TheFirst

Just the bank *for you!*

2022 Annual Report

Message from the Executive Team

Our strategic vision is to build a high performance community bank in the southeastern United States. Since our beginning 27 years ago, we have been focused on growing our franchise and building shareholder value by expanding into markets with above-average demographic profiles for income and population growth.

Our strategy has been to grow through both acquisitive and organic means, opening new markets by acquiring banks and attracting talented local community bankers.

During 2022, we have continued to execute our strategy by recording record organic loan growth and closing two acquisitions, Beach Bancorp (Beach Bank) on August 1, 2022 and Heritage Southeast Bancorporation (Heritage) effective January 1, 2023.

Financial Results

Our company continues to generate increasing profitability and returns while significantly growing its asset base. Net income operating (excluding one-time items) increased 6.1% from $64.4 million in 2021 to $68.3 million for 2022. This increase in operating income produced a Return on Assets Operating (ROA) of 1.10% and a Return on Tangible Common Equity Operating (ROTCE) of 16% for the year. Net interest income increased $14 million or 9% during 2022, driven by higher loan volumes and an improved net interest margin due to a higher interest rate environment. Non-interest income decreased $500,000 to $37 million due primarily to lower Mortgage Division volume.

Our company is a top performer in our peer group in terms of expense control and operating efficiency with an Efficiency Ratio of 57%.

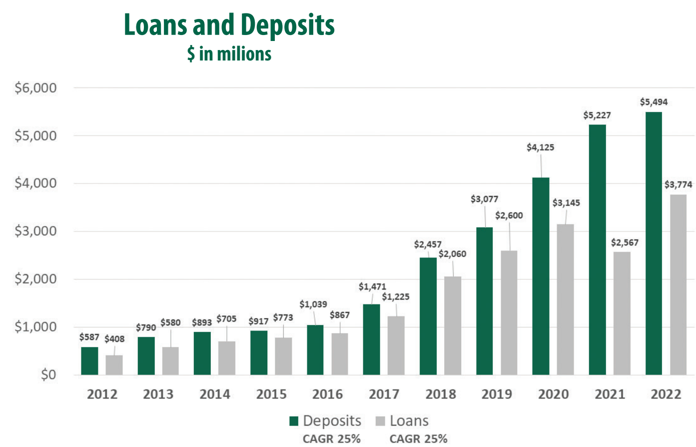
Total assets grew $385 million in 2022, representing a 6.3% increase year over year. Total loans increased 27.5% and total deposits increased $268 million or 5.1% during 2022.

Over the last 10 years, we have achieved compound average annual growth of 25% in total assets.

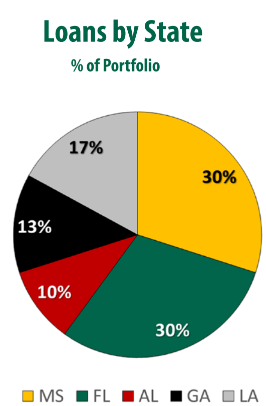
Asset quality remained strong as the company ended the year with net recoveries on charged-off loans and a 42% decrease in non-performing assets.

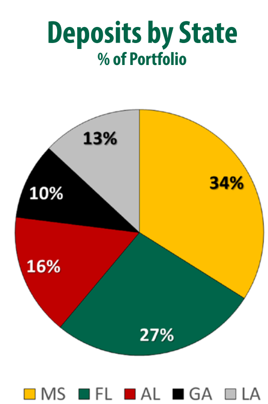
Highlights

1. Acquired Beach Bancorp
2. Acquired Heritage Southeast Bancorporation
3. Expanded to 114 locations across the southeast
4. Entered Atlanta, Savannah, Tampa and Jacksonville markets
5. Became the largest community bank in the FL Panhandle
6. Achieved $7.9 billion in assets on January 1, 2023
7. Increased core earnings by 6.1% to $68.3 million
8. Declared a quarterly dividend of $0.21
9. Awarded $2.5 million in CDFI grants
10. Achieved 5 Star Rating from Bauer Financial



