

# TheFirst

BANCSHARES, INC.

*July 2024*



**NYSE: FBMS**

# Safe Harbor & Forward Looking Statements

## ABOUT THE FIRST BANCSHARES, INC.

The First Bancshares, Inc. ("FBMS" or the "Company"), headquartered in Hattiesburg, Mississippi, is the parent company of The First Bank. Founded in 1996, The First has operations in Mississippi, Louisiana, Alabama, Florida and Georgia. The Company's stock is traded on the New York Stock Exchange under the symbol FBMS. Contact: Chandra Kidd, Corporate Secretary.

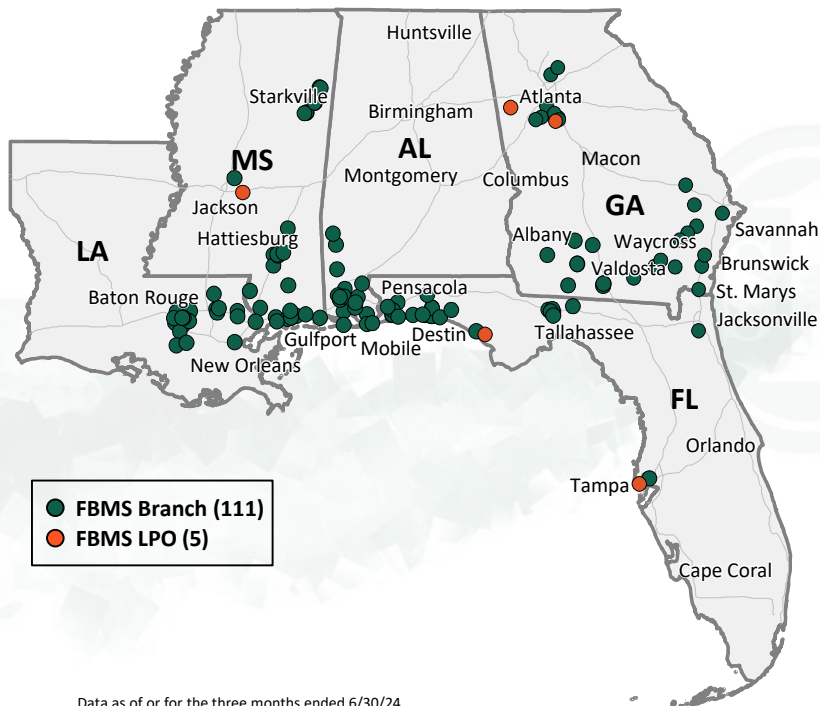
## NON-GAAP FINANCIAL MEASURES

Our accounting and reporting policies conform to generally accepted accounting principles ("GAAP") in the United States and prevailing practices in the banking industry. However, certain non-GAAP measures are used by management to supplement the evaluation of our performance. This presentation includes the following non-GAAP financial measures: Diluted Earnings Per Share, Operating; Net Income, Operating; Return on Average Assets (ROAA), Operating; Pre-Tax Pre-Provision Return on Average Assets (PTPP ROAA), Operating; Return on Average Tangible Common Equity (ROATCE); Return on Average Tangible Common Equity (ROATCE), Operating; Efficiency Ratio, Operating; Net Interest Margin (NIM), Fully Tax Equivalent (FTE); Net Interest Income, FTE; Core Net Interest Margin, FTE; Yield on Securities, FTE; Pre-Tax Pre Provision Income, Operating; Non-Interest Income, Operating; Adjusted Operating Revenue; Adjusted Operating Expense; Tangible Assets; Tangible Common Equity; Tangible Book Value per Share; Tangible Common Equity to Tangible Assets Ratio (TCE/TA); and certain ratios derived from these non-GAAP financial measures. The Company believes that the non-GAAP financial measures included in this presentation allow management and investors to understand and compare results in a more consistent manner for the periods presented in this press release. Non-GAAP financial measures should be considered supplemental and not a substitute for the Company's results reported in accordance with GAAP for the periods presented, and other bank holding companies may define or calculate these measures differently. Fully-tax equivalent, or "FTE", financial metrics are measures used by management to evaluate the corresponding GAAP financial metrics in a manner that takes into account the tax benefits associated with income sources that are exempt from state or federal taxes. Core Net Interest Margin is used by management to measure the net return on earnings assets, which includes investment securities, loans, and leases but excludes certain income and expense items that the Company's management considers to be non-core/adjusted in nature. Similarly, "operating" financial metrics, including Adjusted Operating Revenue, Adjusted Operating Expense, Operating Efficiency Ratio and Diluted Earnings Per Share, Operating, are used by management to evaluate operating results exclusive of items that are not indicative of ongoing operations and impact period-to-period comparisons. Management uses "tangible" financial metrics, including Tangible Common Equity and Tangible Book Value, to measure the value of the Company's assets net of intangible assets, such as goodwill. These non-GAAP financial measures should not be considered in isolation and do not purport to be an alternative to their most comparable GAAP measures. A reconciliation of these non-GAAP financial measures to the most comparable GAAP measure is provided in the appendix to this presentation.

## FORWARD LOOKING STATEMENTS

This communication contains statements that constitute "forward looking statements" within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements. Such statements can generally be identified by such words as "believes," "anticipates," "expects," "may," "will," "assumes," "should," "predicts," "could," "would," "intends," "targets," "estimates," "projects," "plans," "potential," "positioned" and other similar words and expressions of the future or otherwise regarding the outlook for the Company's future business and financial performance and/or the performance of the banking industry and economy in general. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve known and unknown risk and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on the information known to, and current beliefs and expectations of, the Company's management and are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by such forward-looking statements. Factors that might cause such differences include, but are not limited to: (1) competitive pressures among financial institutions increasing significantly; (2) prevailing, or changes in economic or political conditions, either nationally or locally, particularly in areas in which the Company conducts operations, including the effects of declines in the real estate market, high unemployment rates, inflationary pressure, elevated interest rates and slowdowns in economic growth, as well as the financial stress on borrowers as a result of the foregoing; (3) interest rate risk, including the effects of rising interest rates; (4) developments in our mortgage banking business, including loan modifications, general demand, and the effects of judicial or regulatory requirements or guidance; (5) changes in applicable laws, rules, or regulations; (6) risks related to the Company's recently completed acquisitions, including that the anticipated benefits from the recently completed acquisitions are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions or other unexpected factors or events; (7) changes in management's plans for the future; (8) credit risk associated with our lending activities; (9) changes in loan demand, real estate values, or competition; (10) changes in accounting principles, policies, or guidelines; (11) adverse results from current or future litigation, regulatory examinations or other legal and/or regulatory actions, including as a result of the Company's participation in and execution of government programs related to the COVID-19 pandemic and related variants; (12) higher inflation and its impacts; (13) significant turbulence or disruption in the capital or financial markets and the effect of a fall in stock market prices on our investment securities; (14) potential impacts of the recent adverse developments in the banking industry highlighted by high-profile bank failures, including impacts on customer confidence, deposit outflows, liquidity and the regulatory response thereto; (15) the effects of war or other conflicts including the impacts relating to or resulting from Russia's military action in Ukraine or the conflict in Israel and surrounding areas; and (16) other general competitive, economic, political, and market factors, including those affecting our business, operations, pricing, products, or services. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For any forward-looking statements made in this communication, any exhibits hereto or any related documents, the Company claims protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

# Our Company



Data as of or for the three months ended 6/30/24

(1) Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

(2) Cumulative deposit beta is defined as the change in cost of interest bearing deposits from Q4 '21 of 0.20% to 2.46% in Q2 '24 divided by the change in average fed funds rate of 525 bps over the same period

(3) Excludes public funds and ICS accounts

## Company Overview

Scale

**\$8.0bn**  
Total Assets

**5<sup>th</sup>**  
Largest Bank  
Headquartered in MS

Capital

**12.4%**  
CET1 Ratio

**15.3%**  
Total Capital Ratio

Deposits

**28%**  
DDA Deposits

**43%**  
IB Deposit Beta Through  
the Rate Hike Cycle <sup>(2)</sup>

Liquidity

**79%**  
Loans / Deposits

**\$23,000**  
Average Deposit Size <sup>(3)</sup>

Profitability

**1.38%**  
PTPP ROAA,  
Operating <sup>(1)</sup>

**1.78%**  
Cost of  
Deposits

Credit

**1.05%**  
ACL / Total Loans

**0.04%**  
NCOs / Total Loans,  
Annualized

# Q2 2024 Highlights

## Key Highlights

### Deposits

- 28% of deposits are demand, an increase from 27% in Q1 '24
- \$110 million of brokered deposits as of 6/30/24
- Average deposit size of \$23 thousand <sup>(1)</sup>
- Uninsured deposits equal to 16.0% of total deposits
- Cumulative IB deposit beta since Q4 '21 of 43% <sup>(2)</sup>

### Loans

- Average loan size of ~\$237 thousand
- Q2 '24 new loan production of \$448.7 million with a blended yield of 7.92%
- C&D loan concentration as a percentage of bank total capital: 69%
- CRE loan concentration as a percentage of bank total capital: 215%

### Capital

- TCE/TA: 8.3% <sup>(3)</sup>
- Leverage: 10.0%
- CET1: 12.4%
- Total Risk-Based Capital: 15.3%

### Credit

- NPAs / Total Assets of 0.26% this quarter
- NCOs / Total Loans of 0.04% this quarter

### Allowance for Credit Losses

- ACL / Loans remains stable at 1.05%, unchanged from last quarter

### Net Interest Margin

- Expansion in NIM, FTE <sup>(3)</sup> of 6 bps to 3.32%
- Increase in Core NIM, FTE <sup>(3)</sup> of 9 bps to 3.19%

