

FIRST BANCSHARES INC /MS/
Form DEF 14A
April 22, 2014

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

THE FIRST BANCSHARES, INC.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

The First Bancshares, Inc.

Notice of Annual Meeting of Shareholders

to be held on May 22, 2014

Dear Fellow Shareholder:

We cordially invite you to attend the 2014 Annual Meeting of Shareholders of The First Bancshares, Inc., the holding company for The First, A National Banking Association. At the meeting, the Company will report on the Company's performance in 2013. We are excited about the Company's achievements in 2013 and the Company's plans for the future. We look forward to discussing these with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that the Company will hold the meeting on Thursday, May 22, 2014, at 5:00 p.m. at the Company's main office located at 6480 U.S. Highway 98 West, Hattiesburg, Mississippi 39402 for the following purposes:

1. To elect three (3) members to the Board of Directors.
2. To vote on approval of the appointment of T.E. Lott & Company as the Independent Public Accountants for the Company.
3. To vote on the following advisory (non-binding) proposal:
"Resolved, that the shareholders of The First Bancshares, Inc. approve its executive compensation as described in the section captioned "Compensation Discussion and Analysis" in the 2014 Proxy Statement, including the compensation tables and any related material."
4. To vote on or transact any other business that may properly come before the meeting or any adjournment of the meeting.

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

Shareholders owning the Company's common stock at the close of business on April 7, 2014, are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at The First Bancshares, Inc.'s main office prior to the meeting.

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 22, 2014

The Proxy Statement for the annual meeting and Annual Report to Stockholders for the year ended December 31, 2013, are available at <http://www.cfpproxy.com/3944>.

Please use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. Even if you plan to attend the meeting, the Company encourages you to complete and return the enclosed proxy to us as promptly as possible.

By Order of the Board of Directors,

/s/ M. Ray Cole, Jr.	/s/ E. Ricky Gibson
M. Ray “Hoppy” Cole, Jr.	E. Ricky Gibson
President and CEO	Chairman of the Board

Dated and Mailed on or about April 22, 2014, Hattiesburg, Mississippi

The First Bancshares, Inc.

6480 U.S. Highway 98 West

Hattiesburg, Mississippi 39402

**Proxy Statement for Annual Meeting of
Shareholders to be Held on May 22, 2014.**

INTRODUCTION

Date, Time, and Place of Meeting

The Annual Meeting of Shareholders of The First Bancshares, Inc. (the "Company"), the holding company for The First, A National Banking Association (the "Bank") will be held at the main office of the Company located at 6480 U.S. Highway 98 West, Hattiesburg, Mississippi, on Thursday, May 22, 2014, at 5:00 p.m., local time, or any adjournment(s) thereof (the "Meeting"), for the purpose of considering and voting upon the matters set out in the foregoing Notice of Annual Meeting of Shareholders. This Proxy Statement is furnished to the shareholders of the Company in connection with the solicitation by the Board of Directors of proxies to be voted at the Meeting.

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

The approximate date on which this Proxy Statement and form of proxy are first being sent or given to shareholders is April 22, 2014.

Record Date; Voting Rights; Vote Required

The record date for determining holders of outstanding stock of the Company entitled to notice of and to vote at the Meeting is April 7, 2014 (the "Record Date"). Only holders of the Company's common stock of record on the books of the Company at the close of business on the Record Date are entitled to notice of and to vote at the Meeting or at any

adjournment or postponement thereof. As of the Record Date, there were 5,149,280 shares of the Company's common stock issued and outstanding, each of which is entitled to one vote on all matters. Any other matters that properly come before the Meeting will be decided by a majority of votes cast, unless a different vote is required by law, the Articles of Incorporation, or the Bylaws. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the Meeting. Shareholders do not have cumulative voting rights.

Proxies

Shares of common stock represented by properly executed proxies, unless previously revoked, will be voted at the Meeting in accordance with the directions therein. If no direction is specified, such shares will be voted FOR each nominee listed below under "Election of Directors" and in the discretion of the person named in the proxy with respect to any other business that may come before the Meeting. We are not aware of any other matter to be considered at the Annual Meeting other than those listed in the Notice of Annual Meeting of Shareholders.

A proxy may be revoked by a shareholder at any time prior to the exercise thereof by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date. A proxy shall also be revoked if the shareholder is present and elects to vote in person.

MANAGEMENT PROPOSALS

PROPOSAL 1 - ELECTION OF DIRECTORS

Membership on the Board of Directors

The Board of Directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the Board members expire at each annual meeting. The current terms of the Class I directors will expire at the Meeting. The 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. The Company's directors and their classes are:

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

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

*The Board of Directors, management, and associates of the Company would like to recognize Michael W. Chancellor for his years of dedicated service. Mr. Chancellor resigned from the board effective December 1, 2013, due to the growth of his business. On recommendation of the Nominating Committee, Mr. A. L. Smith, who previously served as a director of the Company from 1995 until 2008, was appointed to serve the remainder of the term vacated by Mr. Chancellor.

Nominees for Class I Director

At the Meeting, shareholders will elect three (3) nominees as Class I directors to serve a three-year term, expiring at the 2017 Annual Meeting of Shareholders, or until their successors are elected and qualified. The nominees for Class I directors are listed below. Each nominee currently serves as a Class I director.

Class I

Gregory H. Mitchell (I)

Ted E. Parker (I)

J. Douglas Seidenburg (I)

3

Set forth below is certain information about the nominees:

Background: **Gregory H. Mitchell**, 73, former Mayor of Picayune, Mississippi, retired as procurement manager for Mississippi Space Services at Stennis Space Center. Mr. Mitchell is a member of Salem Baptist Church and the National Management Association (NMA) and former member of the Board of Trustees for Pearl River Community College where he was elected President in January, 2008, for a two year term. He also served on the Board of Directors for the Picayune Chamber of Commerce; the Field Advisory Council, Division of Housing and Urban Development. Mr. Mitchell has been a director of the Company since 2003 and also serves on the Picayune Advisory Board and on the board of the bank.

Experience/Qualifications/Skills: Mr. Mitchell has served on the board of the Company since 2003. His experience as Mayor of the City of Picayune, MS , small business owner, and also as procurement manager provide the board with valuable insight in board discussions.

Background: **Ted E. Parker**, 54, attended the University of Southern Mississippi and served as a licensed commodity floor broker at the Chicago Mercantile Exchange. He has been in the stocker-grazer cattle business for more than 30 years. He has served as a board member of Farm Bureau Insurance. He is a member of the National Cattlemen's Association, the Texas Cattle Feeders Association, Covington County Cattlemen's Association, and the Seminary Baptist Church. Mr. Parker has been a director of the Company since 1995 and is also a director of the bank.

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

Background: **J. Douglas Seidenburg**, 54, is the owner and president of Molloy-Seidenburg & Co., P.A. He has been a CPA for more than 30 years. Mr. Seidenburg is involved in many civic, educational, and religious activities in the Jones County area. Past activities include serving as president of the Laurel Sertoma Club, president of the University of Southern Mississippi Alumni Association of Jones County, one of the founders of First Call for Help, a local United Way Agency started in 1990, treasurer of St. John's Day School, director of Leadership Jones County and Future Leaders of Jones County. Mr. Seidenburg is a graduate of the University of Southern Mississippi, where he earned a B.S. degree in Accounting. Mr. Seidenburg has been a director of the Company since 1998 and served as director of the Laurel bank prior to consolidation. He also serves on the board of the bank.

