outstanding prior to August 1, 2013, will have a right to receive for each share of BCB common stock held immediately prior to the merger (x) \$3.60 in either cash and/or First Bancshares common stock, (y) one CVR, and (z) a beneficial interest in a trust liquidating BCB’s claims arising out of the 2010 Deepwater Horizon oil spill. If the holders of such BCB common stock do not elect to receive at least 30% of the aggregate consideration to which they are entitled in First Bancshares common stock, First Bancshares may pro rata increase such percentage of the consideration received until 30% is obtained. The First Bancshares common stock to be issued pursuant to this election is subject to further adjustment in accordance with the merger agreement. If, on the date that is five business days prior to the closing date of the merger, the 30 trading day average price of First Bancshares common stock is greater than \$15.81, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$15.81 rather than the higher price. Further, if, on the date that is five business days prior to the closing date of the merger, the 30 trading day average price of First Bancshares common stock is less than \$12.93, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$12.93 rather than the lower price.

First Bancshares will not issue any fractional shares of First Bancshares common stock in the merger. Instead, a holder of BCB common stock who otherwise would have received a fraction of a share of First Bancshares common stock will receive an amount in cash. This cash amount will be determined by multiplying the fraction of a share of First Bancshares common stock to which the holder would otherwise be entitled by the average closing price of one share of First Bancshares common stock as reported on the NASDAQ for the 30 trading days prior to the 5th business day prior to the date on which the merger is completed, and then rounded to the nearest cent.

Each CVR is worth up to \$0.40 depending on the resolution of certain identified loans of Bay Bank over a three-year time period.

As a portion of the merger consideration, each Holder of BCB Common Stock Issued prior to August 1, 2013, will receive a beneficial interest in the Deepwater Horizon Trust which will be assigned all claims of BCB and Bay Bank for loss or damages arising out of or related to the April 2010 Deepwater Horizon incident against B.P. Exploration and Production, Inc. and any other parties responsible therefor, including those described in the complaints filed by the Federal District Court for the Eastern District of Louisiana, case numbers 2:13-cv-02304 and 2:13-cv-02451.

Holders of BCB common stock issued on or after August 1, 2013 will receive \$2.25 plus 3.00% simple interest from August 1, 2013, in cash only for each share of such BCB common stock outstanding.

In addition, in connection with the consummation of the merger, each outstanding share of BCB CPP Preferred Stock will be either redeemed by BCB or purchased by First Bancshares prior to the effective time of the merger.

Background of the Merger

As part of its ongoing consideration and evaluation of BCB's long-term prospects and strategic plan, BCB board of directors and senior management regularly have reviewed and assessed BCB's business strategies and objectives, including opportunities and challenges, all with the goal of enhancing shareholder value. The well-documented economic challenges that have faced the nation over the last few years and the economic fallout of the 2010 BP Oil Spill have had a negative impact on BCB. This has led to additional loan loss provisions, increases in total charge-offs, increases in expenses associated with problem assets, and diminished new loan demand from creditworthy borrowers, all of which impacted BCB's earnings capacity and its capital strength. Also, in 2009, Bay Bank entered into a Consent Order with the FDIC which obligated Bay Bank to increase capital. In evaluating the availability and cost of raising capital for Bay Bank, BCB's directors, with the advice of investment banking professionals, determined that a strategic transaction, such as the merger, was a superior course of action for its shareholders. Since then, BCB has retained investment banking firms which have marketed BCB. Several potential acquirors have confidentially conducted due diligence investigations evaluating BCB ranging from cursory to complete on-site reviews. In connection therewith, several potential acquirors have made offers to purchase BCB in formats ranging from very informal to executed letters of intent to the negotiation of definitive agreements.

BCB's Reasons for the Merger; Recommendation of the BCB Board of Directors

After careful consideration and conducting negotiations with several parties, the BCB board of directors determined that a merger with First Bancshares, the merger agreement and the transactions contemplated by the merger agreement were advisable and in the best interests of BCB and its shareholders and approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. Accordingly, BCB's board of directors recommends that holders of BCB common stock vote "FOR" adoption and approval of the merger agreement at the BCB special meeting.

In reaching its decision, the BCB board of directors consulted with its senior management team, as well as its outside legal and financial advisors, and considered a number of factors, including the following material factors (not in any relative order of importance):

- the board of directors' understanding of the business, operations, financial condition, asset quality, earnings and prospects of BCB, including its prospects as an independent entity, and management's and the board of directors' views and opinions on the current state of the financial services industry;
- the board of directors' understanding of First Bancshares' business, operations, financial condition, asset quality, earnings and prospects, its view that the merger would result in a combined company with a diversified revenue stream, a well-balanced loan portfolio and an attractive funding base;
- the board of directors' belief that the merger is more favorable to BCB's shareholders than the alternatives to the merger, including conducting a private or public "auction" or sale process, which belief was formed based on the board of directors' review, with the assistance of National Capital, BCB's financial advisor, of the strategic alternatives available to BCB;
 - BCB's previous attempts to raise capital through several methods;
- the market consensus on likely projected target earnings and the higher trading multiple assigned to First Bancshares common stock in comparison to BCB common stock;
 - the greater liquidity and per share market growth potential afforded by First Bancshares common stock;

The BCB board of directors also considered a variety of potentially negative factors in its deliberations concerning the merger agreement and the merger, including the following (not in any relative order of importance):

- the fact that, because the merger consideration will partially consist of shares of First Bancshares common stock, BCB shareholders could be adversely affected by a decrease in the trading price of First Bancshares common stock after the merger;
- the fact that, while BCB expects that the merger will be consummated, there can be no assurance that all conditions to the parties' obligations to complete the merger agreement will be satisfied, including the risk that certain regulatory approvals, the receipt of which are conditions to the consummation of the merger, might not be obtained, and, as a result, the merger may not be consummated and BCB's franchise value may suffer as a result;
- the restrictions on the conduct of BCB's business prior to the completion of the merger, which are customary for merger agreements involving financial institutions, but which, subject to specific exceptions, could delay or prevent BCB from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of BCB absent the pending completion of the merger;

- the significant risks and costs involved in connection with entering into and completing the merger, or failing to complete the merger in a timely manner, or at all, including as a result of any failure to obtain required regulatory approvals, such as the risks and costs relating to diversion of management and employee attention, potential employee attrition, and the potential effect on business and customer relationships; and

- the fact that BCB would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement, and the possibility that the \$350,000 termination fee payable by BCB upon the termination of the merger agreement under certain circumstances, which feature was required by First Bancshares and agreed to by BCB after weighing against the positive features of First Bancshares' offer, could discourage other potential acquirers from making a competing bid to acquire BCB.

The foregoing discussion of the information and factors considered by the BCB board of directors is not intended to be exhaustive but includes the material factors considered by the board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, the BCB board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The BCB board of directors did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. The BCB board of directors based its recommendation on the totality of the information presented.

The BCB board of directors unanimously recommends that you vote "FOR" the proposal to adopt the merger agreement, "FOR" the establishment of the Deepwater Horizon Trust, assignment of claims thereto and appointment of trustees therefor, and "FOR" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

In considering the recommendation of the BCB board of directors with respect to the proposal to adopt the merger agreement, holders of BCB common stock should be aware that BCB's directors and executive officers have interests in the merger that may be different from, or in addition to, those of other BCB shareholders. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger (to the extent such interests existed at that time), and in recommending that the merger agreement be adopted by the holders of BCB common stock. See "The Merger—Interests of Certain BCB Directors and Executive Officers in the Merger" beginning on page ____.

It should be noted that this explanation of the reasoning of BCB's board of directors and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Special Note Regarding Forward-Looking Statements" on page__.

Opinion of BCB's Financial Advisor

Analyses of National Capital

In performing its analyses, National Capital made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of National Capital, BCB and First Bancshares. Any estimates contained in the analyses performed by National Capital are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which those businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. The National Capital opinion was among several factors taken into consideration by BCB board of directors in making its determination to adopt the merger agreement and the related transactions. Consequently, the analyses described below should not be viewed as determinative of the decision of BCB board of directors, or the decision of management, with respect to the fairness of the merger consideration to BCB shareholders.