Data as of or for the three months ended 6/30/24

<sup>(1)</sup> Excludes public funds and ICS accounts

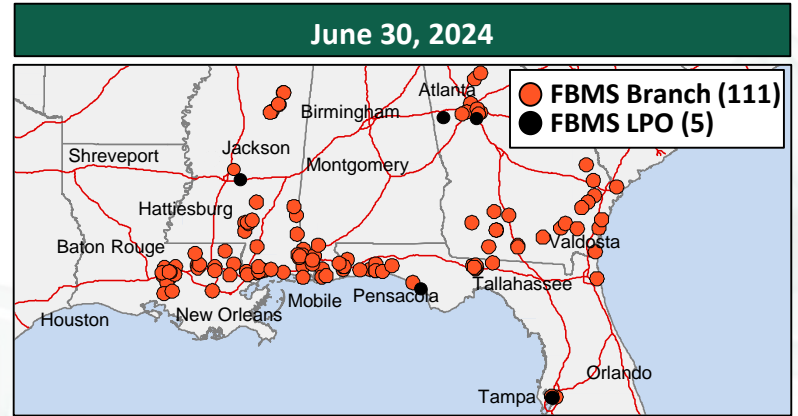
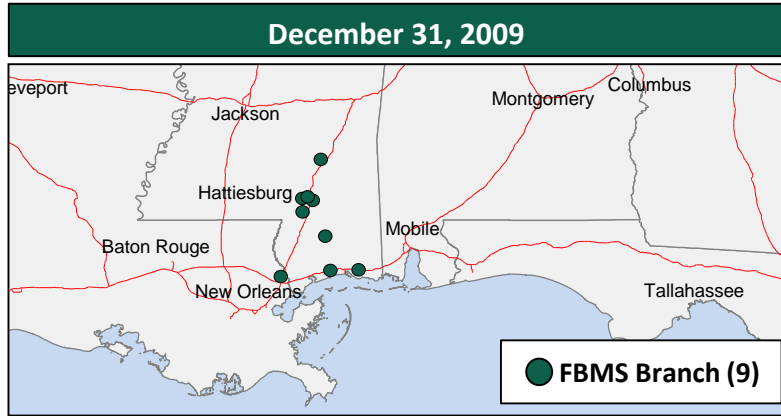
<sup>(2)</sup> Cumulative deposit beta is defined as the change in cost of interest bearing deposits from Q4 '21 of 0.20% to 2.46% in Q2'24 divided by the change in average fed funds rate of 525 bps over the same period

<sup>(3)</sup> Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

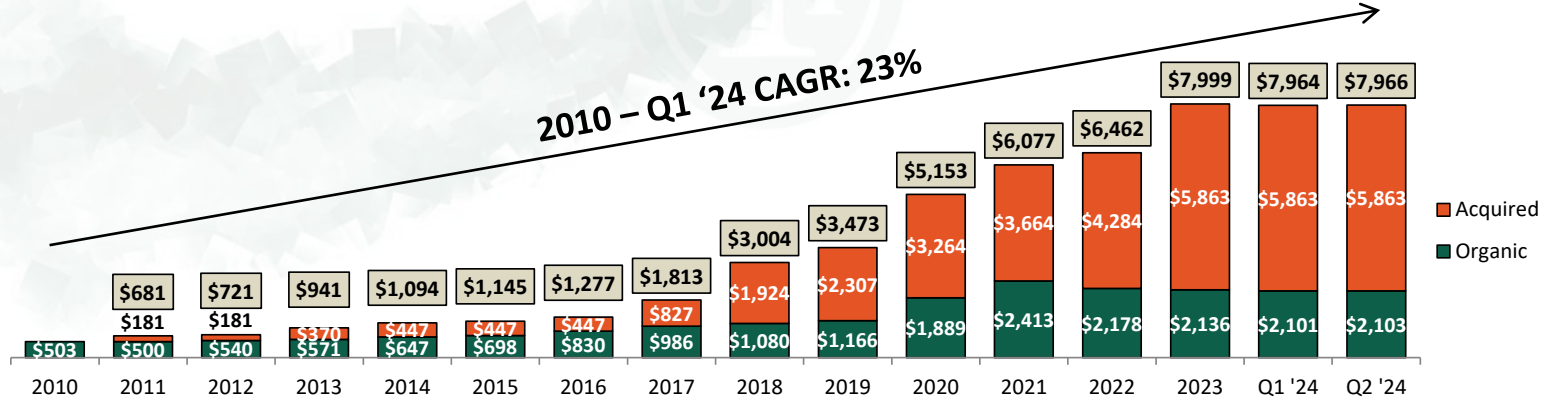
## Financial Results

	<u>Q2 2024</u>
Diluted Earnings Per Share	<b>\$0.62</b>
<i>Diluted Earnings Per Share, Operating</i> <sup>(3)</sup>	<b>\$0.63</b>
Net Income (\$000)	<b>\$19,697</b>
<i>Net Income, Operating</i> (\$000) <sup>(3)</sup>	<b>\$19,960</b>
Reported ROAA	<b>0.99%</b>
<i>ROAA, Operating</i> <sup>(3)</sup>	<b>1.01%</b>
Reported ROATCE <sup>(3)</sup>	<b>12.6%</b>
<i>ROATCE, Operating</i> <sup>(3)</sup>	<b>12.8%</b>
Efficiency Ratio	<b>61.1%</b>
<i>Efficiency Ratio, Operating</i> <sup>(3)</sup>	<b>60.6%</b>
NIM	<b>3.26%</b>
<i>NIM, FTE</i> <sup>(3)</sup>	<b>3.32%</b>
<i>Core NIM, FTE</i> <sup>(3)</sup>	<b>3.19%</b>

# Evolution of Our Franchise



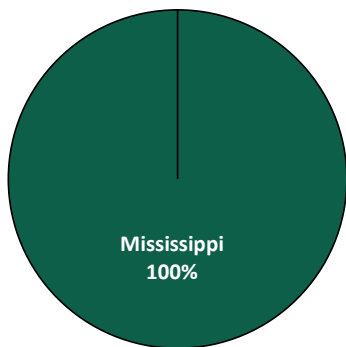
## Total Assets (\$mm) – Organic and Acquisitive Growth



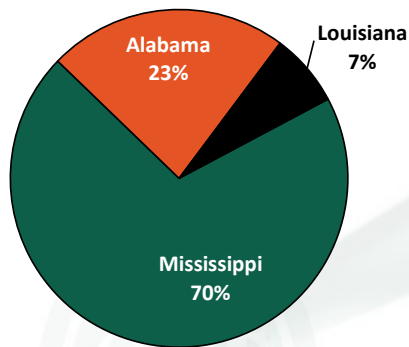
Source: S&P Global Market Intelligence, Company documents  
Data as of 12/31 of each year, respectively; Q1 '24 data as of 3/31/24 and Q2 '24 data as of 6/30/24