Experience/Qualifications/Skills: Mr. Seidenburg has served on the board of the Company since 1998. He is Chairman of the Audit Committee Committee and serves as the Financial Expert. His experience as a CPA and his knowledge of

corporate governance help provide the board with an understanding of financial and accounting issues that are faced in today's business environment.

The Board of Directors unanimously recommends you vote “FOR” Proposal 1 to elect all the nominees for Class I directors.

Set forth below is information about each of the Company's other directors and each of its executive officers.

Background: **David W. Bomboy, M.D.**, 68, is a lifelong resident of Hattiesburg, Mississippi. He graduated with honors in Pre-Medicine from the University of Mississippi in 1968 and earned an M.D. degree from the University of Mississippi Medical Center in 1971. Dr. Bomboy completed his orthopedic surgical training at the University of Mississippi in 1976. He is a board-certified orthopedic surgeon and has practiced orthopedics in southern Mississippi for 35 years. Dr. Bomboy is a member of the Mississippi State Medical Association, the American Medical Association, and the Mississippi Orthopedic Society and is past president. He served as president of the Methodist Hospital Medical Staff. Dr. Bomboy has been a director of the Company since 1995 and is also a director of the bank.

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

Background: **M. Ray (Hoppy) Cole, Jr.**, 52, currently serves as CEO and President of the bank and the Company. Prior to joining the bank in September 2002, Mr. Cole was Secretary/Treasurer and Chief Financial Officer of the Headrick Companies, Inc. for eleven years. Mr. Cole began his career with The First National Bank of Commerce in New Orleans, Louisiana and held the position of Corporate Banking Officer from 1985-1988. In December of 1988, Mr. Cole joined Sunburst Bank in Laurel, Mississippi serving as Senior Lender and later as President of the Laurel office. Mr. Cole graduated from the University of Mississippi where he earned a Bachelor's and Master's Degree in Business Administration. Mr. Cole also attended the Stonier Graduate School of Banking at the University of Delaware. He served as director of the Company from 1998 to 1999, and then from 2001 through the present. He also served as a director of the Company's Laurel bank prior to consolidation and currently serves on the board of the bank.

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

Background: **E. Ricky Gibson**, 57, has been president and owner of N&H Electronics, Inc., a wholesale electronics distributor, since 1988 and of Mid South Electronics, a wholesale consumer electronics distributor, since 1993. He attended the University of Southern Mississippi. He is a member of Parkway Heights United Methodist Church. Mr. Gibson serves as Chairman of the Board and has been a director of the Company since 1995 and is also a director of the bank.

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

Background: **Charles R. Lightsey**, 74, owns his own business as a Social Security Disability Representative. Mr. Lightsey worked with the Social Security Administration for 39 years, serving as District Manager of the Laurel Office for 32 years. He is a recipient of The Commissioner's Citation, the highest accolade accorded by the SSA. His community involvement includes serving as a former deacon of the First Baptist Church of Laurel, member and Board of Directors of the Laurel Kiwanis Club, president of the Laurel-Jones County Council on Aging, member of the Pine

Belt Mental Health Association Council and Chairman of the Federal, State and Local Government United Way. He received his degree in Management and Real Estate from the University of Southern Mississippi in 1961. Mr. Lightsey has been a director of the Company since 2003 and served on the board of the Laurel bank prior to consolidation. He currently serves on the Laurel Advisory Board and the board of the bank.

Experience/Qualifications/Skills: Mr. Lightsey has served on the Company's board since 2003. His background as a manager with the Social Security Administration and his ownership of a business provide the board with a broad range of knowledge and business acumen.

Background: **Fred A. McMurry**, 49, is a lifetime resident of the Oak Grove area. He is currently President and General Manager of Havard Pest Control, Inc. with over 32 years of experience in this family-owned business. He also serves on the board of the Bureau of Plant Industry of the Mississippi Department of Agriculture and Commerce, the Dixie National Junior Livestock Sales Committee and serves as President of the Lamar County 4-H. In addition, he is President of West Oaks, LLC. and Vice President of Oak Grove Land Company, Inc. Mr. McMurry has been a director of the Company since 1995 and is also a director of the bank.

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

Background: **A. L. "Pud" Smith**, 85, was born in 1929 in Brooklyn, Mississippi. Before attending the University of Southern Mississippi, Mr. Smith was in the military. He entered the petroleum business in 1960, starting with a service station, and was the owner and manager of A. L. Smith Oil Company, Inc., a wholesale and retail petroleum products company, for many years. He now is retired and serves as a consultant in the business. Mr. Smith's community activities range from being the Mayor of the City of Lumberton, past president of the Jaycee's, past president of the Lion's Club, and a member of the Rotary Club (a Paul Harris Fellow). He is an active member of the First Baptist Church of Lumberton where he is a deacon and has been a member of the finance committee for 30 years. Mr. Smith served as director of the Company and bank from its inception in 1995 until his retirement in 2008. He was recently appointed by the Board to fulfill the unexpired term of former director, Michael W. Chancellor, who resigned from the board on December 1, 2013 to focus on his business.

Experience/Qualifications/Skills: Mr. Smith was a director of the Bank and Company from inception until his retirement in 2008. Mr. Smith has a vast knowledge of business, having run a successful business for many years. His experience as Mayor of the City of Lumberton and his military experience also contribute to his business skill. With his many years of experience, Mr. Smith is an asset to the board.

Background: **Andrew D. Stetelman**, 53, is the third generation of his family in London and Stetelman Realtors. He graduated from the University of Southern Mississippi in 1983. He has served in many capacities with the National, State, and Hattiesburg Board of Realtors, and is past president and the Realtor of the Year in 1992 of the Hattiesburg Board of Realtors and the first Mississippi Commercial Realtor of the Year. He presently serves as the chairman of the Hattiesburg Convention Center, is a board member for the Area Development Partnership, and is a member of the Kiwanis International. Mr. Stetelman has been a director of the Company since 1995 and is also a director of the bank.

Experience/Qualifications/Skills: Mr. Stetelman has been a director of the Company since its inception in 1995. His experience in commercial real estate and real estate investments provides the board with insight in the trends and risks

associated with residential, rental, and commercial real estate within all of the Company's markets. His advice on all real estate issues is very valuable to the board.

Set forth below is information about the Company's non-director executive officer.

Background: **Dee Dee Lowery**, CPA, 47, serves as Executive Vice President and Chief Financial Officer of the Company and the bank. Prior to joining the bank in February 2005, Mrs. Lowery was Vice President and Investment Portfolio Manager of Hancock Holding Company for 4 years. Mrs. Lowery began her career in 1988 with McArthur, Thames, Slay and Dews, PLLC as a staff accountant until joining Lamar Capital Corporation in 1993. From 1993 until the merger in 2001 with Hancock Holding Company, Mrs. Lowery held several positions beginning with Internal Auditor for 2 years, Comptroller for 3 years and then Chief Financial Officer and Treasurer for 3 years. Mrs. Lowery graduated from the University of Southern Mississippi where she earned a Bachelor's Degree in Business Administration with an emphasis in Accounting. Mrs. Lowery is on the Advisory Board for the Business School at the University of Southern Mississippi. Mrs. Lowery is a member of the MS Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Mrs. Lowery is a member of the Rotary Club of Petal and the Petal Children's Task Force. Mrs. Lowery is also an active member of The Turning Pointe Church.