Our balance sheet is geographically diversified with meaningful market share across the southeast. As of 12/31/2022, Mississippi and Florida represent the largest part of our company's loans and deposits





Shareholder Value

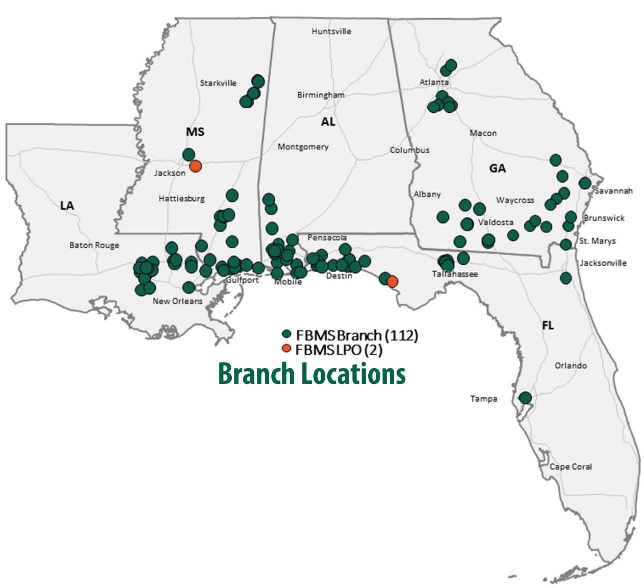
The First has a strong history of paying consistent dividends. The dividend has gone from an annual dividend of $0.15 in 2012 to a quarterly dividend of $0.21 per share to be paid on February 24, 2023, to shareholders of record as of February 8, 2023. This quarterly payment would increase the annual dividend to $0.84, which would be a 23% increase over the $0.68 paid in 2022. In addition, the Board of Directors has approved a share repurchase program for 2023 for up to shares worth $50 million.

Acquisitions

The First completed the acquisition of Beach Bancorp, Inc. (Beach Bank) on August 1, 2022. Beach Bank was headquartered in Fort Walton, Florida with six branches in the Florida panhandle and one branch in Tampa, Florida. Beach added approximately $600 million in assets to the company.

On January 1, 2023, The First completed the acquisition of Heritage Southeast Bank (Heritage), headquartered in Jonesboro, Georgia. Heritage added 23 total branches and approximately $1.6 billion in assets to the company. Heritage significantly expanded the company's footprint in Georgia, adding 8 branches in Atlanta and entry into the fast growing markets of Savannah, Georgia and Jacksonville, Florida.

Together the two acquisitions added approximately $2.2 billion in assets and 30 locations in Georgia and Florida to the company's footprint.

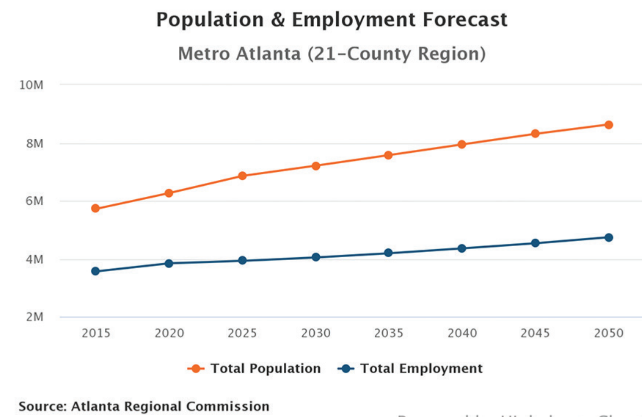


Branch Locations

Economies of New Markets

Atlanta, GA

The Metro Atlanta area consists of 21 counties with a growing population and employment forecast. The current population of Metro Atlanta is 6.1 million with a 1.55% increase from 2021. The projected total population is 8.6 million by 2050, according to the Atlanta Regional Commission.