# Improving Geographic Diversification of our Balance Sheet

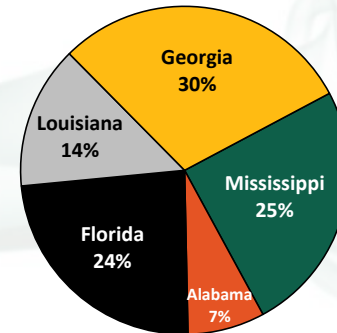
2009 Loans by State



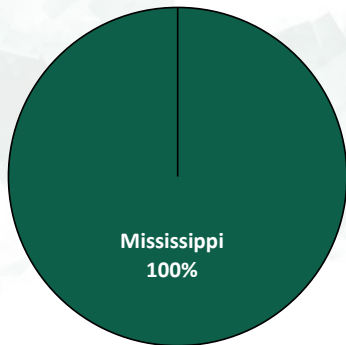
2015 Loans by State



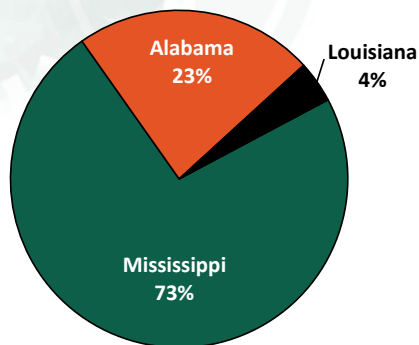
June 30, 2024 Loans by State



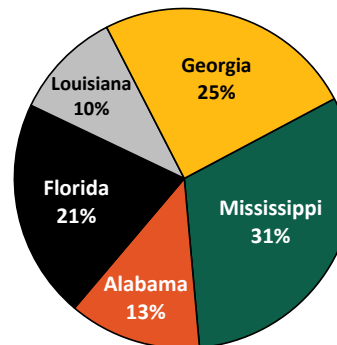
2009 Deposits by State



2015 Deposits by State



June 30, 2024 Deposits by State

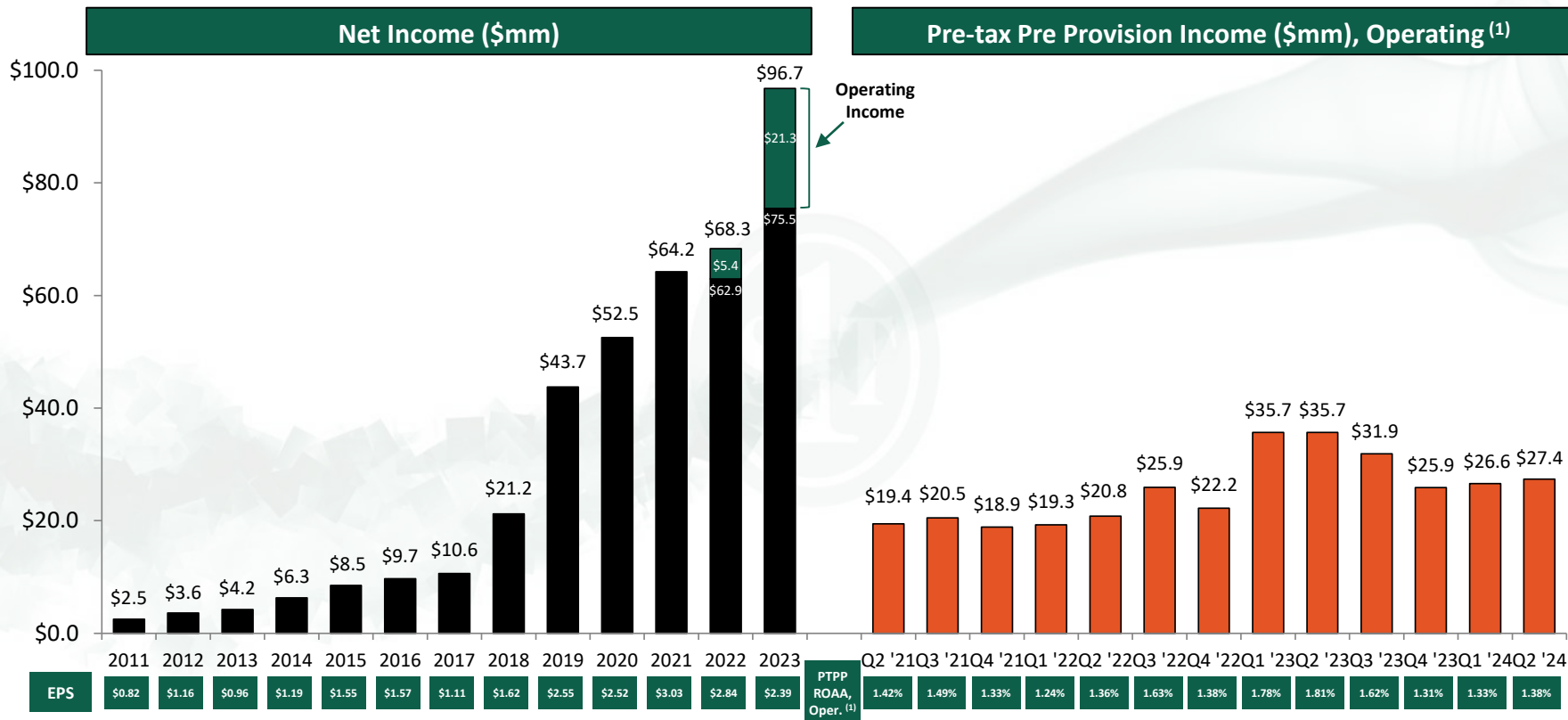




**FINANCIAL RESULTS**

# Historical Performance Over Time

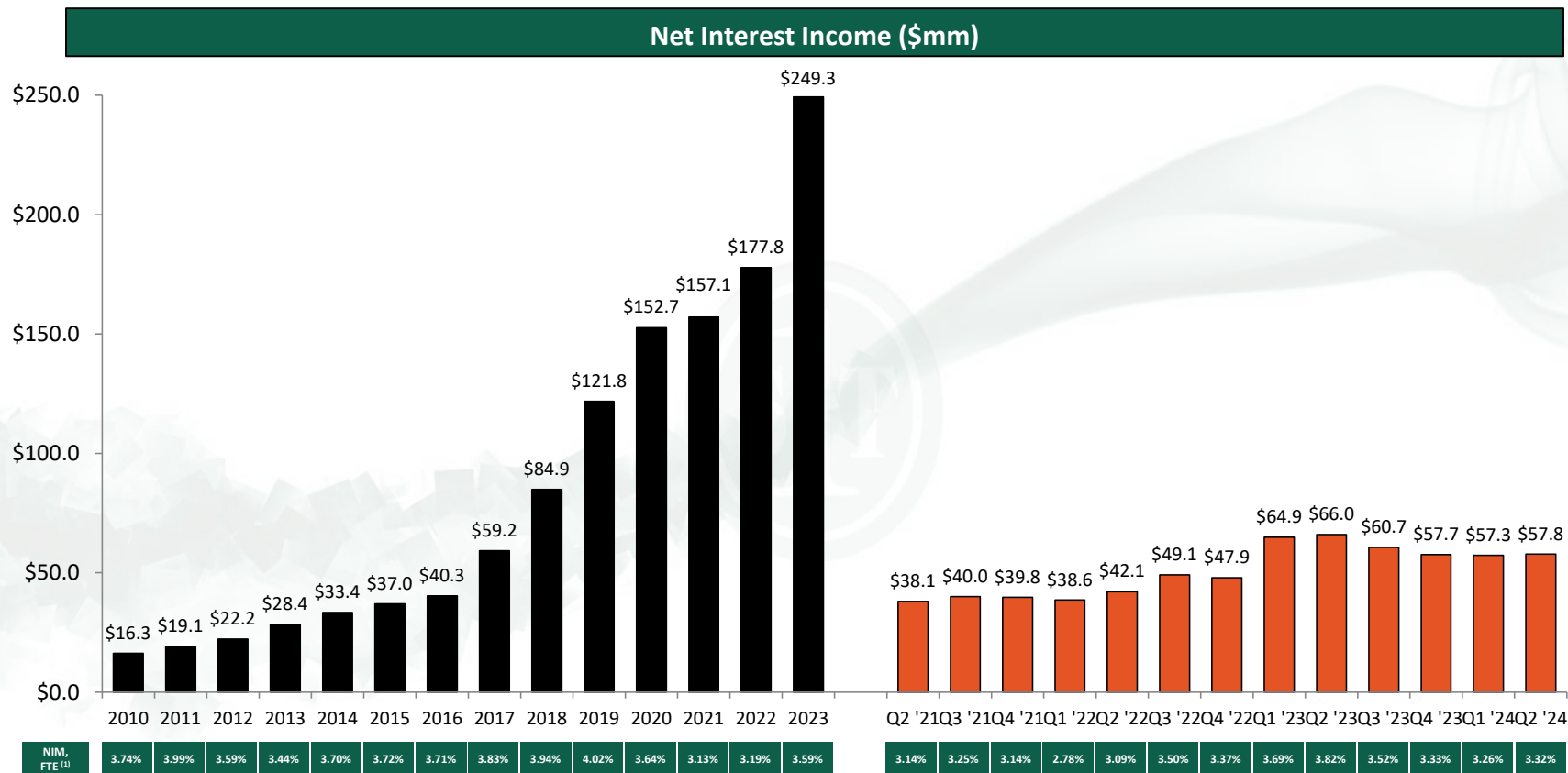
## Thirteen Years of Record Earnings



Annual data for the twelve months ended 12/31 of each respective year; quarterly data for the three months ended each respective quarter  
 (1) Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"



# Net Interest Income Over Time

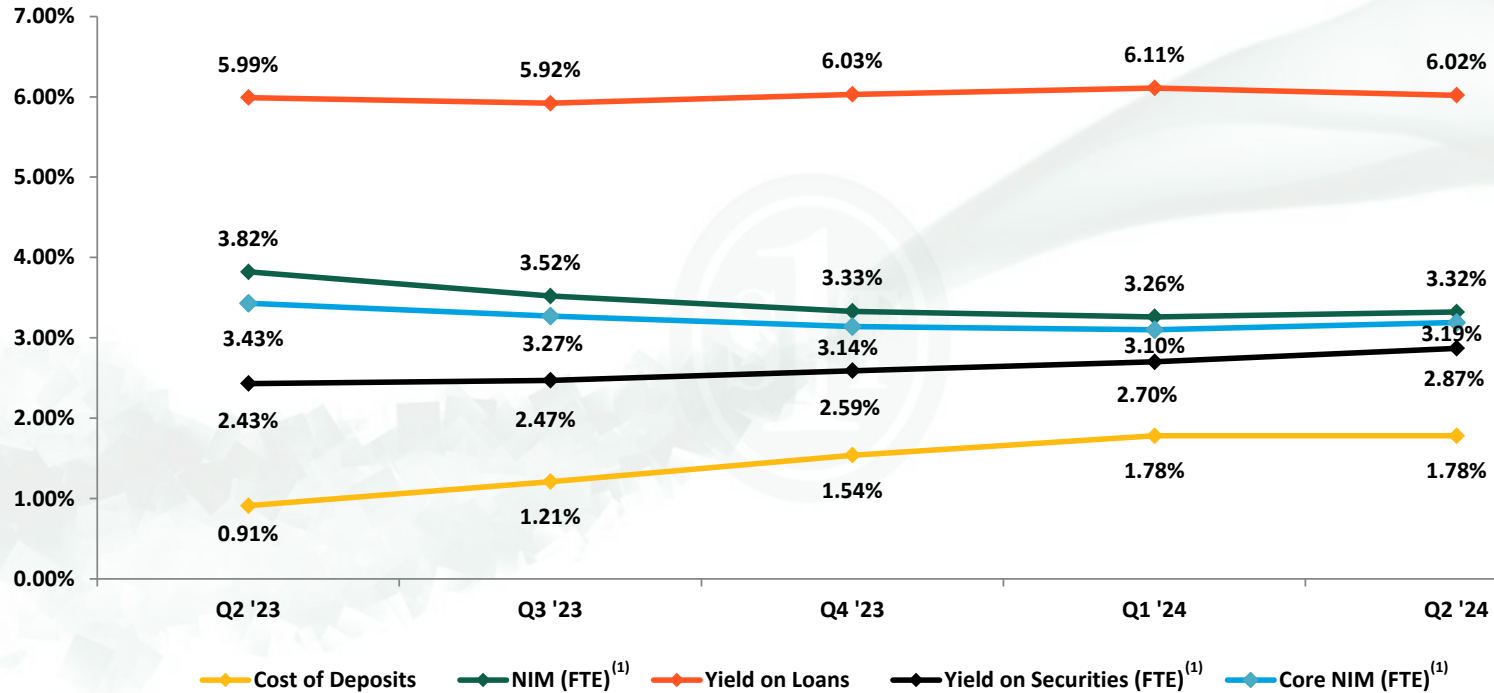


Annual data for the twelve months ended 12/31 of each respective year; quarterly data for the three months ended each respective quarter

(1) Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

# Historical Cost and Yield Analysis

## Quarterly Yields & Costs (%)

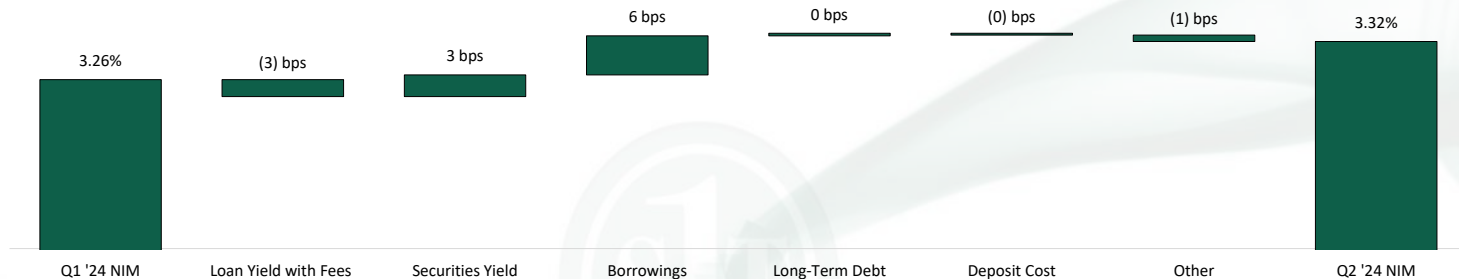


Data as of or for the three months ended each respective quarter  
 (1) Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