The summary that follows is not a complete description of the analyses underlying the National Capital opinion or the presentation made by National Capital to BCB board of directors, but summarizes the material analyses performed and presented in connection with its opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description.

The following sections and tables present National Capital's financial analysis, including certain adjustments not reflected in BCB audited financial statements. In arriving at its opinion, National Capital did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. National Capital believes that its analyses and the summary of its analyses must be considered as a whole, and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Asset-based approaches. Asset-based approaches presume that the value of the entity is represented by the market value of the assets owned by the entity, less the market value of any liabilities. The net asset value method, an asset-based approach, assumes that the values of all assets are realized through the course of normal business operations while the liquidation method assumes that all assets are liquidated in an orderly fashion. The net asset value method derives a value by determining the market value of the individual balance sheet components. This method typically assumes liquidation of the entity's property on the date of appraisal with recognition of securities gains or losses, real estate appreciation or depreciation and any adjustments to the loan loss reserve, discounts to the loan portfolio or changes in the net value of other assets. National Capital did not believe that the net asset value method was appropriate to use in this transaction because the First Bancshares is a going concern and because the net asset value method is based on historical costs and varying accounting methods. Even if the assets and liabilities are adjusted to reflect prevailing prices and yields (which is often of limited accuracy because readily available data is often lacking), the net asset value method results in a liquidation value for the First Bancshares and does not take into account the values attributable to the going concern, such as the interrelationship among the First Bancshares' assets, liabilities, customer relations, market presence, image and reputation, and staff expertise and depth. Therefore, National Capital gave no weight to the net asset value method of valuation in determining the fairness of the transaction consideration.

Market-based approaches. In market-based approaches, financial characteristics and other information for publicly-traded companies and transactions on which public information is available are utilized as a basis for determining the value of the subject company. Market-based approaches work on the financial theory of substitution or economic indifference. That is, by obtaining financial information and other data regarding public companies or transactions on which public information is available, an appraiser may analyze the subject company and make appropriate adjustments to recognize differences between the subject company and comparable companies in order to make a determination as to value. National Capital performed two analyses using the market value method.

Comparable whole bank transaction analysis. In determining a range of values for BCB's common stock and in rendering its fairness opinion, National Capital analyzed the consideration paid in selected financial institution merger transactions. The objective of National Capital's analysis was to determine an appropriate value by analyzing data related to actual sales transactions of similar entities and making appropriate adjustments to recognize the differences between our organization and comparable bank or bank holding companies that have recently been sold.

National Capital identified a group of 14 comparable financial institution acquisitions involving selling institutions with total assets between \$40 million and \$120 million announced between January 1, 2009 and February 20, 2014. National Capital applied the transaction multiples of certain financial indicators to the related financial statistics of our organization to derive an implied value. Terminated transactions, distressed institution sales and transactions where material data was unavailable were excluded from the analysis. The following table sets forth the average, trimmed mean and median transaction multiples of selected financial indicators for the comparable financial institution acquisition group identified by National Capital, along with comparative balance sheet and earnings data.

	Average	Median	80% Trim Average	Subject (12/31/13)
Total Assets	73,132	67,541	71,955	78,679
Tangible Book Value Multiple	1.21	1.19	1.19	
Bank Equity Capital / Assets(1)	7.51	7.62	7.58	7.80
Earnings Multiple	10.59	0	8.06	
ROAA	0.03	(0.04)	0.04	0.06
Price to Deposits	9.44	10.12	9.41	
Total Deposits	64,808	60,108	64,024	57,531

(1) Excludes unrealized securities gains/losses

In its analysis, National Capital weighted the various financial indicators in the manner that it determined appropriate, in its professional judgment, in light of the characteristics of our organization and the comparable financial institution data set. By applying these key valuation indicators to the relevant financial statistics of its organization, and after consideration of all appropriate valuation adjustments described below, National Capital determined a fair market value of \$3,215,362 (\$3.46 per share) for the Class A common stock of BCB.

Comparable public company analysis. Share exchange analysis is another market-based approach that assumes that a rational, publicly-traded bank or bank holding company would be willing to acquire another bank or bank holding company in a stock transaction only if the transaction would be non- or minimally dilutive to the acquirer's pro forma per share earnings.

National Capital analyzed the earnings performance of BCB in light of the earnings performances and market values of several peer groups of publicly traded banks and bank holding companies in the United States. By applying the price to earnings and price to deposit ratios of the comparable public company datasets, National Capital estimated a value based on the value of similarly situated publicly traded institutions. National Capital determined a fair market value of \$3,263,702 (\$3.51 per share) under this method using the Regional Asset-Ranged Acquirer dataset. The following tables show some of the characteristics of the various comparable datasets considered.

Comparative Statistics	Total Assets	Loans / Assets	ROAA	ROAE	Tangible Assets	Average Equity / Daily Volume LTM	Stock Number of Companies in Dataset
All Comps Trim Mean	459,859	63.42	0.77	7.53	9.71	564	366
Asset-Ranged Acquirer Comps Trim Mean	383,949	64.43	0.76	7.55	9.58	533	226
Regional Asset-Ranged Acquirer Comps Trim Mean	352,912	64.59	0.74	7.33	9.65	503	57
Asset-Ranged Target Comps Trim Mean	80,295	64.92	0.59	5.40	11.10	164	19
Regional Asset-Ranged Target Comps Trim Mean	---	---	---	---	---	---	0

Bay Bank	78,679	58.10	0.06	0.77	7.80	0
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	Price / LTM Earnings (x)	Price / Book (%)	Price / Assets (%)	Price / Deposits (%)	Base Bank Value	Additional Capital & Other BHC Assets / Liabilities	First Bancshares Value
Valuation Metrics							
All Comps Trim Mean	13.46	97.78	9.53	11.05	6,355,021	(2,310,000)	4,045,021
Asset-Ranged Acquirer Comps Trim Mean	13.25	95.11	9.08	10.71	6,161,373	(2,310,000)	3,851,373
Regional Asset-Ranged Acquirer Comps Trim Mean	12.13	87.19	8.30	9.69	5,573,702	(2,310,000)	3,263,702
Asset-Ranged Target Comps Trim Mean	19.19	78.09	8.57	10.16	5,845,472	(2,310,000)	3,535,472
Regional Asset-Ranged Target Comps Trim Mean	---	---	---	---	---	---	---
Relative Weighting of Metrics	0%	0%	0%	100%			

Income-based approaches. Income-based approaches measure value by capitalizing or discounting the cash flow or earnings of the enterprise. A discounted cash flow analysis measures enterprise value by discounting future cash flows to present value. This analysis considers projected levels of asset growth, required regulatory capital, earnings, dividend paying capacity and future residual or terminal value. A capitalization of historical earnings analysis measures enterprise value by capitalizing the subject company's earnings stream. Based on the volatility of our historical earnings and the uncertainty of future earnings, National Capital determined that income-based approaches were not an appropriate method for valuing our organization as a going concern.

Valuation adjustments. The purpose of a valuation adjustment is to reflect differences between the characteristics of the subject company and those of the comparable datasets from which the indications of value are derived. As valuations are based on the financial principle of substitution, these adjustments are an attempt to account for the varying degrees of risk associated with the subject company as measured against "comparable" similar investments.

For the value returned by the comparable whole bank transaction analysis, National Capital applied a downward adjustment of 13% to exclude the strategic control premium paid by purchasers of whole institutions. This adjustment was derived from National Capital's professional experience in analyzing the potential synergies of community bank acquisitions and reflects the reciprocal factor of a 15% synergistic acquisition premium.

Due to the nature of the subject transaction, National Capital determined that marketability and minority discounts should not be applied in reaching a determination of value.

Conclusion. Based upon its review of the empirical information described in this information statement, the valuation and the fairness opinion, and all of the other relevant factors and information deemed appropriate in its professional judgment, National Capital advised BCB board of directors that, in its considered opinion, the consideration to be received as set forth in the proposed transaction, is fair, from a financial point of view, to all shareholders of BCB, including those shareholders who are not directors or executive officers of BCB.