Atlanta's GDP in 2021 was $300.13 billion. Atlanta is the home of 157 major corporations, including Apple, Amazon, Mercedes Benz, CNN, the Turner Broadcasting System, Cox, Comcast, Delta Airlines, Home Depot, Publix and the Weather Channel. It has 52 institutions of higher education including Morehouse College, Emory University, Georgia Institute of Technology and Georgia State University. The Hartsfield -Jackson Atlanta International Airport is the number one airport in the United States with 75 million passengers in 2021.

Savannah, GA

Savannah has a population of 339,000, with 1.5% population growth and a 1.4% job market increase in 2021. Strong job growth of 38.5% is forecast for the next 10 years. The Port of Savannah, manufacturing, the military and tourism are Savannah's four major economic drivers. Lodging, dining, entertainment and tourist related transportation account for $2 billion in tourist spending annually. People are attracted to its southern charm, moss draped trees, beautiful architecture and cuisine. Major companies are also drawn to Savannah and among these are: Union Camp, International Paper, Gulfstream Aerospace and Morris Multimedia.

Jacksonville, FL

The current metro area population is 1.6 million and it had a 1.31% increase in 2021. Job market growth is robust and saw a 2.8% increase in the last year. From the Naval Air Station with 21,900 employees to the Mayo Clinic with 4,970 employees to The University of North Florida with 1,540 employees, to Metronic with 650 employees-over 48 companies as well as institutions with over 600 employees are headquartered in the area. The population is trending to younger people with 35.9 being the median age and has a low poverty rate of 15% with a median household income of $55,591.

Tampa Bay Area

The Tampa Bay area is a major metropolitan area surrounding Tampa Bay on the Gulf Coast of Florida. The area includes Tampa, St. Petersburg and Clearwater. It is the 18th largest metropolitan area in the United States with a population of 3.1 million with Tampa being the largest city with a population of 392,800, the third largest city in Florida. The metropolitan area growth projection by 2050 is seven million. It has 16 colleges and universities which accounts for the large presence of professional, scientific and technical services in the area. Approximately 129,000 people work in that job sector. The five key industries of the Tampa Bay Area are defense and security, including McDill Air Force Base with 15,000 employees; information technology which has added 15,000 jobs in five years; financial and professional services, with Tampa being considered the "Wall Street of the South" due to one of four service firms in this sector; life sciences and healthcare which has grown 15% in the last five years; and manufacturing, distribution and logistics with the Port of Tampa Bay and Tampa International Airport as major players. The Tampa Bay Area with its strong economic base is poised for continued growth.

Florida Panhandle

The Florida Panhandle is the northwestern part of the state and it includes the cities of Tallahassee, Pensacola and Panama City. The total population of the Panhandle is 1.4 million. The First has operated in the Panhandle for a decade, but is continuing to expand the density of its operations. The largest city in the Panhandle is Tallahassee, the state capital with a metropolitan population of 385,000. However, the largest population grouping is the Pensacola Metropolitan area with a population of 511,502. Pensacola's economy is powered by the military with the large Pensacola Naval Air Station, surrounded by naval and technical training operations and defense contractors. Eglin Air Force Base is also in the area. The job market in Pensacola grew by 1.9% in the last year. Tourism is also a major part of the economy throughout the Pensacola Metropolitan area which includes Crestview-Fort Walton Beach, Destin and Navarre.

The First is looking forward to growing their operations in these new regions to take advantage of their strong economies and growing populations.

Community Involvement

The First has a primary mission to invest and serve underserved markets. We are one of the largest Certified Community Development Institutions (CDFI) in the country. This is a designation by the U.S. Treasury for financial institutions in which 60% of their business activities are in distressed markets. Our Bank has been a CDFI participant since 2010 and has awarded over $7.2 million in grants to organizations in our communities to help support economic growth and job creation.