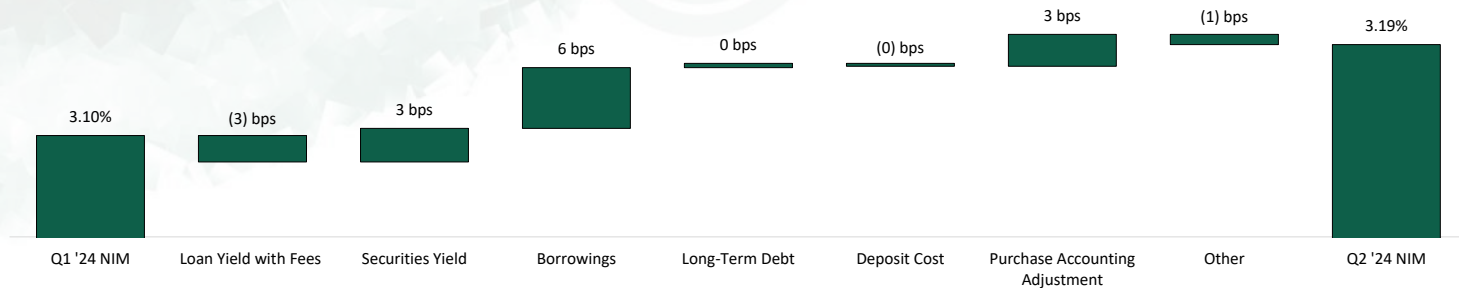
# NIM Impact for the Quarter

## Drivers of Change Q1 '24 to Q2 '24

NIM, FTE (1)



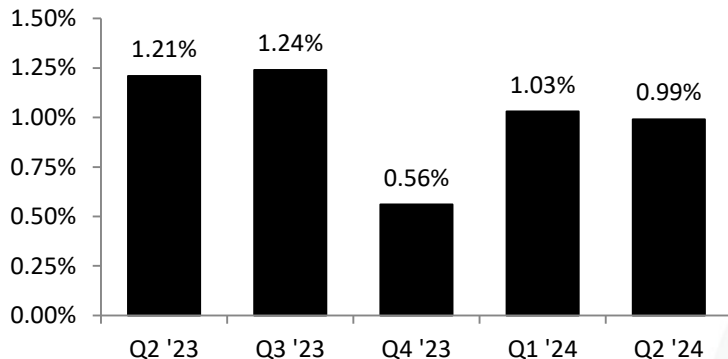
Core NIM, FTE (1)



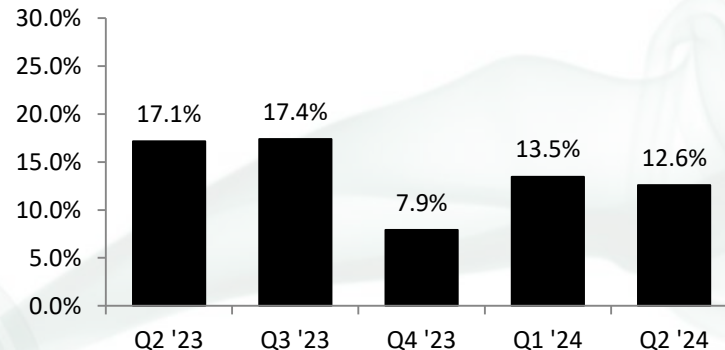
Data as of or for the three months ended 3/31/24 and 6/30/24, respectively  
 Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

# Historical Profitability Trends

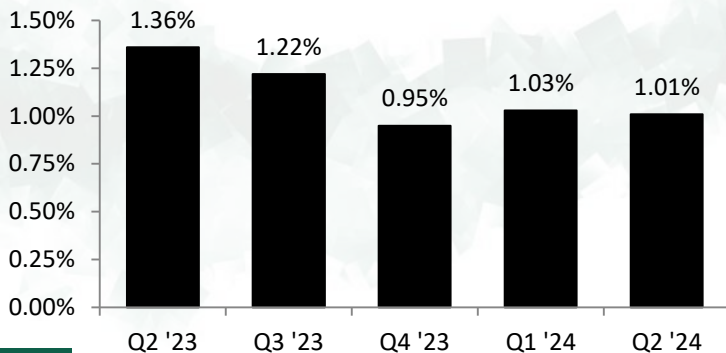
## Reported ROAA (%)



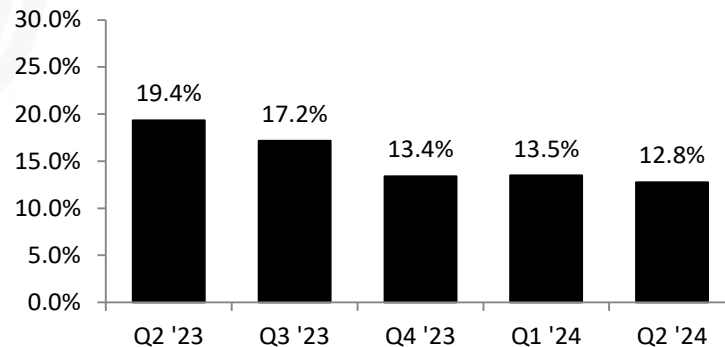
## Reported ROATCE (%) <sup>(1)</sup>



## ROAA, Operating (%) <sup>(1)</sup>



## ROATCE, Operating (%) <sup>(1)</sup>



**PTPP ROAA, Oper. <sup>(1)</sup>**

**1.81%**

**1.62%**

**1.31%**

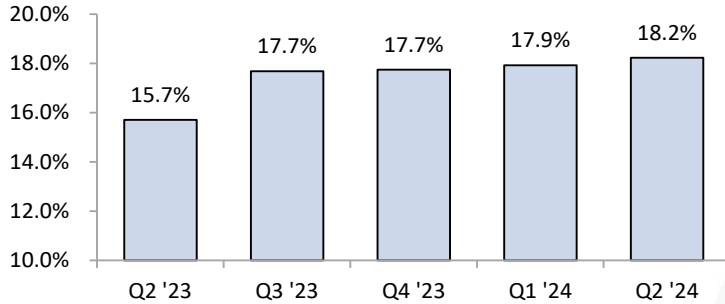
**1.33%**

**1.38%**

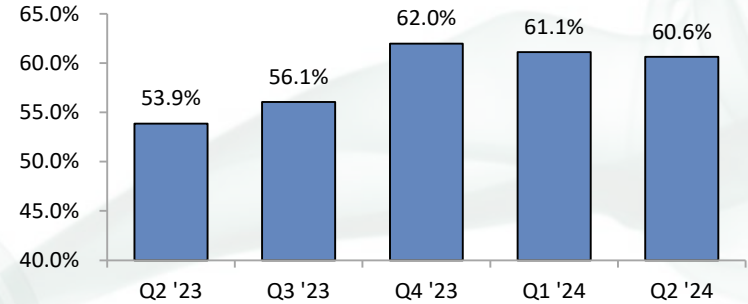
Data as of or for the three months ended each respective quarter  
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# Historical Profitability Trends

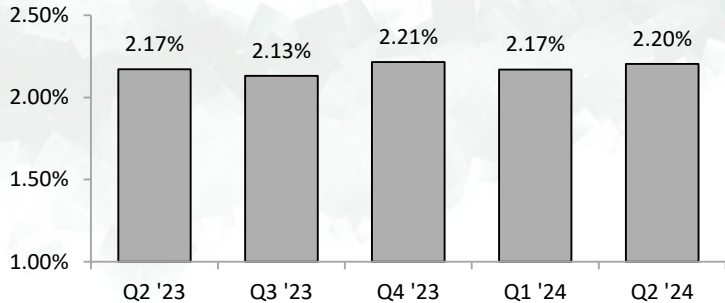
Non-interest Income, Oper. / Adj. Operating Revenue (%) <sup>(1)</sup>



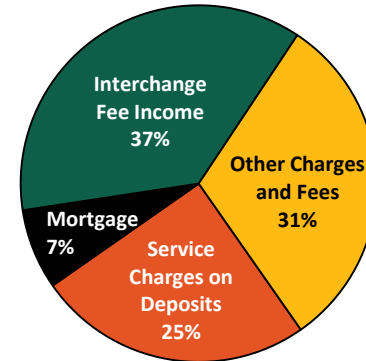
Efficiency Ratio, Operating (%) <sup>(1)</sup>



Adjusted Operating Expense / Average Assets (%) <sup>(1)</sup>



Non-interest Income Q2 '24 (%)



Data as of or for the three months ended each respective quarter  
 Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