The summary contained in this section provides a description of the material analyses prepared by National Capital and does not purport to be a complete description of the analyses prepared by National Capital in connection with the valuation analysis and in rendering the opinion. The preparation of a valuation analysis and a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances and, therefore, such a valuation or opinion is not necessarily susceptible to partial analysis or summary description. National Capital believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses, without considering all analyses, or selecting part of the above summary, without considering all factors and analyses, would create an incomplete view of the processes underlying the analyses set forth in National Capital's presentations to the board of directors and in the fairness opinion.

In its valuation and fairness opinion, National Capital made numerous assumptions with respect to industry performance, business and economic conditions and other matters. While National Capital believes that these projections and the assumptions upon which they were based were reasonable, National Capital has no control over the future occurrence of any of the events upon which the projections were based. Certain of the projections are based on factors, such as general and local economic conditions, that are beyond our control. In addition, estimates of values of other companies used in rendering the appraisal and fairness opinion do not purport to be appraisals of those companies or necessarily reflect the prices at which those companies or their securities may actually be sold. National Capital selected comparable public companies and comparable acquisitions on the basis of various factors, including the size and similarity of selected companies, their business mix and similar characteristics of the transactions; however, no company or transaction utilized as a comparison in these analyses summarized above is identical to BCB or the transaction.

Opinion of First Bancshares' Financial Advisor

First Bancshares' board of directors requested that Chaffe evaluate the fairness, from a financial point of view, to the shareholders of First Bancshares of the consideration to be paid by First Bancshares in connection with the proposed merger of BCB with and into First Bancshares pursuant and subject to the merger agreement.

At a February 20, 2014 meeting of First Bancshares' board of directors, Chaffe provided the board an overview of its analyses performed as of the date of the meeting. Chaffe advised the board of directors that its analyses were as of such date and based upon and subject to various qualifications and assumptions described in the meeting. At this meeting, Chaffe rendered its fairness opinion to the board of directors of First Bancshares that, as of such date, the merger consideration was fair, from a financial point of view, to the common shareholders of First Bancshares.

The full text of the Chaffe opinion, dated February 20, 2014, which sets forth assumptions made, matters considered, and limits on the scope of review undertaken, is attached as Annex C to this registration statement. The summary of the opinion set forth in this registration statement is qualified in its entirety by reference to the full text of such opinion.

In connection with rendering its opinion, Chaffe, among other things:

- i. reviewed the most recent draft of the merger agreement dated February 14, 2014;
- ii. reviewed the Consent Order entered into by Bay Bank with the Federal Deposit Insurance Corporation and the Alabama State Banking Department dated January 12, 2010;
- iii. reviewed and analyzed certain publicly available financial statements and other information of First Bancshares, Bay Bank and BCB;
- iv. reviewed and analyzed certain internal financial statements and other financial and operating data concerning First Bancshares, Bay Bank and BCB, including limited budgetary projections, and assumed such information was prepared on a reasonable basis upon which to evaluate the financial prospects of First Bancshares, Bay Bank and BCB for purposes of its analysis and opinion;
- v. discussed the past and current operations and financial condition and the prospects of BCB with its senior executives;
- vi.

compared the financial performance of BCB and Bay Bank with that of certain other comparable publicly traded companies;

- vii. reviewed the financial terms of business combinations in the commercial banking industry, which Chaffe deemed generally comparable to the merger;
- viii. compared the financial performance of First Bancshares with that of certain other comparable publicly traded companies;
- ix. considered a number of valuation methodologies, including among others, those that incorporate book value, deposit base premium and capitalization of earnings; and
- x. performed such valuations and such other studies and analyses as Chaffe deemed appropriate to this opinion.

In this review, Chaffe has relied, without independent verification, upon the accuracy and completeness of the historical and projected financial information and all other information reviewed by Chaffe for purposes of this opinion. Chaffe did not make an independent review of BCB's assets or liabilities but was provided with certain appraisals of BCB's assets and liabilities upon which it relied for this opinion. Chaffe relied solely on First Bancshares and BCB for information as to the adequacy of BCB's loan loss reserves and values of other real estate owned. This opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date hereof. In rendering this opinion, Chaffe has, with First Bancshares' consent, assumed that in all respects material to its analysis the merger will be consummated in accordance with the terms described in the merger agreement it has examined, without any material waiver, amendment or delay of any terms, condition or agreement. Chaffe also has assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any material adverse effects on First Bancshares.

This fairness opinion has been approved and authorized for issuance by Chaffe's Fairness Opinion Review Committee. The opinion is provided solely for the benefit and use of the board of directors of First Bancshares, in their capacity as directors of First Bancshares, in connection with and for the purposes of their consideration of the proposed Merger.

The following summarizes the material financial analyses presented by Chaffe to First Bancshares' board of directors at its meeting on February 20, 2014, which material was considered by Chaffe in rendering the opinion described below.

Transaction Overview

Based on the terms and conditions pursuant to the merger agreement, the Class A Consideration per share was \$3.60. Chaffe calculated the total Class A Consideration of BCB pursuant to the merger agreement to be approximately \$3.3 million. In addition, Chaffe considered the purchase, assumption and/or redemption of the Class B common stock, CPP Preferred Stock obligations, and AloStar Note of \$200,000.25, \$2.1 million, and \$600,000, respectively, to arrive at total consideration of \$6.2 million. Contingent consideration of \$0.40 per share was not included in total consideration given the payout of such contingent consideration is based on performance of certain classified assets on which First Bancshares has already marked at fair value. A payout of all or a portion of the CVR would indicate the classified asset is performing better than anticipated and thus would have a net zero effect on total consideration paid, meaning the higher purchase price would exactly offset the lower tax-effected credit loss.

Chaffe used \$3.60 per common share (\$3.3 million in aggregate) when calculating multiples based on holding company level financials and total consideration of \$6.2 million when calculating multiples based on bank level financials. Based upon financial information for BCB and Bay Bank for the year ended December 31, 2013, Chaffe calculated the following transaction multiples:

	Transaction Multiples	
	BCB Holding Company, Inc.	Bay Bank
Price/Tangible Book Value per Share	104.2%	113.2%
Price/Last Twelve Months Earnings per Share	NM	NM
Price/Assets per Share	7.9%	7.9%
Price/Deposits per Share	9.8%	10.8%
Tangible Book Premium/Core Deposits per Share(1)	0.3%	1.6%

(1) Core deposits (defined as total deposits less time deposits > \$100,000 and all brokered deposits) of \$46.8 million.

Selected Public Companies Analysis

Chaffe used publicly available information to perform a comparison of BCB's financial performance and condition to the following institutions traded on the New York Stock Exchange ("NYSE"), NYSE Market Equities, or NASDAQ and headquartered in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, South Carolina, and Tennessee with total assets less than \$1.0 billion, a tangible common equity to tangible assets ratio less than 10.0%, and a nonperforming assets excluding restructured loans to assets ratio less than 3.0% as of February 14, 2014 ("Regional Public Peer Group"). Chaffe noted that none of the companies reviewed was identical to BCB and that, accordingly, the analysis of such companies necessarily involved complex qualitative considerations and judgments concerning differences in the business, operating and financial characteristics of each company, and other factors that affect the public market values of such companies. Companies included in this group were:

Auburn National Bancorporation, Inc.	Southern First Bancshares, Inc.
Citizens Holding Company	Southwest Georgia Financial Corporation
First Community Corporation	The First Bancshares, Inc.

The analysis compared publicly available financial information for BCB and the 25th percentile, median, and 75th percentile financial performance and condition and market trading data for the Regional Public Peer Group as of and for the twelve months ended December 31, 2013. The following table sets forth the data for BCB and the 25th percentile, median, and 75th percentile data for the Regional Public Peer Group as of and for the twelve months ended December 31, 2013 with pricing data as of February 14, 2014.