Our Bank believes that supporting its markets by investing in distressed communities, providing financial education and generating access to credit are fundamental building blocks that improve the standard of living across all of our markets. We have had an active year in accomplishing our mission.

In 2022, The First received $2.5 million from the CDFI fund. The Financial Assistance awards through CDFI are required to match dollar-for-dollar with non-federal funds. This requirement enables CDFIs to multiply the impact of federal investment. The First Bank has leveraged that support to $30 million in direct financial services, some of which helped fund affordable housing projects in economically distressed areas. The First also participates in the Federal Home Loan Bank program that allows 10% of FHLB profits to be used to support affordable housing. During 2022, The First utilized $195,000 to assist 19 first time home buyers. The Bank also utilized $34,894 from the Special Needs Rehabilitation Assistance Program (SNAP) to assist six special needs homeowners with home rehabilitation and used other special funds to assist 31 homeowners with needed home repairs.

Other community programs include a gift of $150,000 to the University of Southern Mississippi to provide financial literacy lessons to USM collegiate athletes, a donation of $100,000 to three Historically Black Colleges and Universities: Florida A&M University, Jackson State University and Southern University to support their Colleges of Business and Small Business Centers as well as scholarships. In addition, The First awarded $610,000 to the Petal School District and the Hattiesburg Public Schools, $650,000 in Florida to Step Up and AAA Scholarships and $350,000 in Georgia to an approved nonprofit to fund scholarships for disadvantaged children. The Bank also provided $80,000 to assist with tuition for low income children to attend four private schools in Mississippi. Our organization believes in education as a path to social mobility and we are proud of our contributions.

Talented Employees

In 2022, The First continued to strive to provide opportunities for our employees to attain their personal and professional goals. In addition to our employee benefits, we work to maintain a healthy work environment for all of our employees, as well as providing free banking services to them. We use our employee portal to offer wide-ranging communications across the organization to inform and engage employees. We are also committed to diversity, and we value the benefits that diversity can bring. The First has a strong Diversity, Equity and Inclusion Policy.

Leadership and Teamwork

Our outstanding results and exceptional growth are directly attributable to the talents of our leadership team and associates. Our everyday efforts to live our strong values, serve our communities and achieve our goals is the driving force of success for our organization. In 2022, it was my honor to be named Chairman of the Board; so on their behalf, I want to thank our team members and our shareholders for having confidence in us and continuing to enable our progress. I want to especially welcome those team members who are new to The First and together we all look forward to another prosperous year.

M. Ray "Hoppy" Cole, Jr.
CEO/Chairman of the Board

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DIRECTORS & CORPORATE OFFICERS

Directors of the Bank and Holding Company

Dr. Rodney Bennett
Former President, University of Southern Mississippi

Dr. David W. Bomboy
Orthopedic Surgeon, Retired

M. Ray (Hoppy) Cole, Jr.
President, CEO, & Chairman of the Board for The First Bancshares, Inc. & The First Bank

E. Ricky Gibson
President and Owner, N & H Electronics

Jonathan R. Levy
Managing Partner, Redstone Investments

Charles R. Lightsey
Social Security Disability Representative

Fred McMurry
Vice President and General Manager, Havard Pest Control

Thomas E. Mitchell
President, Stuart Contracting Co., Inc.

Renee Moore
CPA, Topp McWhorter Harvey PLLC

Ted E. Parker
Lead Director
Ted Parker Cattle LLC

Doug Seidenburg
President, Molloy-Seidenburg & Co., Ltd., CPA's

Andy Stetelman
President, London & Stetelman Commercial Realtors

Corporate Officers

M. Ray (Hoppy) Cole, Jr., President & CEO
Dee Dee Lowery, CFO

Corporate Information

ANNUAL MEETING

The Annual Meeting of Shareholders will be held Thursday, May 25, 2023 at 4:00 pm CST in a virtual only meeting format, via the internet.