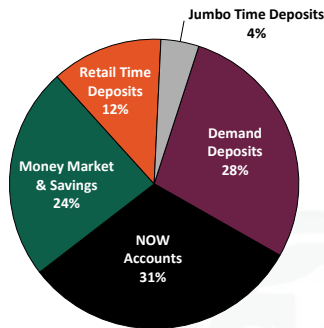


**DEPOSIT AND LOAN INFORMATION**

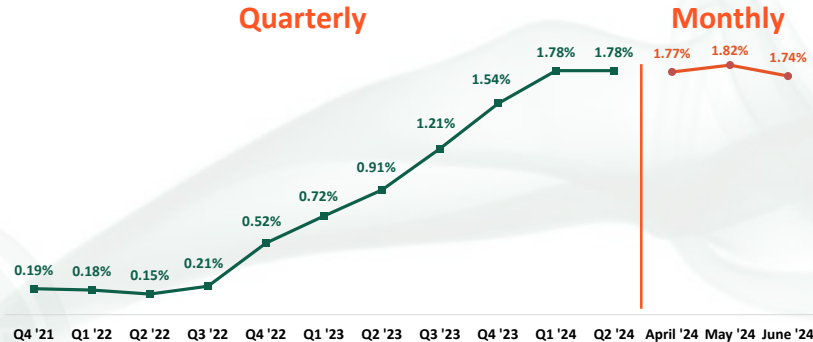
# Deposit Composition Growth

## Q2 '24 Deposit Portfolio Summary and Composition

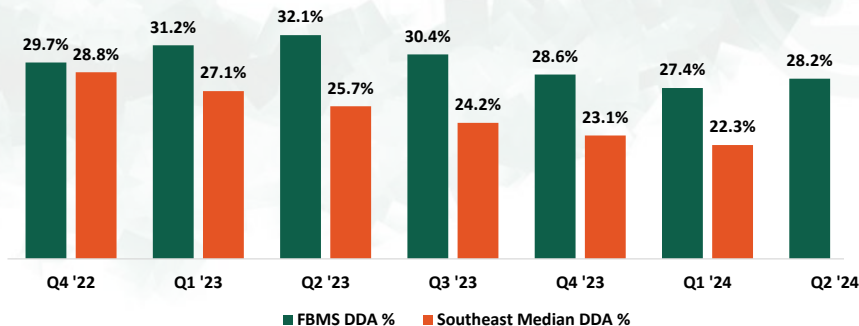
Deposits: **\$6.6B**  
 Uninsured Deposits: **16.0%**  
 Average Deposit Size: **~\$23,000**  
 Total Deposit Accounts: **~216,000**  
 Commercial Accounts: **~35,000**  
 Personal Accounts: **~181,000**  
 Cumulative IB Deposit Beta Since Q4 '21 <sup>(1)</sup>: **43%**



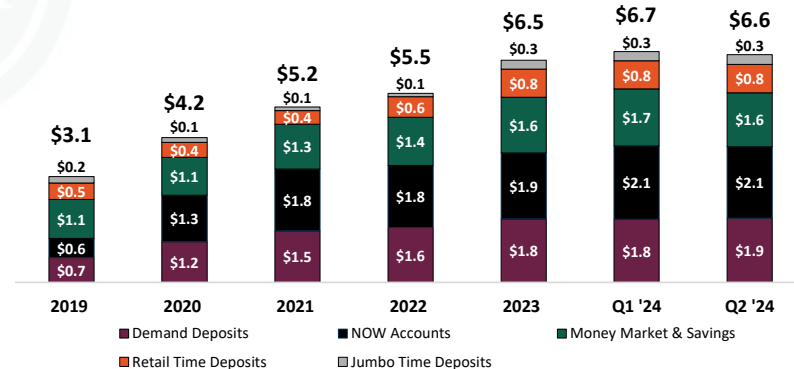
## Cost of Total Deposits Over Time (%)



## DDA / Total Deposits Over Time (%) <sup>(2)</sup>



## Historical Deposit Composition



Dollars in millions unless otherwise noted

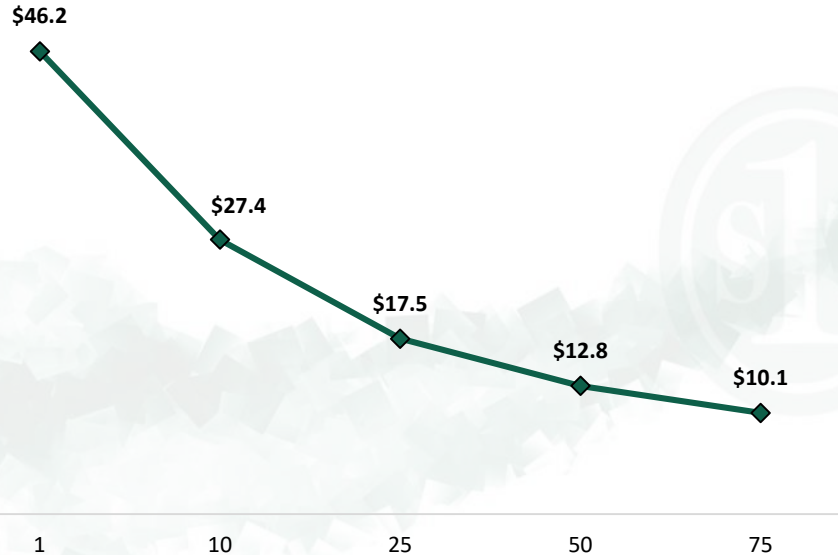
Annual data as of or for the twelve months ended each respective year; quarterly data as of or for the three months ended each respective quarter

<sup>(1)</sup> Cumulative deposit beta is defined as the change in cost of interest bearing deposits from Q4 '21 of 0.20% to 2.46% in Q2 '24 divided by the change in average fed funds rate of 525 bps over the same period

<sup>(2)</sup> Southeast median includes banks headquartered in the Southeast with total assets between \$1 billion to \$25 billion; Excludes merger targets

# Granular Loan Portfolio

## Size of our top 75 Relationships



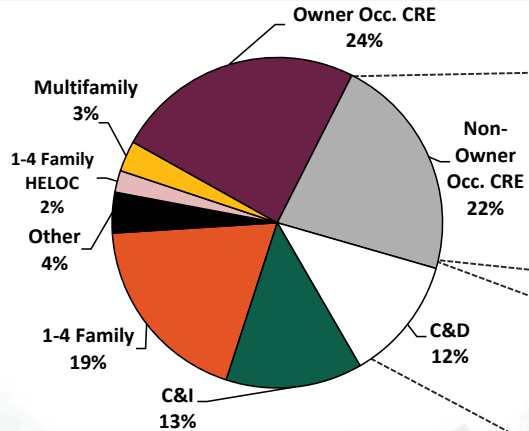
Relationship Groupings	Total Advanced Exposure (\$M)	% of Total Portfolio
Top 10 Relationships	\$340.4	6.5%
Top 25 Relationships	667.6	12.7%
Top 50 Relationships	1,040.7	19.7%
Top 75 Relationships	1,328.9	25.2%

- Largest individual loan is \$28.5 million total committed exposure
- Total participations purchased are less than 3% of outstanding balances

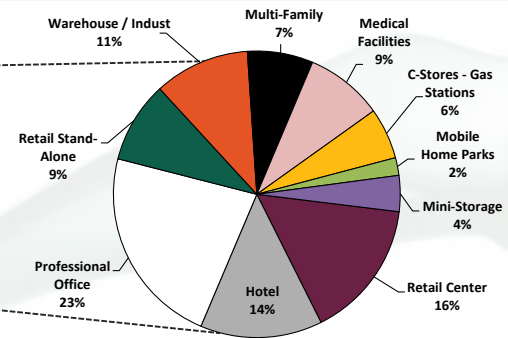


# Balanced Loan Portfolio

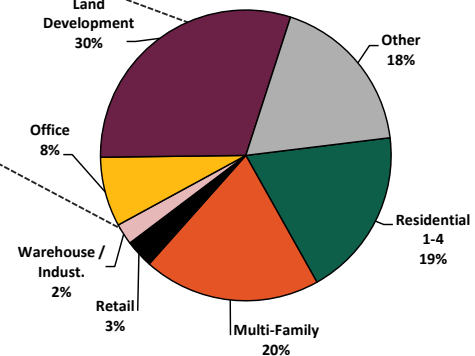
## Loan Portfolio Mix



## CRE <sup>(1)</sup> Exposure by Type



## C&D Exposure by Type



- Granular loan portfolio, average loan size is ~\$237 thousand
- Top 20 loans represent ~6% of total portfolio
- De Minimis consumer credit card loans (\$1.5 million or 0.03% of total loans)
- Limited energy exposure (\$24.8 million committed or 0.5% of total loans); \$15.9 million funded
- De Minimis Shared National Credits ("SNCs") of \$41.6 million committed; \$10.8 million funded
- Substandard loans increased nominally by 8 basis points in Q2 '24 vs. Q1 '24; Includes \$5.8 million in substandard loan payoffs
- YTD loan recoveries exceeded charge-offs in Q2 '24 by \$197 thousand for a loan net charge-off % of 0.004%
- 30-day delinquencies at the end of Q2 '24 were 40 basis points; 4 basis points above the 2024 YTD average

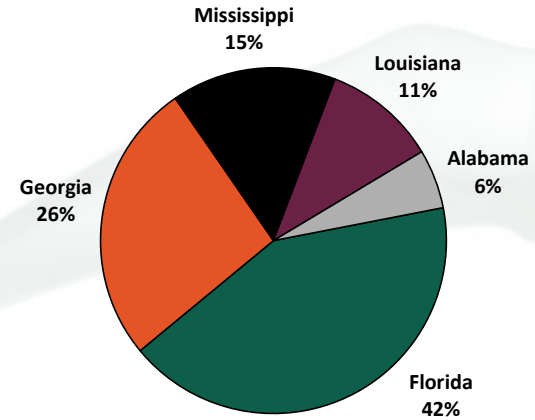
Data as of 6/30/24  
Excludes owner-occupied CRE

# Office Exposure

## Office Portfolio Maturity

Office Portfolio	Non-Owner Occupied	% of Total	Cumulative %
Maturing in 2024	\$5.6	3%	3%
Maturing in 2025	14.0	7%	10%
Maturing in 2026	20.9	11%	21%
Maturing in 2027	43.2	22%	43%
Maturing Beyond 2027	113.1	57%	100%
<b>Total</b>	<b>\$196.8</b>	<b>100%</b>	