Regional Public Peer Group Analysis

	BCB Holding Company, Inc.	Regional Public Peer Group 25th Percentile	Regional Public Peer Group Median	Regional Public Peer Group 75th Percentile
Total Assets (\$000s)	\$78,817	\$662,818	\$812,206	\$886,391
LTM Return on Average Assets	(0.01%)	0.62%	0.71%	0.80%
LTM Return on Average Common Equity	(0.33%)	8.00%	8.97%	9.01%
LTM Net Interest Margin	4.11%	3.25%	3.47%	3.62%
LTM Efficiency Ratio	101.65%	67.08%	70.53%	73.56%
Tier 1 Leverage Ratio	4.38%	9.00%	9.38%	9.98%
Tangible Common Equity/Tangible Assets	3.59%	6.24%	7.74%	8.34%
NPAs ex. Restructured Loans/Assets	1.09%	1.07%	1.08%	1.31%

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Price/Tangible Book Value per Share	NA	113.0%	124.5%	137.6%
Price/LTM Earnings per Share	NA	12.5x	13.5x	14.0x
Price/Assets per Share	NA	9.9%	10.3%	11.3%
Price/Deposits per Share	NA	11.0%	11.6%	13.0%

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Chaffe then compared the transaction multiples implied in the acquisition with the corresponding trading multiples for the selected companies. A summary of the implied multiples is provided in the following table:

	Implied Transaction Multiples per Share	Regional Public Peer Group 25th Percentile	Regional Public Peer Group Median	Regional Public Peer Group 75th Percentile
Price/Tangible Book Value per Share	104.2%	113.0%	124.5%	137.6%
Price/LTM Earnings per Share	NM	12.5x	13.5x	14.0x
Price/Assets per Share	7.9%	9.9%	10.3%	11.3%
Price/Deposits per Share	9.8%	11.0%	11.6%	13.0%

Chaffe calculated the implied per share value based on the trading multiples of the Regional Public Peer Group and compared such values to the per share value in the acquisition. The implied per share values are summarized in the following table:

	Implied per Share Value Regional Public Peer Group		
	25th Percentile	Median	75th Percentile
Price/Tangible Book Value per Share	\$3.90	\$4.30	\$4.76
Price/LTM Earnings per Share	NM	NM	NM
Price/Assets per Share	\$5.32	\$5.65	\$6.50
Price/Deposits per Share	\$4.35	\$4.72	\$5.57

In addition to the Regional Public Peer Group analysis, Chaffe used publicly available information to perform a comparison of BCB's financial performance and condition to the following institutions traded on the NYSE, NYSE Market Equities, or NASDAQ and under some form of regulatory enforcement action with total assets less than \$2.0 billion, a tangible common equity to tangible assets ratio less than 10.0%, and a nonperforming assets excluding restructured loans to assets ratio less than 3.0% as of February 14, 2014 ("National Public Peer Group"). Chaffe noted that none of the companies reviewed was identical to BCB and that, accordingly, the analysis of such companies necessarily involved complex qualitative considerations and judgments concerning differences in the business, operating and financial characteristics of each company, and other factors that affect the public market values of such companies. Companies included in this group were:

Atlantic Coast Financial Corporation	Meta Financial Group, Inc.
C&F Financial Corporation	Orrstown Financial Services, Inc.
First Security Group, Inc.	Pacific Premier Bancorp, Inc.
First Financial Service Corporation	PNBK Sponsor LLC
MBT Financial Corp.	Shore Bancshares, Inc.

The analysis compared publicly available financial information for BCB and the 25th percentile, median, and 75th percentile financial performance and condition and market trading data for the National Public Peer Group as of and for the twelve months ended December 31, 2013. The following table sets forth the data for BCB and the 25th percentile, median, and 75th percentile data for the National Public Peer Group as of and for the twelve months ended December 31, 2013 with pricing data as of February 14, 2014.

National Public Peer Group Analysis

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	BCB Holding Company, Inc.	National Public Peer Group 25th Percentile	National Public Peer Group Median	National Public Peer Group 75th Percentile
Total Assets (\$000s)	\$78,817	\$890,581	\$1,115,968	\$1,290,053
LTM Return on Average Assets	(0.01%)	(1.23%)	0.17%	0.84%
LTM Return on Average Common Equity	(0.33%)	(15.21%)	(1.52%)	10.96%
LTM Net Interest Margin	4.11%	2.54%	3.03%	3.39%
LTM Efficiency Ratio	101.65%	74.02%	80.56%	104.55%
Tier 1 Leverage Ratio	4.38%	7.65%	8.98%	9.55%
T a n g i b l e C o m m o n Equity/Tangible Assets	3.59%	7.73%	8.25%	8.80%
N P A s e x . R e s t r u c t u r e d Loans/Assets	1.09%	0.77%	1.63%	2.23%
Price/Tangible Book Value per Share	NA	98.8%	132.0%	151.0%
Price/LTM Earnings per Share	NA	8.6x	13.3x	16.3x
Price/Assets per Share	NA	8.2%	11.0%	11.9%
Price/Deposits per Share	NA	9.8%	12.7%	13.5%

Chaffe then compared the transaction multiples implied in the acquisition with the corresponding trading multiples for the selected companies. A summary of the implied multiples is provided in the following table:

	Implied Transaction Multiples per Share	National Public Peer Group 25th Percentile	National Public Peer Group Median	National Public Peer Group 75th Percentile
Price/Tangible Book Value per Share	104.2%	98.8%	132.0%	151.0%
Price/LTM Earnings per Share	NM	8.6x	13.3x	16.3x
Price/Assets per Share	7.9%	8.2%	11.0%	11.9%
Price/Deposits per Share	9.8%	9.8%	12.7%	13.5%

Chaffe calculated the implied per share value based on the trading multiples of the National Public Peer Group and compared such values to the per share value in the acquisition. The implied per share values are summarized in the following table:

	Implied per Share Value National Public Peer Group		
	25th Percentile	Median	75th Percentile
Price/Tangible Book Value per Share	\$3.41	\$4.56	\$5.22
Price/LTM Earnings per Share	NM	NM	NM
Price/Assets per Share	\$3.83	\$6.18	\$7.00
Price/Deposits per Share	\$3.57	\$5.40	\$5.86

Selected Acquisition Transactions Analysis

Chaffe reviewed publicly available information related to selected acquisitions of national banks and thrifts announced between February 10, 2012 and February 10, 2014, with target total assets between \$50 million and \$250 million, a last twelve months return on average assets ratio between -1.00% and 1.25%, a tangible bank level equity to tangible assets ratio less than 9.0%, and a nonperforming assets to assets ratio between 0.25% and 4.0% at announcement (“National Peer Group A”). Chaffe chose these acquisitions involving target companies that possessed general business, operating, and financial characteristics representative of companies in the industry in which BCB operates. Chaffe noted that none of the acquisitions or subject target companies reviewed was identical to the acquisition of BCB, respectively, and that, accordingly, the analysis of such acquisitions necessarily involved complex qualitative considerations and judgments concerning differences in the business, operating, and financial characteristics of each subject target company and each acquisition and other factors that affect the values implied in such acquisitions. The transactions included in the group were:

Acquiror:	Target:
Southern Missouri Bancorp, Inc.	Citizens State Bankshares of Bald Knob, Inc.
1st Constitution Bancorp	Rumson-Fair Haven Bank & Trust Co.
HomeStreet, Inc.	YNB Financial Services Corp.
Wildcat Bancshares, Inc.	CBR Bancshares Corp.
The First Bancshares, Inc.	First National Bank of Baldwin County
American Bancorporation, Inc.	Highland Ban-Corp., Inc.
Vision Bancshares, Inc.	Sulphur Community Bancshares, Inc.
Morrill Bancshares, Inc.	JTB Bancshares, Inc.
Mission Bancorp	Mojave Desert Bank, National Association
Reliable Community Bancshares, Inc.	First Southeast Missouri Bancorporation, Inc.

As illustrated in the following table, Chaffe compared the total consideration paid for Bay Bank to the 25th percentile, median, and 75th percentile bank level pricing multiples of the comparable transactions.