STOCK TRANSFER AGENT

Computershare, Inc.
462 South 4th Street, Suite 1600
Louisville, KY 40202

INDEPENDENT AUDITOR

FORVIS LLP
Certified Public Accountants
Jackson, Mississippi

FINANCIAL INFORMATION

Copies of the form 10-K Annual Report to the Securities and Exchange Commission, including financial statements and financial statement schedules, are available without charge upon request at:

THE FIRST BANCSHARES, INC.
6480 U.S. Highway 98 West (39402) P.O. Box 15549
Hattiesburg, MS 39404-5549

The Form 10-K Annual Report to the Securities and Exchange Commission, including financial statements and financial statement schedules, serves as the alternative annual disclosure statement pursuant to 12 CFR § 350.5

STOCK INFORMATION

The Company's articles of incorporation authorize it to issue up to 40,000,000 shares of Common Stock. As of March 31, 2023, the Company had 31,054,546 shares outstanding, held by shareholders of record. The Common Stock of the Company is traded on Nasdaq Global Market under the symbol FBMS

ADVISORY BOARDS

Mississippi

Ailrick D. Young
Laurel Housing Authority

M.J. "Trey" Bobinger, III
Bobinger Law Firm/Lobbyist

Sallie Dier
Watkins Construction- Accountant

Jim Stroo
Realty Executives

David Lawson
Lil' Butcher Shoppe

Steve Cunningham M.D.
Comprehensive Radiology Services

Kevin Smith
Animal Health Clinic

James A. Ladner (Jimmie)
Tax Assessor Hancock County

Joe Cloyd
The Cottages, Owner

Marshall Smith
Gulf Sales & Supplies

Billy Guice
Guice Offshore

Bobby Heinrich
Heinrich and Associates

South Georgia & Tallahassee

F. Wilson Carraway, III

Gene D. Lord

Darlene K. Taylor
Taylor Benefit Resource

Danny Copeland
COGI Athletics

Johnny Cochran
J Cochran Farms, Inc.

John LaHood
Fellowship Home at Brookside

Mary Rose Sirianni
TECO/AT&T (Retired)

Karen Miller
Tallahassee Lenders Consortium

Ryan Yeary
Camienz & Yeary, P.A.

Louisiana

Leslie Landry
Northshore Community Foundation

Dr. Chuck Carr Brown
Secretary Department of Environmental Quality

Vince Garafola
V's Holding, V's Investments, Windgate Properties

Nick Gagliano, Jr.
Gagliano Group, Inc.

Anthony Mercante
Ponchatoula Family Pharmacy

George Anthon, Jr.
Anthon Chiropractic Care

Vincent Roubique
Tangi Electric & Maint. Co.

Rhaoul Guillaume, Jr.
Pointe-Marie/
Rag Development LLC/Gotech, Inc.

Jason Dupree
Cypress Title Company

Terri Russo Lacy
WestRiver Title

John Holmes
True Title

Alabama & Florida Panhandle

Leonard A. Kaiser
Kaiser Sotheby's Real Estate Sales

Richard Schwartz
Doc's Seafood Shack

Coleman Bryars
Alabama Land Title Company

Donald P. Robinson
Superior Petroleum Services (Retired)

James Robertson
Robertson Andreoli & Covington

Lee "Trip" Pittman
Pittman Tractor Company

Mike Reid
White Spunner Real Estate

John Sheldon
Sheldon Rogers & Bryan PC

Dr. J. Reid Cummings
University of South Alabama

Jimmy Lyons
SSI (Retired)

Tom Bramlett
Office Equipment Company

Juan Peasant
PM Group

Ed Ranelli
UWF Business Enterprises

Lloyd Reshard
Cogni tive Big Data Systems

Patrick Rooney
Coastal CXO

Fredrick (Scott) Meyer
Diceburg, LLC

Melissa Pilcher
Florida Community Services, Inc.

David (Randy) Wise
Randy Wise Homes

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