## Professional Office by Geography

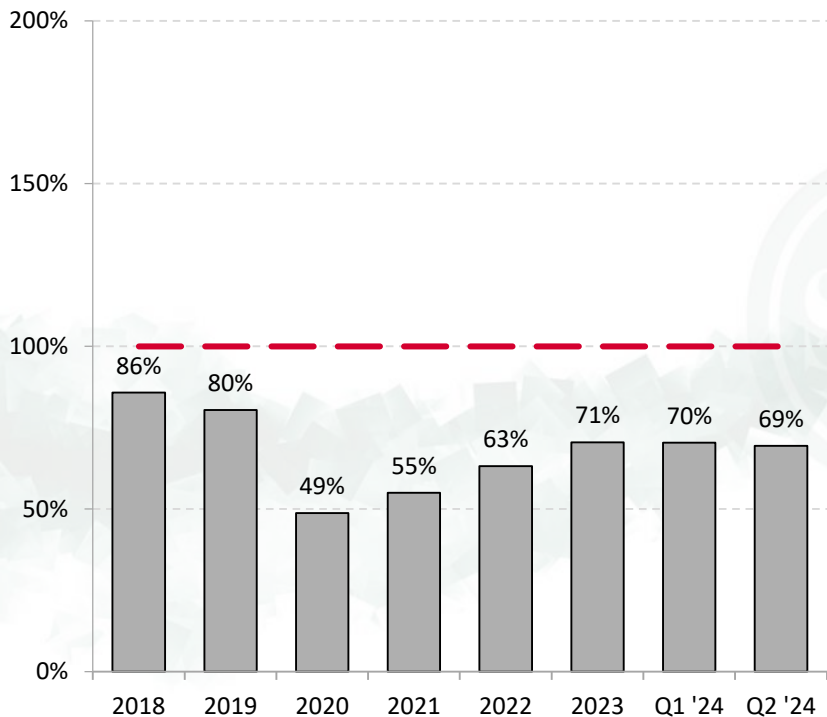


## Office Exposure Highlights

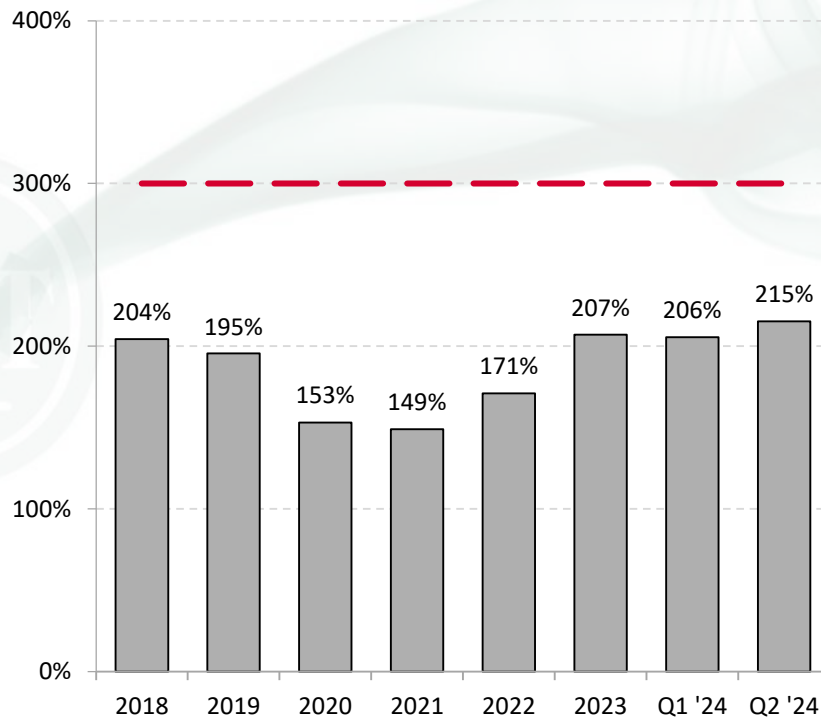
- Average professional office loan size
  - Non-Owner Occupied: \$713 thousand
- 18.3% of the total office portfolio matures through 2026
- Professional office space comprises 9.1% of total loans
- Substandard office loans / total office loans: 4.5%

# Loan Concentrations Over Time

## C&D Loan Concentration Over Time



## CRE Loan Concentration Over Time

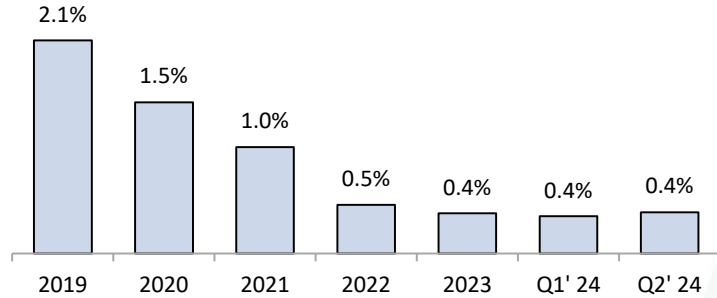


Yearly data as of 12/31 each respective year; quarterly data for the three months ended each respective quarter

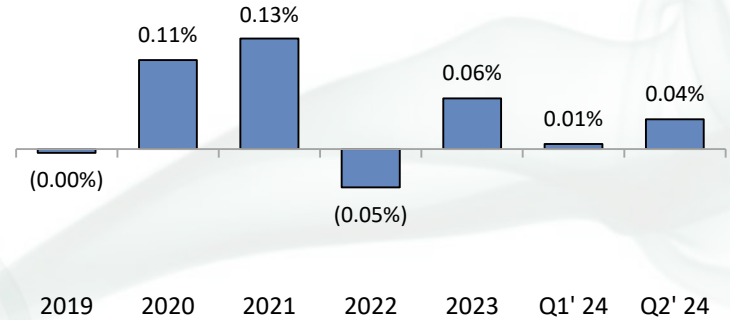
Note: 100% and 300% are the interagency guidance figures for C&D Concentration and CRE Concentration of a banking institution's total risk-based capital, respectively

# Asset Quality Over Time

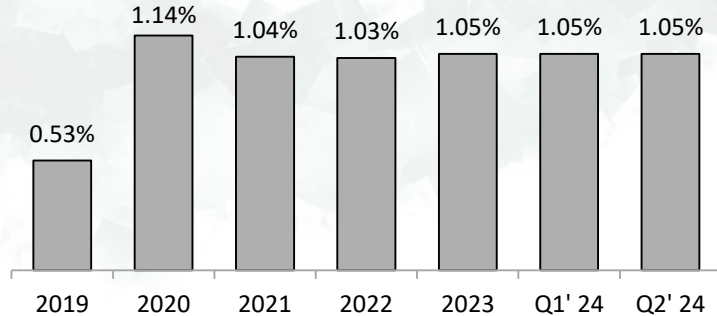
## NPAs / Loans + OREO (%)



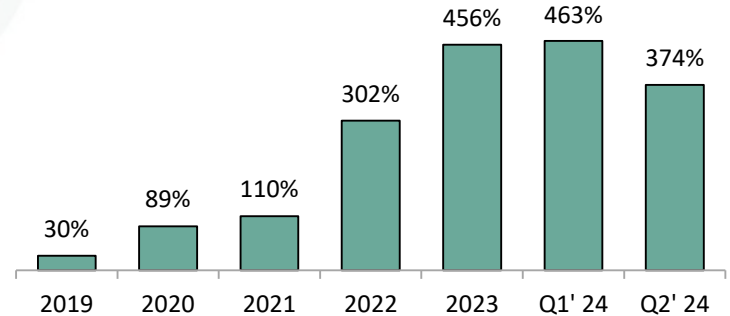
## NCOs / Average Loans (%)