Family Relationships

M. Ray (Hoppy) Cole, Jr., Director, CEO and President of the Company and the Bank, is the son of Ellen Cole, President, Pascagoula Branch and the father of Milton R. (Mit) Cole, III, President, Laurel Branch.

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Program

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

On February 6, 2009, the Company became a participant in the U.S. Treasury’s Troubled Asset Relief Program (“TARP”) by participating in the Capital Purchase Program. On September 29, 2010, the Company refinanced the Company’s Capital Purchase Program funding into Community Development Capital Initiative funding. The Community Development Capital Initiative is also a TARP program. As a result of the Company’s participation in TARP, The First Bancshares, Inc. and certain of the Company’s employees are subject to compensation related limitations and restrictions for the period that we continue to participate in TARP (referred to herein as the “TARP Period”). The TARP compensation limitations and restrictions include the following:

Except in limited circumstances, the Company’s most highly compensated employee (as determined on an annual basis) is prohibited from receiving cash bonus payments during the TARP period. Mr. Cole was subject to this limitation during 2013.

Except in limited circumstances, the Company’s Named Executive Officers (NEOs) and the Company’s next five most highly compensated employees (each as determined on an annual basis) are prohibited from receiving any severance payments upon a termination of employment or any payments triggered by the occurrence of a change in control. The Company’s NEOs and next 20 most highly compensated employees are subject to a “clawback” of incentive compensation if that compensation is based on materially inaccurate financial statement or performance metrics. Further, no one in this group of employees may receive any tax gross-up payment during the TARP period. The Company is limited to an annual tax deduction of \$500,000 with respect to the compensation paid to each of the Company’s NEOs.

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

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

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

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

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

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during fiscal 2013 as well as the other individuals included in the Summary Compensation Table on page 13 are referred to as the "named executive officers" or "NEO"s.

Compensation Philosophy and Objectives

The Committee believes that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals by the Company, and which aligns the interests of the executive officers with the Company's overall business strategy, values and management initiatives. The Company's compensation policies are intended to reward executives for strategic management and the enhancement of shareholder value and support a performance-oriented environment that rewards achievement of internal goals. The Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract

and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of peer companies. To that end, the Committee believes executive compensation packages provided by the Company to its executives, including the named executive officers, should be designed to include both cash and stock-based compensation that reward performance as measured against established goals.

Role of Executive Officers in Compensation Decisions

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

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

Setting Executive Compensation

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

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

Compensation Policies and Practices as They Relate to Risk Management

As participants in TARP, the Company is subject to the executive compensation requirements of the Emergency Economic Stabilization Act of 2008 ("EESA") and as amended by the American Recovery and Reinvestment Act of 2009 ("ARRA"). In compliance therewith the Committee of the Board of Directors of the Company meets at least semi-annually to discuss and evaluate employee compensation plans in light of its assessment of risk posed to the Company from such plans and to ensure compliance with executive compensation rules and regulations implemented under EESA and ARRA. The Committee met twice in 2013 to review the Company's compensation plans and determined that the Company had no compensation plans that would encourage manipulation of reported earnings to enhance compensation or encourage unnecessary or excessive risk-taking. The Committee has determined that there are no compensation policies or procedures that are likely to have a material adverse effect on the Company.

2013 Executive Compensation Components

Historically, and for the fiscal year ended December 31, 2013, the principal components of compensation for named executive officers were:

- base salary;

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

9

Base Salary

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for named executive officers are determined for each executive based on his or her position and responsibility.

During its review of base salaries for executives, the Committee primarily considers: 1) performance of the Company; 2) market data provided by the Company's outside consultants; 3) internal review of the executive's compensation, both individually and relative to other officers; and 4) individual performance of the executive. Salary levels are typically considered annually as part of the Company's performance review process as well as upon a promotion or other change in job responsibility. Merit based increases to salaries of the named executive officers are based on the Committee's assessment of the individual's performance.

Performance-Based Cash Incentive Bonus Compensation

The Company has established an incentive bonus compensation plan that is based upon individual performance as well as team and corporate performance. Named executive officers in the Company have unique performance goals in up to seven (7) categories. The individual measures relate primarily to sales, service quality, regulatory compliance, timeliness, and financial goals. The particular measures on an individual's performance depend on the actions that are determined to be most important for that individual to achieve for the current year. The estimated bonus payouts are accrued throughout the year. Cash bonuses may be granted to executives at each year end depending on the achievement of performance targets that include growth, profitability, and quality control measures. The Company's Chief Executive Officer did not have a cash incentive plan during 2013.

For the year ended December 31, 2013, the following cash bonuses were awarded:

M. Ray (Hoppy) Cole, Jr.	\$0.00
Dee Dee Lowery	14,076.00
David A. Bush (1)	37,361.25
Ray L. Wesson, Jr. (1)	8,504.65
Eric Waldron (1)	10,640.50

(1) Ray L. Wesson, Jr., David A. Bush and Eric Waldron are executive officers of the bank and not the holding company.

Equity Incentive Compensation

2007 Stock Option Plan

In 2007, the Company adopted The First Bancshares, Inc. 2007 Stock Incentive Plan (the "2007 Plan"). The 2007 Plan provides for the issuance of up to 315,000 shares of Company Common Stock, \$1.00 par value per share. Shares issued under the 2007 Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

Awards of Company Common Stock under the 2007 Plan may take the form of a stock option, including an incentive stock option (a stock option which meets the applicable requirements of the Internal Revenue Code), stock appreciation rights (an award entitling a holder to receive an amount in cash, Company Common Stock, or a combination of both determined by reference to the excess of the fair market value of a specified number of shares of Company Common Stock over a specified price which shall not be less than the fair market value of such shares as of the date of the grant), restricted stock awards (a transfer of shares subject to certain restrictions on transfer or other incidents of ownership or subject to specified performance standards), dividend equivalent rights (an award entitling a holder to receive an amount in cash, Company Common Stock, or a combination of both determined by reference to the cash dividends paid on a specified number of shares of Company Common Stock from the date of grant), performance unit awards, restricted stock units or other stock-based awards (including without limitation, awards entitling recipients to receive shares of Company Common Stock to be delivered in the future) (collectively referred to as "Awards").

As of December 31, 2013, there were a total of 141,651 restricted stock awards which have been granted under the 2007 Plan and no other type awards have been granted under the 2007 Plan.

Retirement and Other Benefits

All employees of the Company, including named executive officers, are eligible to participate in the The First Bancshares, Inc. 401K Plan and Trust.

The Company sponsors an Employee Stock Ownership Plan (ESOP), which was established in 2006 for employees who have completed one year of service for the Company and attained age 21. Employees become fully vested after five years of service. Contributions to the plan are at the discretion of the Board of Directors. At December 31, 2013, the ESOP held 6,022 shares of Company common stock and had no debt obligation.