	Bay Bank	National	National	National
		Peer Group A 25th Percentile	Peer Group A Median	Peer Group A 75th Percentile
Total Assets (\$000s)	\$78,679	\$72,817	\$99,577	\$122,397
LTM Return on Average Assets	0.06%	0.22%	0.42%	0.50%
LTM Return on Average Equity	0.80%	2.59%	4.42%	5.91%
LTM Efficiency Ratio	99.78%	77.69%	81.93%	91.75%
Tangible Equity/Tangible Assets	7.01%	7.60%	8.05%	8.32%
NPAs/Assets	2.91%	0.63%	0.84%	1.67%
Price/Tangible Book Value per Share (Bank Level)	NA	113.5%	128.1%	136.8%
Price/LTM Earnings per Share (Bank Level)	NA	15.1x	23.9x	30.6x
Price/Assets per Share (Bank Level)	NA	8.9%	10.7%	11.1%
Price/Deposits per Share (Bank Level)	NA	10.4%	11.6%	12.3%
Tangible Book Premium/Core Deposits (Bank Level)	NA	1.4%	3.5%	3.8%

Chaffe then compared the transaction multiples implied in the acquisition with the corresponding pricing multiples for the selected companies. A summary of the implied multiples is provided in the following table:

	Bay Bank	National	National	National
		Peer Group A 25th Percentile	Peer Group A Median	Peer Group A 75th Percentile
Price/Tangible Book Value per Share (Bank Level)	113.2%	113.5%	128.1%	136.8%
Price/LTM Earnings per Share (Bank Level)	NM	15.1x	23.9x	30.6x
Price/Assets per Share (Bank Level)	7.9%	8.9%	10.7%	11.1%
Price/Deposits per Share (Bank Level)	10.8%	10.4%	11.6%	12.3%
Tangible Book Premium/Core Deposits (Bank Level)	1.6%	1.4%	3.5%	3.8%

In addition, Chaffe calculated the implied per share value for BCB based on the pricing multiples of the National Peer Group A and compared such values to the per share value in the acquisition. In order to calculate the implied per share value for BCB, Chaffe subtracted the holding company leverage per share from the implied Bay Bank value per share. The implied per share values for BCB are summarized in the following table:

	Implied per Share Value National Peer Group A		
	25th Percentile	Median	75th Percentile
Price/Tangible Book Value per Share	\$3.59	\$4.42	\$4.92

Price/LTM Earnings per Share	NM	NM	NM
Price/Assets per Share	\$4.43	\$5.91	\$6.24
Price/Deposits per Share	\$3.31	\$4.08	\$4.53
Tangible Book Premium/Core Deposits	\$3.51	\$4.58	\$4.71

Chaffe also reviewed publicly available information related to selected acquisitions of national banks and thrifts announced between February 10, 2012 and February 10, 2014, where the target was under some form of regulatory enforcement action and had total assets less than \$500 million, a last twelve months return on average assets ratio greater than -2.00%, a tangible bank level equity to tangible assets ratio less than 10.0%, and a nonperforming assets to assets ratio greater than 2.0% at announcement (“National Peer Group B”). The transactions included in the group were:

Acquiror:	Target:
Independence Bank	Premier Service Bank
The First Bancshares, Inc.	First National Bank of Baldwin County
Central Valley Community Bancorp	Visalia Community Bank
Nicolet Bankshares, Inc.	Mid-Wisconsin Financial Services, Inc.
Perham State Bancshares, Inc.	Farmers State Bank of Dent
Adam Bank Group, Inc.	Brazos Valley Bank, National Association
Finlayson Bancshares, Inc.	First National Bank of the North
Carlile Bancshares, Inc.	Community State Bank
Investor Group	First National Bank of Scottsdale

As illustrated in the following table, Chaffe compared the total consideration paid for Bay Bank to the 25th percentile, median, and 75th percentile bank level pricing multiples of the comparable transactions.

	National Peer Group B Bay Bank	National Peer Group B 25th Percentile	National Peer Group B Median	National Peer Group B 75th Percentile
Total Assets (\$000s)	\$78,679	\$55,070	\$123,281	\$186,770
LTM Return on Average Assets	0.06%	(1.14%)	(0.10%)	0.08%
LTM Return on Average Equity	0.80%	(13.69%)	(1.40%)	0.84%
LTM Efficiency Ratio	99.78%	83.32%	86.15%	90.13%
Tangible Equity/Tangible Assets	7.01%	7.96%	8.60%	9.39%
NPAs/Assets	2.91%	3.00%	4.25%	5.25%
Price/Tangible Book Value per Share (Bank Level)	NA	94.4%	110.6%	118.8%
Price/LTM Earnings per Share (Bank Level)	NA	10.9x	10.9x	10.9x
Price/Assets per Share (Bank Level)	NA	6.7%	8.7%	10.6%
Price/Deposits per Share (Bank Level)	NA	7.8%	9.6%	12.2%
Tangible Book Premium/Core Deposits (Bank Level)	NA	(0.5%)	1.7%	2.0%

Chaffe then compared the transaction multiples implied in the acquisition with the corresponding pricing multiples for the selected companies. A summary of the implied multiples is provided in the following table:

	National Peer Group B Bay Bank	National Peer Group B 25th Percentile	National Peer Group B Median	National Peer Group B 75th Percentile
Price/Tangible Book Value per Share (Bank Level)	113.2%	94.4%	110.6%	118.8%
Price/LTM Earnings per Share (Bank Level)	NM	10.9x	10.9x	10.9x
Price/Assets per Share (Bank Level)	7.9%	6.7%	8.7%	10.6%
Price/Deposits per Share (Bank Level)	10.8%	7.8%	9.6%	12.2%
Tangible Book Premium/Core Deposits (Bank Level)	1.6%	(0.5%)	1.7%	2.0%

In addition, Chaffe calculated the implied per share for BCB value based on the pricing multiples of the National Peer Group B and compared such values to the per share value in the acquisition. In order to calculate the implied per share value for BCB, Chaffe subtracted the holding company leverage per share from the implied Bay Bank value per share. The implied per share values are summarized in the following table:

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	Implied per Share Value National Peer Group B		
	25th Percentile	Median	75th Percentile
Price/Tangible Book Value per Share	\$2.50	\$3.42	\$3.89
Price/LTM Earnings per Share	NM	NM	NM
Price/Assets per Share	\$2.56	\$4.27	\$5.87
Price/Deposits per Share	NM	\$2.82	\$4.44
Tangible Book Premium/Core Deposits	\$2.56	\$3.65	\$3.85

Discounted Cash Flow Analysis

Chaffe performed a discounted cash flow analysis to estimate a range of implied per share values for BCB. In this analysis Chaffe assumed discount rates ranging from 14.9% to 18.9% to derive: (i) the present value of the estimated free cash flows that Bay Bank could generate over the five-year period beginning June 30, 2014, including certain expenses and cost savings forecasted by First Bancshares' Management as a result of the acquisition and (ii) the present value of Bay Bank's terminal calculated in year five. Terminal values for Bay Bank were calculated based on a range of 10.5x to 16.5x to Bay Bank's net income for the trailing twelve months ending December 31, 2018. After determining the present value of Bay Bank's free cash flows and terminal value, Chaffe subtracted the holding company leverage to determine the discounted cash flow value for BCB. In performing this analysis, Chaffe used First Bancshares and BCB managements' standalone earnings, projected acquisition costs (including restructuring and transaction expenses) and cost savings estimates for Bay Bank for the five-year period. The range of per share values of BCB is detailed in the following table:

Discount Rate	Earnings per Share Multiples (Values Shown in \$ per Share)				
	10.5x	12.0x	13.5x	15.0x	16.5x
14.9%	\$6.22	\$7.17	\$8.13	\$9.08	\$10.04
15.9%	\$5.86	\$6.77	\$7.68	\$8.60	\$9.51
16.9%	\$5.51	\$6.39	\$7.26	\$8.14	\$9.01
17.9%	\$5.18	\$6.02	\$6.86	\$7.70	\$8.54
18.9%	\$4.87	\$5.67	\$6.48	\$7.28	\$8.09

Additional Considerations

Additionally, Chaffe used publicly available information to perform a comparison of First Bancshares' financial performance and condition to the following institutions traded on the NYSE, NYSE Market Equities, or NASDAQ and headquartered in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, South Carolina, and Tennessee with total assets between \$750 million and \$3.0 billion, a tangible common equity to tangible assets ratio less than 9.0%, and a nonperforming assets excluding restructured loans to assets ratio less than 3.0% as of February 14, 2014 ("First Bancshares Public Peer Group"). Companies included in this group were:

Auburn National Bancorporation, Inc.
Citizens Holding Company
Heritage Financial Group, Inc.