## ACL / Loans (%)

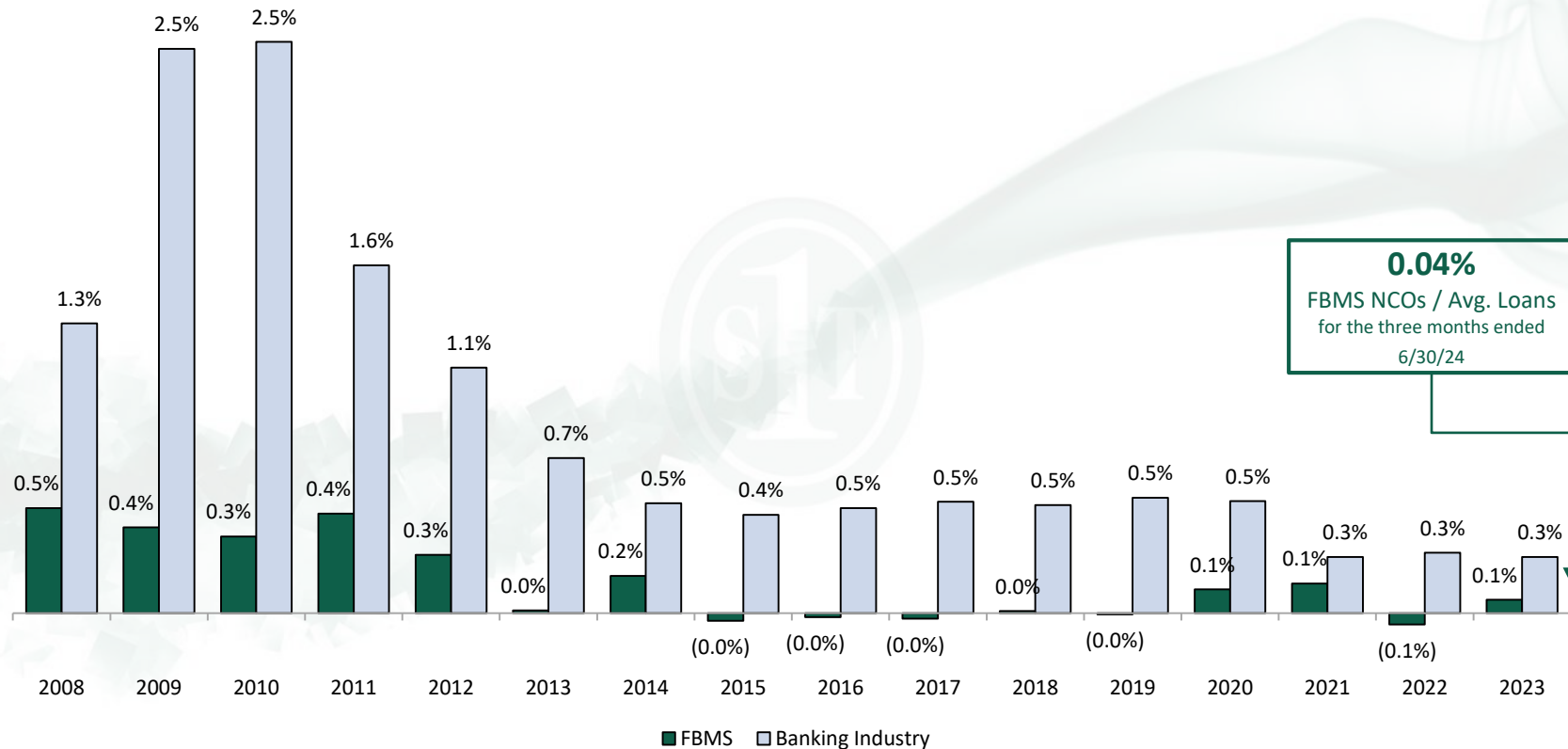


## ACL / NPLs (%)



# History of Prudent Credit Culture

## 15-Year NCOs / Avg. Loans vs. Banking Industry (%)



Source: FDIC

Yearly data as of or for the twelve months ended each respective year

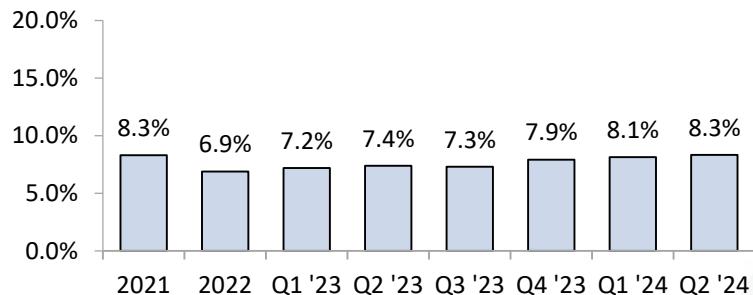
Note: FDIC data as of 12/31/23



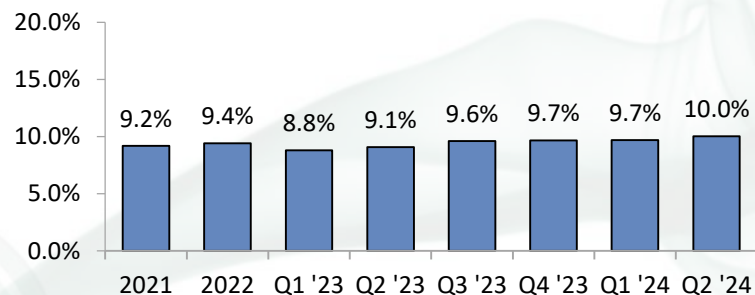
**CAPITAL & LIQUIDITY**

# Capital Position

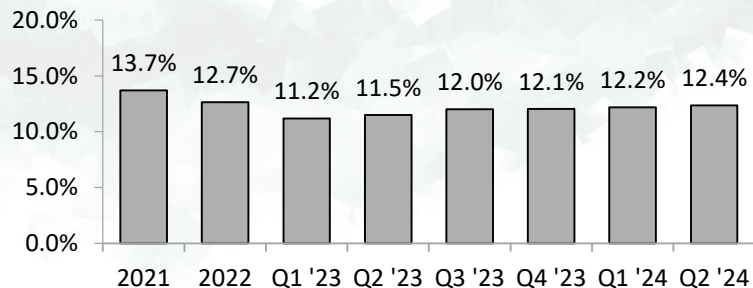
## TCE / TA (%) <sup>(1)</sup>



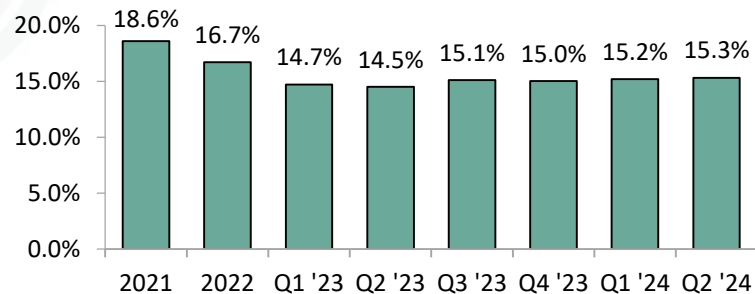
## Leverage Ratio (%)



## CET1 Ratio (%)



## Total Risk Based Capital Ratio (%)



Data as of 12/31 of each year, respectively; quarterly data for the three months ended each respective quarter  
 Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

# Capital Position Including Unrealized Losses

## Regulatory Capital & Adjusted Capital as of 6/30/24

	As Reported	Including AOCI Losses <sup>(2)</sup>	Including AOCI + HTM Losses <sup>(3)</sup>
TCE / TA Ratio <sup>(1)</sup>	8.3%	8.3%	7.9%
Leverage Ratio	10.0%	8.5%	8.1%
CET1 Ratio	12.4%	10.4%	9.8%
Tier 1 Ratio	12.8%	10.8%	10.2%
Total Risk-Based Capital Ratio	15.3%	13.3%	12.8%

- Reflected above is the hypothetical impact on capital if the mark on Accumulated Other Comprehensive Income (AOCI) Losses <sup>(2)</sup> and AOCI + Held-to-Maturity (HTM) <sup>(3)</sup> were included in the regulatory capital calculations
- Neither scenario is currently included, nor required to be included in the Company's regulatory capital ratios

Data as of or for the three months ended 6/30/24

(1) Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

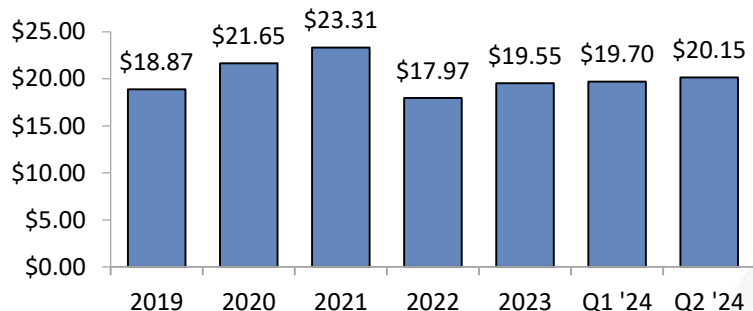
(2) Assumes AOCI adjustments related to market valuations on securities and related hedges are included for regulatory capital calculations

(3) Assumes AOCI adjustments related to market valuations on securities and related hedges as well as the fair value adjustment on HTM securities are included for regulatory capital calculations



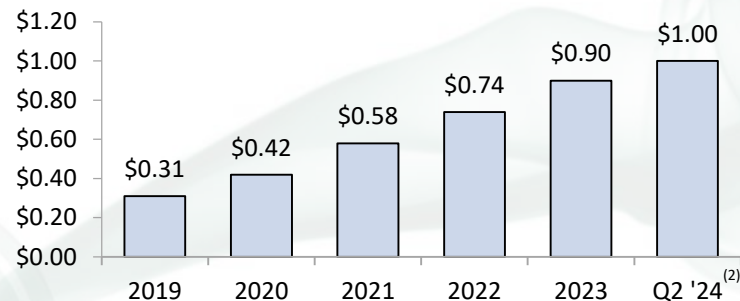
# Capital Appreciation & Returns to Shareholders

## Tangible Book Value per Share (\$) <sup>(1)</sup>

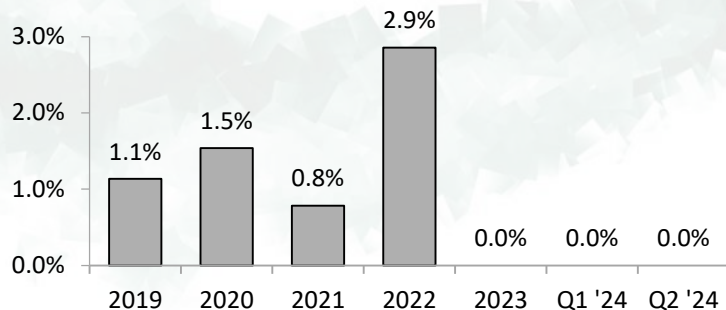


## Dividends Declared per Share (\$)

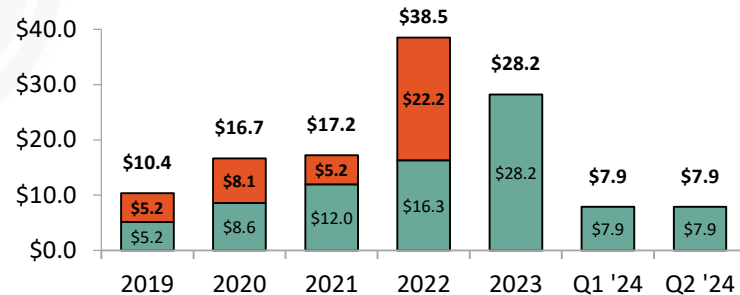
Dividend Growth CAGR Since 2019: 30%



## Shares Repurchased (%) <sup>(3)</sup>



## Dollars Returned to Shareholders (\$M)



■ Cash Paid to Repurchase Shares  
■ Dividends Paid on Common Stock

Data as of 12/31 of each year, respectively; quarterly data for the three months ended each respective quarter

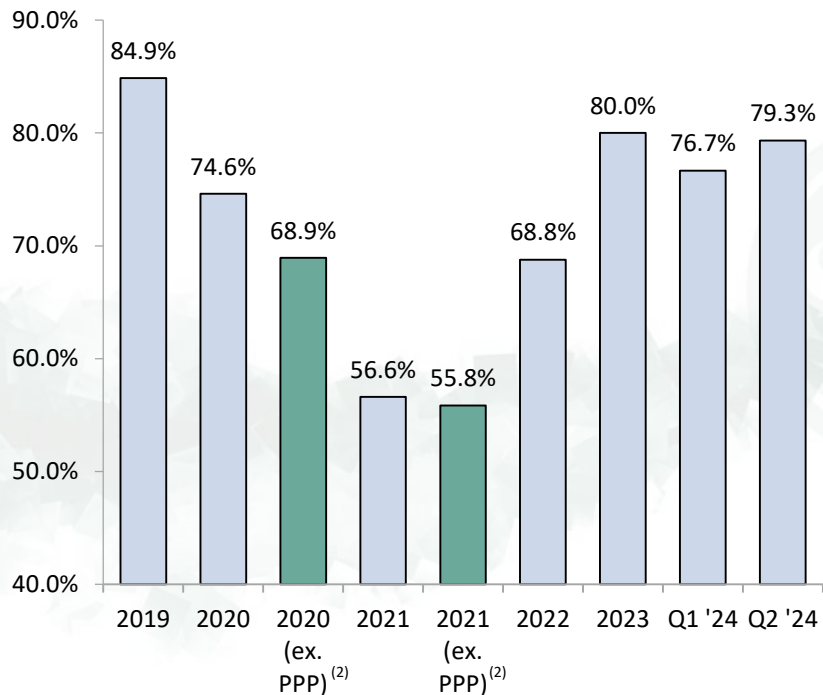
(1) Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