Perquisites and Other Personal Benefits

The Company provides named executive officers with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

The named executive officers participate in the Company's broad-based employee benefit plans, such as medical, dental, supplemental disability and term life insurance programs. Some of the named executive officers are provided use of company automobiles. The vehicles are provided primarily for their business travel. Personal use is taxed through the Company's payroll process. Certain named executive officer and other members of senior management are entitled to receive a cash payment upon such executive's death through the split dollar death benefit funded by bank owned life insurance.

Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended December 31, 2013, are included in the "Summary Compensation Table" on page 14.

The Company has entered into a change of control agreement as part of the Employment Agreement with its President and CEO, and the Company has agreed to take certain actions upon a change of control with respect to other key

employees. The change of control provisions are designed to promote stability and continuity of senior management. Information regarding applicable payments under such agreements for the named executive officers is provided under the heading “Potential Payments Upon Termination or Change in Control” on pages 19 and 20.

Deductibility of Executive Compensation

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m)(5) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$500,000 that is paid to certain individuals. The Company believes that compensation paid under the incentive plans are generally fully deductible for federal income tax purposes.

COMPENSATION COMMITTEE REPORT

The Compensation Committee certifies that it has reviewed with senior risk officers the Senior Executive Officer (“SEO”) incentive compensation arrangements and has made reasonable efforts to ensure that such arrangements do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the financial institution.

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION

COMMITTEE

E. Ricky Gibson, Chairman
David W. Bomboy
Gregory H. Mitchell
Ted E. Parker
Andrew D. Stetelman

The First Bancshares, Inc.

Summary Compensation Table (SCT)

For the Year ended December 31, 2013

Name and Principal Position	Year	Salary	Non-equity Incentive Plan Compensation	Stock Awards (2)	All other Compensation	Total
M. Ray (Hoppy) Cole, Jr., President and Chief Executive Officer	2013	\$269,188.32	\$ 0.00	\$ 112,389.80	\$ 36,147.91	\$417,726.03
	2012	245,983.44	0.00	52,438.14	32,796.41	331,217.99
	2011	203,927.51	0.00	35,344.05	32,106.01	271,377.57
Dee Dee Lowery, Chief Financial Officer	2013	157,824.03	14,076.00	43,052.69	7,060.07	222,012.79
	2012	145,626.25	14,076.00	19,020.00	6,693.10	185,415.35
	2011	142,933.91	16,663.50	16,996.14	6,144.13	182,737.68
David A. Bush, Executive Vice President – Private Banking(1)	2013	163,606.25	37,361.25	17,952.69	1,578.24	220,498.43
	2012	99,250.00	14,580.00	0.00	4,588.04	118,418.04
	2011	0.00	0.00	0.00	0.00	0.00
Ray L. Wesson, Jr., President, Southern Region(1)	2013	170,969.14	8,504.65	17,952.69	7,077.32	204,503.80
	2012	158,451.96	5,102.79	19,020.00	7,494.75	190,069.50
	2011	156,787.36	9,061.64	16,996.14	7,009.33	189,854.47
Eric Waldron, President, Northern Region(1)	2013	158,128.99	10,640.50	17,952.69	6,523.03	193,245.21
	2012	148,407.21	5,309.50	19,020.00	11,538.72	184,275.43
	2011	132,109.76	8,093.75	9,918.72	2,851.20	152,973.43

(1) David A. Bush, Ray L. Wesson, Jr., and Eric Waldron are executive officers of the bank and not the holding company

(2) Value based on value at grant date of \$12.55 per share for 8-1-2013, \$11.13 per share for 3-1-2013, \$9.51 per share for 2012, and \$8.61 per share for 2011, valued in accordance with FASB Topic 718.

The First Bancshares, Inc.

SCT (Continued)

All Other Compensation

For the Year Ended December 31, 2013

Name	Year	Auto Allowance	401(k) Match	Group Term Life Insurance	Split Dollar Death Benefit BOLI	Additional Compensation (1)(2)	Total Compensation
M. Ray (Hoppy) Cole, Jr.	2013	\$ 3,363.00	\$7,650.05	\$ 504.00	\$ 562.00	\$ 24,068.86	\$ 36,147.91
	2012	3,984.00	7,432.91	504.00	504.00	20,371.50	32,796.41
	2011	4,060.00	6,157.05	361.20	460.00	21,067.76	32,106.01
Dee Dee Lowery	2013	0.00	4,814.71	420.00	366.00	1,459.36	7,060.07
	2012	0.00	4,462.35	391.44	334.00	1,505.31	6,693.10
	2011	0.00	4,383.33	361.20	306.00	1,093.60	6,144.13
David A. Bush (3)	2013	0.00	0.00	408.24	0.00	1,170.00	1,578.24
	2012	0.00	0.00	68.04	0.00	4,520.00	4,588.04
	2011	0.00	0.00	0.00	0.00	0.00	0.00
Ray L. Wesson, Jr. (3)	2013	832.50	5,149.98	455.28	0.00	639.56	7,077.32
	2012	1,239.00	4,774.65	423.36	0.00	1,057.74	7,494.75
	2011	855.00	4,737.53	361.20	0.00	1,055.60	7,009.33
Eric Waldron (3)	2013	0.00	4,335.67	378.00	0.00	1,809.36	6,523.03
	2012	0.00	2,275.44	398.16	0.00	8,865.12	11,538.72
	2011	0.00	0.00	355.60	0.00	2,495.60	2,851.20

(1) Represents reimbursement for club dues and cell phones for all named executives.

(2) Includes fees paid to M. Ray (Hoppy) Cole, Jr. in the amount of \$20,200.00 representing Fees Earned or Paid in Cash, consisting of \$17,150.00 in director fees and \$8,500.00 in annual retainer fees, based on attendance, in the amount of \$2,500.00 paid to Directors of The First Bancshares, Inc. and \$6,000.00 paid to Directors of The First, A National Banking Association.

(3) David A. Bush, Ray L. Wesson, Jr., and Eric Waldron are executive officers of the bank and not the holding company.

The First Bancshares, Inc.

Grants of Plan-Based Awards

As of December 31, 2013

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares Of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)	Exercise Or Base Price of Option Awards (\$/Sh)
		Threshold	Target	Maximum	Threshold (#)	Target (#)	Maximum (#)			
M. Ray (Hoppy) Cole, Jr.	8/1/2013	-	-	-	-	-	-	5,000	-	-
	3/1/2013	-	-	-	-	-	-	4,460	-	-
Dee Dee Lowery	8/1/2013	-	-	-	-	-	-	2,000	-	-
	3/1/2013	-	-	-	-	-	-	1,613	-	-
David A. Bush (1)	3/1/2013	-	-	-	-	-	-	1,613	-	-
Ray L. Wesson (1)	3/1/2013	-	-	-	-	-	-	1,613	-	-
Eric Waldron	3/1/2013	-	-	-	-	-	-	1,613	-	-

(1)

(1) David A. Bush, Ray L. Wesson, Jr., and Eric Waldron are executive officers of the bank and not the holding company

15

The First Bancshares, Inc.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2013

Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercised Options (#)	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Or Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	Equity Incentive Plan Awards: Vesting Date
M. Ray (Hoppy) Cole, Jr.	-	-	-	-	-	4,105	\$35,344.05	-	-	2/1/2014
"	-	-	-	-	-	5,514	52,438.14	-	-	3/1/2015
"	-	-	-	-	-	4,460	49,639.80	-	-	3/1/2016
"	-	-	-	-	-	5,000	62,750.00	-	-	8/1/2016
Dee Dee Lowery	-	-	-	-	-	1,974	16,996.14	-	-	2/1/2014
"	-	-	-	-	-	2,000	19,020.00	-	-	3/1/2015
"	-	-	-	-	-	1,613	17,952.69	-	-	3/1/2016
"	-	-	-	-	-	2,000	25,100.00	-	-	8/1/2016
David A. Bush (1)	-	-	-	-	-	1,613	17,952.69	-	-	3/1/2016

The First Bancshares, Inc.