MidSouth Bancorp, Inc.
Seacoast Banking Corporation of Florida
Southern First Bancshares, Inc.

The analysis compared publicly available financial information for FBMS and the 25th percentile, median, and 75th percentile financial and market trading data for the FBMS Public Peer Group as of and for the twelve months ended December 31, 2013. The following table sets forth the data for FBMS and the 25th percentile, median, and 75th percentile data for the FBMS Public Peer Group as of and for the twelve months ended December 31, 2013 with

pricing data as of February 14, 2014.

First Bancshares Public Peer Group Analysis

	The First Bancshares, Inc.	Public Peer Group 25th Percentile	Public Peer Group Median	Public Peer Group 75th Percentile
Total Assets (\$000s)	\$940,890	\$877,510	\$1,135,878	\$1,733,601
LTM Return on Average Assets	0.49%	0.78%	0.84%	0.92%
LTM Return on Average Common Equity	7.00%	8.96%	9.18%	10.09%
LTM Net Interest Margin	3.44%	3.24%	3.58%	4.45%
LTM Efficiency Ratio	72.08%	67.08%	70.98%	74.44%
Tier 1 Leverage Ratio	8.95%	9.39%	9.55%	9.62%
T a n g i b l e C o m m o n Equity/Tangible Assets	5.90%	6.05%	7.92%	8.69%
NPA s e x . R e s t r u c t u r e d Loans/Assets	1.08%	0.88%	1.08%	1.41%
Price/Tangible Book Value per Share	132.8%	124.1%	134.3%	143.9%
Price/LTM Earnings per Share	14.9x	12.4x	12.9x	13.7x
Price/Assets per Share	10.6%	10.2%	12.1%	13.6%
Price/Deposits per Share	11.5%	13.5%	13.9%	14.1%

First Bancshares' Board of Directors retained Chaffe to provide it with financial advisory services in connection with the merger and to render a fairness opinion in connection with the fairness of the merger consideration based upon Chaffe's experience and qualifications in mergers and acquisitions in the banking industry. Compensation for Chaffe's services, including the preparation and delivery of this opinion, is not dependent or contingent upon the completion of the merger, and is not related to or based upon the nature of the findings made herein. First Bancshares has agreed to reimburse Chaffe for its expenses and to indemnify it for certain liabilities that may arise in connection with the merger. In the two years prior to the date hereof, Chaffe and its affiliates have provided other services to First Bancshares and The First and have received fees for those services. Chaffe and its affiliates have provided services to BCB and Bay Bank within the last two years and have received fees for those services. Chaffe or its affiliates may provide such services to those companies in the future, for which Chaffe would be paid fees.

Dissenters Appraisal Rights in the Merger

If the merger is consummated, holders of record of BCB common stock who follow the procedures specified by Article 13 of the ABCL will be entitled to determination and payment in cash of the "fair value" of their stock (as determined immediately before the effective time of the merger), excluding any appreciation or depreciation resulting from the anticipation of the merger, unless such exclusion would be inequitable, but including interest from the effective date of the merger until the date of payment. BCB shareholders who elect to follow these procedures are referred to as dissenting shareholders.

A vote in favor of the merger agreement by a holder of BCB common stock will result in a waiver of the shareholder's right to demand payment for his or her shares.

The following summary of the provisions of Article 13 of the ABCL is not intended to be a complete statement of such provisions, the full text of which is attached as Annex D to this proxy statement/prospectus, and is qualified in its entirety by reference thereto.

A holder of BCB common stock electing to exercise dissenters' rights (1) must deliver to BCB at 6140 Airport Blvd., Mobile, Alabama 36608, Attention: Gayle Dunning, Corporate Secretary, before the vote at the BCB special meeting, written notice of his or her intent to demand payment for his or her shares if the merger is effectuated, and (2) must not vote in favor of the merger agreement. The requirement of written notice is in addition to and separate from the requirement that such shares not be voted in favor of the merger agreement, and the requirement of written notice is not satisfied by voting against the merger agreement either in person or by proxy. The requirement that shares not be voted in favor of the merger agreement will be satisfied if no proxy is returned and the shares are not voted in person. Because a properly executed and delivered proxy which is left blank will, unless revoked, be voted "FOR" approval of the merger agreement, in order to be assured that his, her or its shares are not voted in favor of the merger agreement, the dissenting shareholders who vote by proxy must not leave the proxy blank but must (1) vote "AGAINST" the approval of the merger agreement or (2) affirmatively "ABSTAIN" from voting. Neither a vote against approval of the merger agreement nor an abstention will satisfy the requirement that a written notice of intent to demand payment be delivered to BCB before the vote on the merger agreement.

A record shareholder may assert dissenters' rights as to fewer than all of the shares registered in his or her name only if he or she dissents with respect to all shares beneficially owned by any one person and notifies BCB in writing of the name and address of each person on whose behalf he or she asserts dissenters' rights. A beneficial shareholder of BCB common stock may assert dissenters' rights as to shares held on his or her behalf only if he or she submits to BCB the record shareholder's written consent to the dissent prior to or contemporaneously with such assertion and he or she does so with respect to all shares of which he, she or it is the beneficial shareholder or over which he, she or it has the power to vote. Where no number of shares is expressly mentioned, the notice of intent to demand payment will be presumed to cover all shares held in the name of the record holder.

No later than ten days after the merger, First Bancshares, as surviving corporation of the merger, will send a written dissenters' notice to each dissenting shareholder who did not vote in favor of the merger and who duly filed a written notice of intent to demand payment in accordance with the foregoing. The dissenters' notice will specify, among other things, the deadline by which time First Bancshares must receive a payment demand from such dissenting shareholders and will include a form for demanding payment. The deadline will be no fewer than 30 days and no more than 60 days after the date the dissenters' notice is delivered. It is the obligation of any dissenting shareholder to initiate all necessary action to perfect his or her dissenters' rights within the time periods prescribed in Article 13 of the ABCL and the dissenters' notice. If no payment demand is timely received from a dissenting shareholder, all dissenters' rights of said dissenting shareholder will be lost, notwithstanding any previously submitted written notice of intent to demand payment. Each dissenting shareholder who demands payment retains all other rights of a shareholder unless and until those rights are cancelled or modified by the merger. A dissenting shareholder who demands payment in accordance with the foregoing may not thereafter withdraw that demand and accept the terms offered under the merger agreement unless First Bancshares consents thereto.

Within 20 days of a formal payment demand, a dissenting shareholder who has made a demand must submit his or her share certificate or certificates to First Bancshares so that a notation to that effect may be placed on such certificate or certificates and the shares may be returned to the dissenting shareholder with the notation thereon. A shareholder's failure to submit shares for notation will, at First Bancshares' option, terminate the holder's rights as a dissenter, unless a court of competent jurisdiction determines otherwise.

Promptly after the merger, or upon receipt of a payment demand, First Bancshares shall offer to pay each dissenting shareholder who complied with Article 13 of the ABCL the amount First Bancshares estimates to be the fair value of such dissenting shareholder's shares plus accrued interest. Each dissenting shareholder who agrees to accept the offer of payment in full satisfaction of his or her demand must surrender to First Bancshares the certificate or certificates representing his or her shares in accordance with the terms of the dissenters' notice. Upon receiving the certificate or certificates, First Bancshares will pay each dissenting shareholder the fair value of his or her shares, plus accrued interest. Upon receiving payment, each dissenting shareholder ceases to have any interest in the shares.