Outstanding Equity Awards at Fiscal Year-End (Continued)

For the Year Ended December 31, 2013

Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercisable Options (#)	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	Vesting Date
Ray L. Wesson, Jr. (1)	-	-	-	-	-	1,974	\$ 16,996.14	-	-	2/1/2014
"	-	-	-	-	-	2,000	19,020.00	-	-	3/1/2015
"	-	-	-	-	-	1,613	17,952.69	-	-	3/1/2016
Eric Waldron (1)	-	-	-	-	-	1,152	9,918.72	-	-	2/1/2014
"	-	-	-	-	-	2,000	19,020.00	-	-	3/1/2015
"	-	-	-	-	-	1,613	17,952.69	-	-	3/1/2016

(1) David A. Bush, Ray L. Wesson, Jr, and Eric Waldron are executive officers of the bank and not the holding company.

The First Bancshares, Inc.

Option Exercises and Stock Vested

For the Year Ended December 31, 2013

Name	Option Awards		Stock Awards	
	Number of Shares Aquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Aquired on Vesting (#)	Value Realized on Vesting (\$)
M. Ray "Hoppy" Cole, Jr. -	-	-	2,853	\$35,805.15
Dee Dee Lowery	-	-	1,000	12,550.00
David A. Bush(1)	-	-	-	-
Ray L. Wesson, Jr.(1)	-	-	1,000	12,550.00
Eric Waldron(1)	-	-	500	6,275.00

(1) David A. Bush, Ray L. Wesson, Jr. and Eric Waldron are executive officers of the bank and not the holding company.

The First Bancshares, Inc

Potential Payments Upon Termination or Change-in-Control

As of December 31, 2013

Executive Benefits and Payments Upon Termination or Change-in-Control	Normal Retirement	Death	Disability	Termination without Cause or for Good Reason	Change in Control Only	Termination without Cause Following Change in Control
M. Ray (Hoppy) Cole, Jr.						
Compensation:						
Base Salary	\$-	\$-	\$ 137,524 (2)	\$ 298,249 (3)	\$ 550,098 (4)	\$-
Benefits & Perquisites:						
BOLI Death Benefit	-	200,000	-	-	-	-
Restricted Stock Awards	267,488 (5)	267,488 (5)	-	-	267,488 (6)	267,488 (8)
Dee Dee Lowery						
Compensation:						
Base Salary	-	-	-	-	241,638 (7)	-
Benefits & Perquisites:						
BOLI Death Benefit	-	200,000	-	-	-	-
Restricted Stock Awards	106,370 (5)	106,370 (5)	-	-	106,370 (6)	106,370 (8)
David A. Bush (1)						
Compensation:						
Base Salary	-	-	-	-	-	-
Benefits & Perquisites:						
BOLI Death Benefit	-	-	-	-	-	-
Restricted Stock Awards	22,614 (5)	22,614 (5)	-	-	22,614 (6)	22,614 (8)

The First Bancshares, Inc

Potential Payments Upon Termination or Change-in-Control

As of December 31, 2013

Executive Benefits and Payments Upon Termination or Change-in-Control	Normal Retirement	Death	Disability	Termination without Cause or For Good Reason	Change in Control Only	Termination without Cause Following Change in Control
Ray L. Wesson, Jr. (1)						
Compensation:						
Base Salary	\$ -	\$-	\$ -	\$ -	\$-	\$ -
Benefits & Perquisites:						
BOLI Death Benefit	-	-	-	-	-	-
Restricted Stock Awards	78,330 (5)	78,330(5)	-	-	78,330 (6)	78,330 (8)
Eric Waldron (1)						
Compensation:						
Base Salary	-	-	-	-	-	-
Benefits & Perquisites:						
BOLI Death Benefit	-	-	-	-	-	-
Restricted Stock Awards	66,805 (5)	66,805(5)	-	-	66,805 (6)	66,805 (8)

(1) David A. Bush, Ray L. Wesson, Jr. and Eric Waldron are executive officers of the bank and not the Company.

(2) In the event of disability of Executive, salary will continue for 6 months or, if earlier, until date payments begin under disability insurance policy.

(3) Lump sum severance payment and continuation of health benefits to end of term in the amount of \$298,249 which includes one year's salary of \$275,049 plus health benefits of \$23,200 through the end of the expiration of the second contract term, 5-31-17.

(4) Lump sum severance in the amount of 2x current annual salary, and bonuses, etc. that would have been paid.

(5) All non-vested restricted stock awards will become fully vested at the retirement or death of the NEO's. None of the NEO's have reached retirement age under the RSA Agreement.

(6) All non-vested restricted stock awards will become fully vested in the event of a change of control in which the Company is not the survivor or if the acquirer does not assume the obligations.

(7) Agreement provides for 1 ½ x current annual salary.

(8) All non-vested restricted stock awards will become fully vested if termination without cause occurs with 24 months of a change in control in which the Company is the survivor or the acquirer has assumed the obligations.

Under the Emergency Economic Stabilization Act of 2008 and its implementing regulations, executive compensation restrictions will prohibit the Company from making "any payment" for services performed or benefits accrued, including a prohibition on making any payments upon a change of control.

The First Bancshares, Inc.

Director Compensation Table

For the Year Ended December 31, 2013

Name	Fees Earned or Paid in Cash(1)(2)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Cash Total
David W. Bomboy	\$ 24,300.00	\$ 11,130.00	-	-	-	-	\$ 35,430.00
Michael W. Chancellor(3)	17,150.00	0	-	-	-	-	17,150.00
M. Ray (Hoppy) Cole, Jr.(4)	20,200.00	0	-	-	-	-	20,200.00
E. Ricky Gibson	55,400.00	27,825.00	-	-	-	-	83,225.00
Charles R. Lightsey	35,675.00	11,130.00	-	-	-	-	46,805.00
Fred A. McMurry	24,400.00	11,130.00	-	-	-	-	35,530.00
Gregory H. Mitchell	30,600.00	11,130.00	-	-	-	-	41,730.00
Ted E. Parker	24,100.00	11,130.00	-	-	-	-	35,230.00
J. Douglas Seidenburg	28,100.00	11,130.00	-	-	-	-	39,230.00
Andrew D. Stetelman	23,400.00	11,130.00	-	-	-	-	34,530.00

The First Bancshares, Inc. directors were paid \$500 per meeting; The First, A National Banking Association directors were paid \$600 per meeting; audit committee members were paid \$300 per meeting; compensation (1) committee members were paid \$250 per meeting and executive committee members were paid \$400 per meeting.

The Chairman of the Board was paid a retainer of \$6,000 per quarter. Chairmen of the Audit, Personnel and Nominating Committees were paid a retainer of \$375 per quarter.

(2) Directors of The First Bancshares, Inc. were paid an annual retainer of \$2,500 based on attendance and directors of The First, A National Banking Association were paid an annual retainer of \$6,000 based on attendance.

(3) Michael W. Chancellor resigned from the Board effective December. All unvested restricted stock grants were forfeited.

(4) M. Ray (Hoppy) Cole, Jr. did not receive director stock awards. The management stock awards he received are shown in Summary Compensation Table on Page 13 and in the Grants of Plan-Based Awards on Page 15.

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

The following table sets forth certain information regarding the beneficial ownership of common stock in the Company owned by the directors, nominees for director, and executive officers, as of March 20, 2014.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Unvested Restricted Stock(2)	Percent of Class (3)
David W. Bomboy, M.D.	91,575	4,000	1.86 %
M. Ray (Hoppy) Cole, Jr.	23,350	23,076	0.91 %
E. Ricky Gibson	72,244	8,500	1.57 %
Charles R. Lightsey	42,987	4,000	0.92 %
Fred A. McMurry	77,885	4,000	1.59 %
Gregory H. Mitchell	3,001	4,000	0.14 %
Ted E. Parker	63,313	4,000	1.30 %
J. Douglas Seidenburg	72,156	4,000	1.46 %
A.L. Smith	30,900	0	0.60 %
Andrew D. Stetelman	31,283	4,000	0.69 %
Dee Dee Lowery	14,844	8,628	0.46 %
Executive Officers, Directors, and Nominees as a group	523,538	68,204	11.50 %

(1) Includes shares for which the named person:

- has sole voting and investment power,
- has shared voting and investment power with a spouse, or
- holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.

(2) Restricted Stock granted under The First Bancshares, Inc. 2007 Stock Incentive Plan

(3) Calculated based on 5,149,280 shares outstanding

Stock Ownership of Principal Stockholders

As of March 20, 2014, to the registrant's knowledge, there were two beneficial owners of five percent (5%) or more of the outstanding common stock.

**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information regarding the beneficial ownership of common stock in the Company owned by the certain beneficial owners with more than five percent ownership in the Company's stock as of March 20, 2014.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Common Stock	Basswood Capital Management, LLC 645 Madison Avenue, 10 th Floor New York, NY 10022	327,456	6.36 %
Common Stock	JCSD Capital, LLC 1676 N. California Blvd., #630 Walnut Creek, California 94596	266,896	5.19 %

(1)

Calculated based on 5,149,280 shares outstanding

CORPORATE GOVERNANCE

Corporate Governance Guidelines. The Board of Directors' Nominating Committee has enacted guidelines to determine director independence and qualifications for directors. The Nominating Committee Charter is published at

the Corporation's website under the "*Corporate Governance*" at www.thefirstbank.com. The Board of Directors regularly reviews corporate governance developments and considers modifications to its governance charter to clarify and augment the Board of Directors's processes, including those relating to risk oversight.

The Board's Role in Risk Oversight. The Company believes that each member of the Company's Board of Directors in his or her fiduciary capacity has a responsibility to monitor and manage risks faced by the Company. At a minimum, this requires the members of the Company's Board of Directors to be actively engaged in board discussions, review materials provided to them, and know when it is appropriate to request further information from management and/or engage the assistance of outside advisors. Furthermore, because the banking industry is highly regulated, certain risks to the Company are monitored by the Board of Directors, and the Audit Committee and Risk Committee through the review of the Company's compliance with regulations set forth by its regulatory authorities and recommendations contained in regulatory examinations.

The Board of Directors has a Risk Committee which is responsible for risk oversight of the Company and regularly reports to the Board of Directors on its findings. This committee monitors compliance with regulations and policies. The other committees concentrate on specific risks for which they have an expertise, and each committee is required to regularly report to the Board of Directors on its findings. For example, the audit committee regularly monitors the Company's exposure to certain reputational risks by establishing and evaluating the effectiveness of company programs to report and monitor fraud and by monitoring the Company's internal controls over financial reporting. The compensation committee's role in monitoring the risks related to the Company's compensation structure is discussed in further detail below.

Director Independence. The First Bancshares, Inc. currently has nine independent directors out of ten. The independent directors are David W. Bomboy, E. Ricky Gibson, Charles R. Lightsey, Fred A. McMurry, Gregory H. Mitchell, Ted E. Parker, J. Douglas Seidenburg, A. L. Smith and Andrew D. Stetelman. The Board of Directors has satisfied, and expects to continue to satisfy, its objective that at least a majority of the Board of Directors should consist of independent directors. For a director to be considered independent, the Board of Directors must determine that the director does not have any direct or indirect material relationship with the Company. The Board of Directors has established guidelines to assist it in determining director independence which conform to the independence requirements of the NASDAQ Stock Exchange listing standards. In addition to applying these guidelines, the Board of Directors will consider all relevant facts and circumstances in making an independence determination.

In the course of the Board of Director's determination regarding independence, it considers any transactions, relationships and arrangements as required by the Company's independence guidelines.

All members of the Audit Committee, Compensation Committee, and Nominating Committee must be independent directors as defined by NASDAQ. Members of the Audit Committee also must satisfy a separate Securities and Exchange Commission ("SEC") independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or its subsidiaries other than their directors' compensation.

Director Candidates, Qualifications and Diversity. In considering whether to recommend any candidate for inclusion in the Board of Director's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating Committee will consider a number of criteria, including, without limitation, financial, regulatory and business experience; familiarity with and participation in the local community; integrity, honesty and reputation; dedication to the Company and its stockholders; independence and any other factors the Nominating Committee deems relevant, including age, diversity, size of the Board of Directors and regulatory disclosure obligations. Although the Nominating Committee has no official policy regarding diversity, the committee seeks well-qualified nominees, and believes its Board of Directors represents a wide variety of backgrounds.

Board Leadership Structure. The Board of Directors of the Company is made up of ten individuals, one of whom is an insider as an executive of the Company. The nine outside directors have a wide variety of business experience and bring that experience to bear in fulfilling their duties as directors of the Company. The Chairman and Chief Executive Officer positions are held separately. The Board of Directors has not named a lead independent director. All independent directors have an equal voice in the business of the Company.

The Board of Directors has a Risk Committee whose primary responsibility is oversight of the Company's risk management processes, including reviewing policies and procedures to identify any significant risks or exposures and determining the steps to take to monitor and minimize those risks. The Audit Committee is responsible for oversight of financial reporting risks, while the Compensation Committee is responsible for oversight of compensation-related risks.

Standards of Conduct. All directors, officers and employees of The First Bancshares, Inc. must act ethically at all times and in accordance with the policies comprising the Code of Ethics for Financial Officers, a copy of which can be found at the Company's internet website, www.thefirstbank.com.