Each dissenting shareholder who has made a payment demand may notify First Bancshares in writing of his or her own estimate of the fair value of his or her shares and the amount of interest due, and demand payment of his or her estimate, or reject the offer made to such shareholder and demand payment of the fair value of his or her shares and interest due, if: (1) the dissenting shareholder believes that the amount offered is less than the fair value of the shares or that the interest due is incorrectly calculated; (2) First Bancshares fails to make an offer as required by Article 13 of the ABCL within 60 days after the date set for demanding payment; or (3) BCB, having failed to consummate the merger, does not release the transfer restrictions imposed on the shares within 60 days after the date set for demanding payment; provided, however, that a dissenting shareholder waives the right to demand payment different from that offered unless he or she notifies First Bancshares of his or her demand in writing within 30 days after First Bancshares offered payment for the shares.

If a demand for payment remains unsettled, First Bancshares will commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the proceeding is not commenced within the 60-day period, each dissenting shareholder whose demand remains unsettled shall be entitled to receive the amount demanded. Such a proceeding will be filed in the Circuit Court of Mobile County, Alabama. Each dissenting shareholder made a party to the proceeding is entitled to judgment for the amount the court finds to be the fair value of the shares, plus accrued interest. Upon payment of the judgment and surrender to First Bancshares of the certificate or certificates representing the judicially appraised shares, a dissenting shareholder will cease to have any interest in the shares. The Court may assess costs incurred in such a proceeding against First Bancshares or may assess the costs against all or some of the dissenting shareholders, in amounts the court finds equitable, to the extent the Court finds that such dissenting shareholders acted arbitrarily, vexatiously or not in good faith in demanding payment different from that initially offered by First Bancshares. The Court may also

assess the reasonable fees and expenses of counsel and experts against First Bancshares, if the Court finds that it did not substantially comply with its requirements regarding providing notice of dissenters' rights and the procedures associated therewith under Article 13 of the ABCL or against either First Bancshares or all or some of the dissenting shareholders if the Court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the rights provided in Article 13 of the ABCL. If the Court finds that services of counsel for any dissenter were of substantial benefit to other similarly situated dissenters, and that fees for such services should not be assessed against First Bancshares, then the Court may award reasonable fees to such counsel that will be paid out of the amounts awarded to dissenters who benefited from such services.

Accounting Treatment of the Merger

First Bancshares will account for the merger using the acquisition method of accounting. The assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of BCB will be recorded, as of completion of the merger, at their respective fair values and added to those of First Bancshares. Any excess of the purchase price over fair values will be recorded as goodwill. Consolidated financial statements and reported results of operations of First Bancshares issued after completion of the merger will reflect these values but will not be restated retroactively to reflect the historical financial position or results of operations of BCB.

Regulatory and Third-Party Approvals

Completion of the merger is subject to prior receipt of all approvals and consents required to be obtained from applicable governmental and regulatory authorities. First Bancshares and BCB also have agreed to cooperate and use all reasonable best efforts to prepare as promptly as possible all documentation, to make all requisite regulatory filings and to obtain any necessary permits, consents approvals or authorizations of governmental entities necessary to consummate the transactions contemplated by the merger agreement as soon as practicable.

There can be no assurance that regulatory approvals will be obtained, that such approvals will be received on a timely basis, or that such approvals will not impose conditions or requirements that, individually or in the aggregate, would or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets or business of First Bancshares or BCB following completion of the merger. There can likewise be no assurance that any state attorney general or other domestic regulatory authority will not attempt to challenge the merger on antitrust grounds or for other reasons, or, if such a challenge is made, as to the result thereof. The merger is conditioned upon the receipt of all consents, approvals and actions of governmental authorities and the filing of all other notices with such authorities in respect to the merger. See “The Merger Agreement—Conditions to the Completion of the Merger” on pages ___ through ___ of this proxy statement/prospectus.

Federal Reserve Approval. The merger is subject to the prior approval of the Federal Reserve under Section 3(a)(5) of the Bank Holding First Bancshares Act of 1956, as amended, and related federal regulations, and First Bancshares and BCB must wait at least 15 days after the date of such approval before they may complete the merger. In reviewing the transactions under the applicable statutes and regulations, the Federal Reserve will consider, among other factors, the competitive impact of the merger. The Federal Reserve also will consider the financial and managerial resources of the companies and their subsidiary banks and the convenience and needs of the communities to be served as well as the companies’ effectiveness in combating money-laundering activities. Furthermore, the Federal Reserve will take into consideration the extent to which the proposed acquisition would result in greater or more concentrated risks to the stability of the United States banking or financial system. In connection with its review, the Federal Reserve will provide an opportunity for public comment on the application for the merger and is authorized to hold a public meeting or other proceeding if it determines that would be appropriate.

Under the Community Reinvestment Act of 1977, the Federal Reserve must take into account the record of performance of each of First Bancshares and BCB in meeting the credit needs of the entire communities, including low- and moderate-income neighborhoods, served by the companies and their subsidiaries. As of their last respective examinations, The First was rated “satisfactory” and Bay Bank was rated “satisfactory.” Applications or notifications may also be required to be filed with various other regulatory authorities in connection with the merger.

Office of the Comptroller of the Currency. Immediately following the merger, First Bancshares intends to merge Bay Bank with and into The First, with The First, A National Banking Association surviving. Consummation of the bank subsidiary merger is subject to receipt of the approval of the OCC under the Bank Merger Act. Application for approval of the bank merger will be subject to a 30-day public notice and comment period, as well as review and approval by the OCC. In evaluating an application filed under the Bank Merger Act, the OCC generally considers the

financial and managerial resources of the banks, the convenience and needs of the community to be served, the banks' effectiveness in combating money-laundering activities as well as the import of the transaction on financial stability. In connection with its review, the OCC will provide an opportunity for public comment on the application for the bank merger, and is authorized to hold a public meeting or other proceeding if they determine that would be appropriate.

State Bank Regulatory Approvals. Under Alabama state law, First Bancshares must file an application with the Alabama Banking Department for approval of the bank merger. First Bancshares must also provide the Alabama Banking Department with notice of the proposed interstate merger of The First with and into Bay Bank, as well as a copy of the application filed with the OCC under the Bank Merger Act.

First Bancshares and BCB are not aware of any governmental approvals or compliance with banking laws and regulations that are required for the merger to become effective other than those described above. First Bancshares and BCB intend to seek any other approval and to take any other action that may be required to complete the merger. There can be no assurance that any required approval or action can be obtained or taken prior to the meeting.

If the approval of the merger by any of the authorities mentioned above is subject to compliance with any conditions, there can be no assurance that the parties or their subsidiaries will be able to comply with such conditions or that compliance or non-compliance will not have adverse consequences for the combined company after consummation of the merger. The parties believe that the proposed merger is compatible with such regulatory requirements.

Third-Party Approvals. The merger is conditioned upon the receipt of all consents and approvals of third parties with respect to specified agreements, unless the failure to obtain any such consent or approval would not reasonably be expected to have a material adverse effect on First Bancshares or BCB. Pursuant to the merger agreement, First Bancshares and BCB have agreed to use their reasonable best efforts to obtain all consents, approvals and waivers from third parties necessary in connection with the completion of the merger.

Interests of Certain BCB Directors and Executive Officers in the Merger

When considering the recommendation of BCB's board of directors that are holders of BCB common stock and vote to approve the merger agreement, holders of BCB common stock should be aware that BCB's executive officers and members of BCB's board of directors may have interests in the merger that are different from, or in addition to, those of BCB shareholders generally. BCB's board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, to the extent these different interests existed at the time of the negotiation, evaluation and approval of the merger agreement, and in recommending that the merger agreement be approved by holders of BCB common stock.

Retention Agreements. During negotiations of the proposed merger, representatives of First Bancshares and BCB discussed certain executive officers of BCB remaining with the combined company in order to preserve the value of the proposed transaction. The following individuals have agreed to enter into the retention agreements: Mr. Rich Campbell (President) and Chris Roberts. These agreements, all of which are contingent on the completion of the merger, are intended to incent these BCB executive officers to continue their employment with First Bancshares following completion of the merger.

Indemnification of Directors and Officers; Insurance. The merger agreement provides that for a period of three years following the closing date of the merger First Bancshares will indemnify and hold harmless from liability duly elected current or former directors and officers of BCB and Bay Bank (as well as their heirs and estates). BCB directors and officers are entitled to indemnity if such persons allow First Bancshares to participate in or completely assume the defense of any claim for which indemnification may be sought. The indemnification applies to acts or omissions occurring at, prior to or after the closing date of the merger. First Bancshares will provide indemnification to the same extent as such BCB directors or officers would be indemnified under First Bancshares Articles or First Bancshares Bylaws as if they were directors or officers of First Bancshares.