Communicating Concerns to Directors. The Audit Committee and the non-management directors have established procedures to enable any employee who has a concern about The First Bancshares' conduct, policies, accounting, internal accounting controls or auditing matters, to communicate that concern directly to the Board of Directors through written notification directed to the Chairman of the Audit Committee, Doug Seidenburg, at P. O. Box 1197, Laurel, MS 39441, or by email to DougS@sburgcpa.com. Such communications may be confidential or anonymous. The Company's Whistleblower Policy is available on the Company's website, www.thefirstbank.com. The status of any outstanding concern, if any, is reported to the non-management directors of the Board of Directors periodically by the Chairman of the Audit Committee.

Stockholder Communications. Stockholders may communicate with all or any member of the Board of Directors by addressing correspondence to the "Board of Directors" or to the individual director and addressing such communication to Chandra B. Kidd, Secretary, The First Bancshares, Inc., P. O. Box 15549, Hattiesburg, Mississippi, 39404. All communications so addressed will be forwarded to the Chairman of the Board of Directors (in case of correspondence addressed to the "Board of Directors") or to the individual director without exception.

ADDITIONAL INFORMATION CONCERNING DIRECTORS AND OFFICERS

Meetings of the Board of Directors

It is the policy of the Company that directors attend all meetings. During the year ended December 31, 2013 the Board of Directors of the Company held 9 meetings. All of the directors of the Company attended at least 75% of the aggregate of such Board meetings and the meetings of each committee on which they served. The Board of Directors of the Bank held 12 meetings during the year ended December 31, 2013.

Committees of the Board of Directors

The Audit Committee of the Company is composed of the following independent members: J. Douglas Seidenburg, E. Ricky Gibson, Gregory H. Mitchell, and Charles R. Lightsey. The Audit Committee met six times during the year ended December 31, 2013. On February 21, 2002, the Board adopted a written Audit Committee Charter, a copy of which can be found at the Company's internet website at www.thefirstbank.com under "Corporate Governance". The Audit Committee has the responsibility of reviewing the Company's financial statements, evaluating internal accounting controls, reviewing reports of regulatory authorities, and determining that all audits and examinations required by law are performed. The Committee also recommends to the Board of the Company the appointment of the independent auditors for the next fiscal year, reviews and approves the auditor's audit plans, and reviews with the independent auditors the results of the audit and management's responses. The Audit Committee is responsible for overseeing the entire audit function and appraising the effectiveness of internal and external audit efforts for the

Company. The Audit Committee reports its findings to the Board of Directors of the Company. The Board of Directors has determined that the members of the Audit Committee are independent. The Board of Directors has also determined that there is at least one independent audit committee financial expert, J. Douglas Seidenburg, serving on the Audit Committee, as the terms independent and audit committee financial experts are used in pertinent Securities and Exchange Commission laws and regulations.

The Company's Board of Directors has appointed a Compensation Committee and a Nominating Committee.

The Compensation Committee is responsible for establishing the compensation plans for the Company and the bank. Its duties include the development with management of all benefit plans for employees of the Company and the bank, the formulation of bonus plans, incentive compensation packages, and medical and other benefit plans. On April 4, 2008, the Board of Directors adopted a written Compensation Committee Charter and a Compensation Philosophy, which can be found at the Company's internet website at www.thefirstbank.com under "Corporate Governance". The Compensation Committee met eleven times during the year ended December 31, 2013. The Compensation Committee is composed of the following members: E. Ricky Gibson, David W. Bomboy, Gregory H. Mitchell, Ted E. Parker, and Andrew Stetelman, all of whom are independent directors.

The Nominating Committee is responsible for nominating individuals for election to the Company's Board of Directors. The Nominating Committee met four times during the year ended December 31, 2013, and consists of Charles R. Lightsey, Fred A. McMurry, Ted E. Parker, and J. Douglas Seidenburg, all of whom were independent directors. The Company adopted a Nominating Committee Charter, a copy of which was attached as Exhibit "B" to the Proxy Statement for the 2004 Annual Meeting. A copy of the Nominating Committee Charter can be found at the Company's internet website at www.thefirstbank.com under "Corporate Governance". The Nominating Committee welcomes recommendations made by shareholders of the Company. Any recommendations for the 2014 Annual Shareholders' Meeting should be made in writing addressed to the Nominating Committee, c/o Chandra Kidd at 6480 U.S. Highway 98 West (39402), Post Office Box 15549, Hattiesburg, Mississippi, 39404-5549, by May 2, 2014. It is the Nominating Committee's policy to consider director candidates recommended by stockholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating Committee does not perceive a need to increase the size of the Board of Directors. The Nominating Committee will consider only those director candidates recommended in accordance with the Nominating Committee Shareholder Policies and Procedures, a copy of which was attached as Exhibit "C" to the Proxy Statement for the 2004 Annual Meeting. A copy of the Nominating Committee Shareholder Policies and Procedures can be found at the Company's internet website at www.thefirstbank.com under "Corporate Governance".

Report of the Audit Committee

The Audit Committee of the Company has:

- reviewed and discussed the audited financial statements with management of the Company.

discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61, "The Auditor's Communications with Those Charged with Governance".

received the written disclosures and the letter from the independent auditors required by the Public Company Accounting Oversight Board Rule 3526, "Communications with Audit Committees" and have discussed with the independent auditors the auditors' independence.

based on the review and discussions above, recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission.

The Board of Directors has determined that the members of the Audit Committee are independent as defined in pertinent NASDAQ rules.

Members of the Audit Committee:

J. Douglas Seidenburg

E. Ricky Gibson

Gregory H. Mitchell

Charles R. Lightsey

Certain Relationships and Related Transactions

Officers, directors and 10% beneficial owners of the Company and its associates, including members of their families or corporations, partnerships, or other organizations in which such officers or directors have a controlling interest, are customers of the bank and have transactions with the banks in the ordinary course of business, and may continue to do so in the future.

All outstanding loans and commitments included in such transactions were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than normal risk of collectability or present other unfavorable features. All directors other than M. Ray (Hoppy) Cole, Jr are independent as defined in pertinent Nasdaq rules.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers, and beneficial owners of more than 10% to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock. Executive officers and directors are required by Securities and Exchange Commission Regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2013, all Section 16(a) filing requirements applicable to the Company's executive officers and directors were complied with except that restricted stock grants were made and Forms 4 were filed on behalf of all recipients on February 13, 2014.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Public Accountants

T.E. Lott & Company were the independent auditors for the Company during the fiscal year ending December 31, 2013, and will serve as the independent auditors to the Company for the fiscal year ending December 31, 2014. The Company expects a representative of this firm to attend the Meeting, to have the opportunity to make a statement if they desire to do so, and to be available to respond to appropriate questions from shareholders.

Audit Fees

The following is a summary of fees related to services performed for the Company by T.E. Lott & Company for the years ended December 31, 2013 and 2012:

	2013	2012
--	------	------

Audit Fees – Audit of the consolidated statements and quarterly review of financial statements included in Form 10-Q and consents	\$124,860	\$113,530
Audit Related Fees – Services in connection with application of accounting pronouncements and Sarbanes-Oxley Act	9,017	4,872
Tax Fees – Preparation of federal and state income tax and property returns	17,864	12,245
All other fees – Assistance with and compilation of regulatory filings with Federal Reserve Bank	-	-
Total	\$151,741	\$130,647

The Audit Committee has adopted pre-approval policies and procedures, a copy of which can be found at the Company’s internet website at www.thefirstbank.com under “Corporate Governance”. One hundred percent of the fees set forth above were preapproved by the Audit Committee. The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant’s independence.

proposal 2 – approval of independent public accountants

The Board of Directors has appointed T.E. Lott & Company, a firm of independent certified public accountants, as auditors for the fiscal year ending December 31, 2014, and until their successors are selected.