BCB also has agreed to obtain a three year "tail" prepaid directors' and officers' liability insurance policy or policies. The insurance policy(ies) must cover acts or omissions occurring prior to the closing date of the merger. The policy(ies) must be on terms and in amounts substantially similar to those in effect for BCB on the date of the merger agreement.

Directors and Executive Officers Following the Merger, If Approved

If the merger agreement and the merger are approved, following the effective time of the merger, no directors or executive officers of BCB will be directors or executive officers of First Bancshares.

Restrictions on Resales by Affiliates

The shares of First Bancshares common stock to be issued to BCB shareholders in the merger have been registered under the Securities Act of 1933, as amended, or the Securities Act. These shares may be traded freely and without restriction by those shareholders not deemed to be “affiliates” of BCB as that term is defined under the Securities Act. An affiliate of a corporation, as defined by the rules promulgated under the Securities Act, is a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that corporation. Affiliates generally include directors, executive officers and beneficial owners of 10% or more of a company’s capital stock. Any shareholder deemed to be an affiliate of BCB may resell shares of First Bancshares common stock issued in the merger only in transactions permitted by Rule 145 promulgated under the Securities Act or as otherwise permitted under the Securities Act. These restrictions are expected to apply to the BCB directors and specified executive officers of BCB as well as to other related individuals or entities.

Election by BCB Shareholders of Composition of a Portion of the Merger Consideration

Holders of BCB’s common stock outstanding prior to August 1, 2013, will have a right to receive for each share of BCB common stock held immediately prior to the merger (x) \$3.60 in either cash or First Bancshares common stock, (y) one contingent value right (which is referred to as a “CVR”), and (z) a beneficial interest in a trust liquidating BCB’s claims arising out of the 2010 Deepwater Horizon oil spill. With specific regard to the portion of the merger consideration described in “(x)” immediately above (\$3.60 in either cash or First Bancshares common stock), holders will make an election to receive cash or First Bancshares common stock and this section describes the valuation of the First Bancshares common stock for conversion purposes, and the possible forced proration of First Bancshares common stock.

Valuation of the First Bancshares common stock for conversion purposes. The First Bancshares common stock to be issued pursuant to this election is subject to further adjustment in accordance with the merger agreement. If, on the date that is five business days prior to the closing date of the merger, the 30 trading days average price of First Bancshares common stock is greater than \$15.81, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$15.81 rather than the higher price. Further, if, on the date that is five business days prior to the closing date of the merger, the 30 trading days average price of First Bancshares common stock is less than \$12.93, then the number of shares of First Bancshares common stock to be issued will be calculated based on \$12.93 rather than the lower price.

Possible Forced Proration of the First Bancshares common stock. If the holders of such BCB common stock do not elect to receive at least 30% of the aggregate consideration to which they are entitled in First Bancshares common stock, First Bancshares may pro rata increase such percentage of the consideration to each shareholder received until 30% is cumulatively obtained.

Receipt by certain BCB Shareholders of the Contingent Value Right

In addition to the right to receive for each share of BCB common stock held immediately prior to the merger (x) \$3.60 in either cash or First Bancshares common stock, and (y) a beneficial interest in a trust liquidating BCB’s claims arising out of the 2010 Deepwater Horizon oil spill, holders of BCB common stock outstanding prior to August 1, 2013 will receive a (z) one contingent value right (which is referred to as a “CVR”). Any term that is capitalized herein, but is not otherwise defined, has the meaning given to it in the merger agreement attached as Annex A.

First Bancshares and BCB have identified five loans (the “Identified Loans”) which may or may not improve in quality over the three years after the Effective Date (the “Maturity Date”). Due to bank customer privacy laws, these loans are not disclosed to shareholders, but are known to BCB and First Bancshares. The agreement governing the CVRs has

not been prepared; however an outline of the terms has been agreed.

On the Maturity Date or any Interim Payment Date, if the amount of Expected Losses is less than \$371,872, then FBMS will pay to holders of the CVRs, in the aggregate on a pro rata basis (subject to adjustment to reflect dissenting shares, if any), within 30 days of such Maturity Date or Interim Payment Date, an amount equal to 100% of the excess if any of (i) \$371,872 minus (ii) any prior payments under the agreement governing the CVR minus (iii) the amount of Expected Losses, up to a maximum of \$0.40 per CVR in the aggregate.

“Expected Losses” means the tax-effected losses identified in respect of the Identified Loans assuming an effective tax rate of 28% less any recoveries, principal payments, and, as determined by a special committee formed for purposes of determining the Expected Losses, improved credit metrics in respect of the Identified Loans.

“Interim Payment Date” means a date prior to the Maturity Date, the occurrence of either (A) the complete pay off of one or more of the Identified Loans, or (B) the receipt of additional collateral, guarantees or such other credit metrics as may allow the Special Committee, in its sole discretion, to re-classify any of such Identified Loans as nonclassified loans without any Expected Losses.

If the amount of Expected Losses equals or exceeds \$371,872 on the Maturity Date, the CVRs will expire and FBMS shall not be required to make any payment with respect to them.

All determinations with respect to Credit Losses calculations for purposes of the Identified Loans and amounts payable in respect of the CVRs shall be made by the members of a Special Committee of FBMS’s board of directors following the Closing plus J. Farrell Morris, currently a director of BCB and Bay Bank. Accordingly, because of the discretion vested in the Special Committee and the control of such committee by First Bancshares, BCB shareholders could expect that differences of opinion as to Expected Losses with respect to the Identified Loans may develop and, if so, will not be resolved in favor of the BCB shareholders and/or Mr. Morris.

Prior to or at the Effective Time, FBMS reserves the right to issue such CVRs to a trust or similar entity established for purposes of preserving certain assets of BCB Common Stockholders post-Closing, so long as such process does not reduce the gross consideration that would otherwise be owed by FBMS as set forth herein. Such process shall be set forth in the CVR Agreement (as defined in the Agreement and Plan of Merger).

The Trust

The discussion in this proxy statement/prospectus of the Deepwater Horizon Trust and the principal terms of the same is subject to, and qualified in its entirety by reference to, the BCB Shareholder Trust Agreement, a copy of which accompanies this proxy statement/prospectus as Annex F and is incorporated into this proxy statement/prospectus by reference. References in this discussion and elsewhere in this proxy statement/prospectus to the “trust” or the “Deepwater Horizon Trust” are to the establishment of the Deepwater Horizon Trust and the terms thereof, unless the context clearly indicates otherwise. Any discussion of the Deepwater Horizon Trust herein is qualified in its entirety by reference to the BCB Shareholder Trust Agreement. This summary may not contain all of the information about the BCB Shareholder Trust Agreement that may be important to you. We urge you to read the BCB Shareholder Trust Agreement, carefully and in its entirety, as it is the legal document governing the Deepwater Horizon Trust.

Assignment of BP Oil Spill Claims to Trust

In addition to the right to receive for each share of BCB common stock held immediately prior to the merger (x) \$3.60 in either cash or First Bancshares common stock, and (y) one contingent value right (which is referred to as a “CVR”), holders of BCB common stock outstanding prior to August 1, 2013, will receive (z) a beneficial interest in a trust liquidating BCB’s claims arising out of the 2010 Deepwater Horizon oil spill. As additional consideration for the purchase of their respective shares of stock, the Shareholders will be assigned a pro rata share of those claims brought by BCB and Bay Bank, against B.P. Exploration and Production, Inc. and other parties arising out of the April 2010 Deepwater Horizon incident and oil spill. Previously, BCB and Bay Bank have filed lawsuits in the federal District Court of the Eastern District of Louisiana, Case Nos., 2:13-cv-02304 and 2:13-cv-02451 pursuing these claims. Neither BCB nor First Bancshares make any representation to the BCB Shareholders regarding the fair market value of these claims, although both are of the opinion that the value is uncertain and not readily ascertainable at this time