The Company has been advised that neither the firm nor any of its partners has any direct or any material indirect financial interest in the securities of the Company or its subsidiaries, except as auditors and consultants on accounting procedures and tax matters. The Board of Directors anticipates that representatives of T.E. Lott & Company will be in attendance at the Annual Meeting, be present to make a statement or be available to respond to questions.

Although not required to do so, the Board of Directors has chosen to submit its appointment of T.E. Lott & Company for ratification by the Company's shareholders. It is the intention of the persons named in the Proxy to vote such Proxy FOR the ratification of this appointment. If this proposal does not pass, the Board of Directors will reconsider the matter. The proposal will be ratified if the votes cast favoring the appointment exceed the votes cast opposing it.

The Board of Directors unanimously recommends you vote “FOR” Proposal 2 to ratify the appointment of T.E. Lott & Company as independent public accountants for the fiscal year ending December 31, 2014.

PROPOSAL 3 - ADVISORY VOTE ON EXECUTIVE COMPENSATION

The America Reinvestment and Recovery Act of 2009 (“ARRA”) requires recipients of funds under CPP to permit a separate shareholder vote to approve the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure shall include the compensation discussion and analysis, the compensation tables, and any related material). ARRA further provides that this shareholder vote shall not be binding on the board of directors of a recipient of funds under CPP, and may not be construed as overruling a decision by such board, nor to create or imply any additional fiduciary duty by such board, nor shall such vote be construed to restrict or limit the ability of shareholders to make proposals for inclusion in proxy materials related to executive compensation.

These ARRA provisions give you as a shareholder the right to endorse or not endorse the Company’s executive compensation through the following resolution:

“Resolved, that the shareholders of The First Bancshares, Inc. approve its executive compensation as described in the section captioned “Compensation Discussion and Analysis” in the 2014 Proxy Statement, including the compensation tables and any related material.”

Under ARRA, your vote is advisory, and will not be binding on the Board. However, the Compensation Committee will take into account the vote when considering future executive compensation arrangements.

The Board of Directors unanimously recommends you vote “FOR” approval of the resolution.

INCORPORATION BY REFERENCE OF FINANCIAL STATEMENTS AND RELATED INFORMATION

The SEC allows us to “incorporate by reference” into this document other documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this document.

Supplementary financial information and our Audited Consolidated Financial Statements (including Notes thereto), are incorporated by reference from Items 8 of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Quantitative and Qualitative Disclosures About Market Risk, for the fiscal year ended December 31, 2013, are incorporated by reference from Items 7 and 7A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

This document incorporates important business and financial information about the Company from other documents that are not included in this document. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this document through our website, www.thefirstbank.com, and from the SEC at its website, www.sec.gov, or by requesting them from our Corporate Secretary in writing at The First Bancshares, Inc., 6480 US Highway 98 West, Hattiesburg, Mississippi 39402 or by phone at 601-268-8998. To assure the timely delivery of documents in advance of the Annual Meeting, any request to our Corporate Secretary should be made no later than May 19, 2014. As a reminder, the information incorporated by reference above is also contained in the Company’s Annual Report to Shareholders, which is included in the materials sent to you with this Proxy Statement.

SOLICITATION OF PROXIES

The cost of soliciting proxies from shareholders will be borne by the Company. The initial solicitation will be by mail. Thereafter, proxies may be solicited by directors, officers and employees of the Company or the bank, by means of telephone, telegraph or personal contact, but without additional compensation therefore. The Company will reimburse brokers and other persons holding shares as nominees for their reasonable expenses in sending proxy soliciting material to the beneficial owners.

PROPOSALS OF SHAREHOLDERS

Any proposal of a shareholder to be presented for action at the Annual Meeting of Shareholders to be held in the year 2015 must be received at the Company's principal executive office no later than December 23, 2014 if it is to be included in management's proxy statement. After this date, any proposal will be considered untimely if not delivered on a date on or before the later of: (1) 60 days prior to the 2015 annual meeting or (2) 10 days after a notice of the meeting is provided to the shareholders. To ensure prompt receipt by the Company, the proposal should be sent certified mail, return receipt requested. Proposals must comply with the Company's bylaws relating to shareholder proposals and certain Securities and Exchange Commission Regulations in order to be included in the Company's proxy materials.

The Company's proxy for the year 2015 meeting may confer discretionary authority to vote on any proposal of a shareholder to be presented for action at the Annual Meeting of Shareholders to be held in the year 2015 which is not received prior to December 23, 2014 at the Company's principal executive office.

The accompanying Proxy is being solicited by the management of the Company.

ANNUAL REPORT

The 2013 Annual Report to Shareholders of the Company, including audited financial statements of the Company, is enclosed for the information of the shareholders. The Annual Report and financial statements are not a part of the proxy soliciting material, except to the extent incorporated by reference herein.

**PROXY SOLICITED FOR ANNUAL MEETING
OF SHAREHOLDERS OF THE FIRST BANCSHARES, INC.
TO BE HELD ON May 22, 2014**

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby appoints M. Ray “Hoppy” Cole, Jr. as Proxy with the power to appoint his substitute and hereby authorizes him to represent the undersigned, and to vote upon all matters that may properly come before the Annual Meeting including the matters described in the Proxy Statement furnished herewith, subject to any directions indicated herein, with full power to vote all shares of common stock of The First Bancshares, Inc. held of record by the undersigned on April 7, 2014, at the Annual Meeting of Shareholders to be held on May 22, 2014.

IF NO DIRECTIONS ARE GIVEN, THE PROXIES WILL VOTE FOR EACH NOMINEE LISTED BELOW AND AT THE DISCRETION OF THE PERSON NAMED ABOVE IN CONNECTION WITH ANY OTHER BUSINESS PROPERLY COMING BEFORE THE MEETING.

The Board of Directors recommend you vote FOR Proposals 1, 2, and 3.

1. **PROPOSAL 1**: To elect the three (3) identified nominees as directors.

Class I

Gregory H. Mitchell
Ted E. Parker
J. Douglas Seidenburg

“FOR all nominees listed (except as marked to the contrary)
“WITHHOLD AUTHORITY to vote for all nominees

(INSTRUCTION: To withhold authority to vote for any individual nominee(s), write that nominee(s) name(s) in the space provided below)

2. **PROPOSAL 2:** To approve the appointment of T.E. Lott & Company as the Independent Public Accountants for the Company
" FOR " AGAINST " ABSTAIN

3. **PROPOSAL 3:** To vote on advisory (non-binding) proposal to approve Executive Compensation
" FOR " AGAINST " ABSTAIN

Signature: _____

Signature: _____

Dated: _____, 2014

Votes must be indicated by an (x) in Black or Blue Ink.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.