(2) Quarterly dividend of \$0.25 annualized

(3) Represents shares repurchased in period stated divided by common shares outstanding at prior period end

# Liquidity Position

## Gross Loans / Deposits (%)



Data as of 12/31 of each year, respectively; quarterly data for the three months ended each respective quarter

(1) Letters of Credit

(2) Excluding loans made subject to Paycheck Protection Program (PPP)

## Liquidity Highlights

- As of June 30, the Company's liquidity ratio was 15.7%, as compared to the internal liquidity policy guidelines of 10% minimum
- Other liquidity ratios reviewed include the following along with policy guidelines:

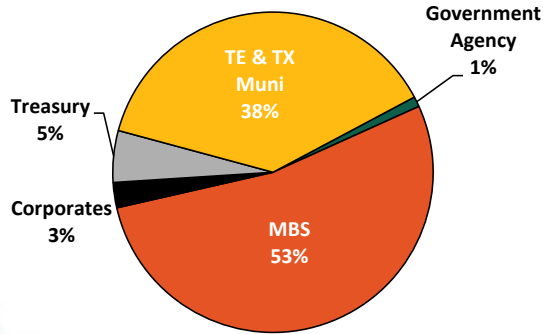
	June 30, 2024	Policy Maximum	Policy Compliance
Loans to Deposits (including FHLB)	78.4 %	90.0 %	In Policy
Net Non-core Funding Dependency Ratio	5.4	20.0	In Policy
Fed Funds Purchases / Total Assets	0.0	10.0	In Policy
FHLB Advances / Total Assets	0.9	20.0	In Policy
FRB Advances / Total Assets	1.4	10.0	In Policy
Pledged Securities to Total Securities	62.5	90.0	In Policy

## Funding Sources

Bank Sources	Available (\$mm)	Outstanding / Pledged (\$mm)	Remaining Availability (\$mm)	Usage Percent (%)
FHLB Fixed Rate Advances	\$2,462.6	\$427.5 <sup>(1)</sup>	\$2,035.1	17.4 %
Overnight Fed Funds	85.0	0.0	85.0	0.0
Federal Reserve	347.8	110.0	237.8	31.6
	\$2,895.4	\$537.5	\$2,357.9	18.6 %

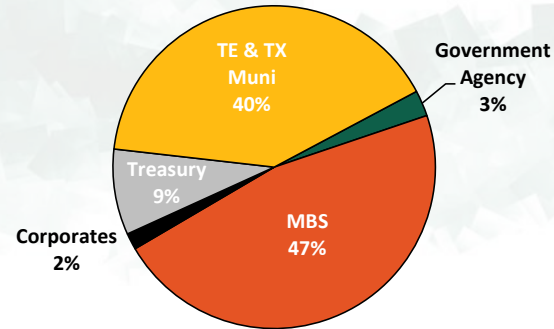
# Securities Portfolio Composition

## Available-For-Sale



Portfolio Distribution	Amount	% of Total
Government Agency	\$13	1 %
MBS	663	53
Corporates	32	3
Treasury	65	5
TE & TX Muni	474	38
<b>Total</b>	<b>\$1,247</b>	<b>100 %</b>

## Held-To-Maturity



Portfolio Distribution	Amount	% of Total
Government Agency	\$16	3 %
MBS	284	47
Corporates	10	2
Treasury	52	9
TE & TX Muni	246	40
<b>Total</b>	<b>\$608</b>	<b>100 %</b>

Dollars in millions  
Data as of or for the three months ended 6/30/24

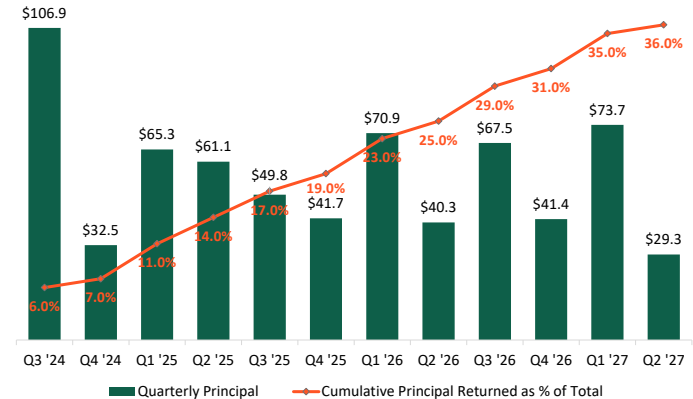
## Portfolio Summary

**\$1,840M** Book Value      **5.7** Year Average Life  
**2.47%** Book Yield      **4.5** Year Effective Duration  
**(\$129.0M)** Unrealized Loss      **67%/33%** (AFS/HTM)

*[No Collateralized Loan Obligation (CLO) securities within the Investment Portfolio]*

## Principal Cash Flow Schedule

*\$266 Million in Principal Cash Flow by Q2 '25*



■ Quarterly Principal    — Cumulative Principal Returned as % of Total

The background features a light green, wavy, ribbon-like shape that flows from the right side towards the center. On the left side, there is a cluster of small, semi-transparent green cubes. In the center, a circular logo with a double border contains the text 's1' in a stylized font. The word 'APPENDIX' is written in bold, black, uppercase letters on the left side of the page.

**APPENDIX**

# Historical Financials

	For the Year Ended December 31,				For the Three Months Ended,			
	2020	2021	2022	2023	9/30/23	12/31/23	3/31/24	6/30/24
<b>Balance Sheet Data:</b>								
Total Assets	\$5,153	\$6,077	\$6,462	\$7,999	\$7,884	\$7,999	\$7,964	\$7,966
Gross Loans	3,124	2,967	3,779	5,173	5,096	5,173	5,144	5,257
Securities	1,050	1,774	1,983	1,735	1,836	1,735	1,745	1,771
Deposits	4,215	5,227	5,494	6,463	6,480	6,463	6,710	6,626
Tangible Common Equity <sup>(1)</sup>	457	490	432	608	553	608	621	635
<b>Income Statement Data:</b>								
Interest Income	\$179.3	\$147.3	\$154.5	\$340.9	\$85.7	\$88.7	\$91.7	\$91.0
Interest Expense	26.7	19.7	22.6	91.6	25.0	31.1	34.3	33.2
Net Interest Income	152.7	127.6	131.9	249.3	60.7	57.7	57.3	57.8
Provision for Loan Losses	25.2	(1.1)	(5.6)	14.5	1.0	1.3	0.0	1.7
Noninterest Income	41.9	37.5	37.0	46.7	19.3	2.3	12.7	13.3
Noninterest Expense	106.3	114.6	130.5	184.7	47.7	44.4	43.4	44.1
Income before Income Taxes	63.1	81.1	78.7	96.8	31.3	14.3	26.6	25.4
Income Tax Expense	10.6	16.9	15.8	21.3	6.9	3.3	6.0	5.7
Net Income	52.5	64.2	62.9	75.5	24.4	11.0	20.6	19.7
Net Income, Operating <sup>(1)</sup>	46.0	64.4	68.3	96.7	24.0	18.7	20.6	20.0
<b>Performance Ratios:</b>								
ROAA	1.10 %	1.13 %	1.01 %	0.95 %	1.24 %	0.56 %	1.03 %	0.99 %
ROAA, Operating <sup>(1)</sup>	0.96	1.14	1.09	1.22	1.22	0.95	1.03	1.01
ROATCE <sup>(1)</sup>	12.9	14.3	14.9	13.6	17.4	7.9	13.5	12.6
ROATCE, Operating <sup>(1)</sup>	25.9	13.3	16.2	17.5	17.2	13.4	13.5	12.8
Net Interest Margin (FTE) <sup>(1)</sup>	3.64	3.13	3.19	3.59	3.52	3.33	3.26	3.32
Efficiency Ratio	54.0	56.0	60.3	61.6	58.9	72.8	61.1	61.1
Efficiency Ratio, Operating <sup>(1)</sup>	55.0	57.4	57.4	56.2	56.1	62.0	61.1	60.6
<b>Per Share Data:</b>								
Common Stock Issued and Outstanding	21,115,009	21,019,037	24,025,762	31,399,803	31,404,231	31,399,803	31,528,748	31,525,232
Basic Earnings per Share	\$2.52	\$3.03	\$2.84	\$2.39	\$0.78	\$0.35	\$0.66	\$0.62
Diluted Earnings per Share, Operating <sup>(1)</sup>	2.21	3.04	3.08	3.06	0.76	0.59	0.65	0.63
Tangible book value per share <sup>(1)</sup>	21.65	23.31	17.97	19.35	17.62	19.35	19.70	20.15
Dividends Per Share	0.42	0.58	0.74	0.90	0.23	0.24	0.25	0.25
<b>Asset Quality:</b>								
Nonperforming Assets / Total Assets	0.82 %	0.50 %	0.27 %	0.25 %	0.28 %	0.25 %	0.23 %	0.26 %
Nonperforming Assets / (Loans + OREO)	1.35	1.03	0.47	0.39	0.44	0.39	0.36	0.40
Allowance for Loan Losses / Total Loans	1.15	1.04	1.03	1.05	1.05	1.05	1.05	1.05
Allowance for Loan Losses / Nonperforming Loans	98.2	109.6	302.2	455.8	306.5	455.8	463.3	374.4
Net Loan Charge-offs / Average Loans	0.11	0.13	(0.05)	0.04	0.00	0.06	0.01	0.04
<b>Capital Ratios:</b>								
Tangible Common Equity / Tangible Assets <sup>(1)</sup>	9.21 %	8.30 %	6.90 %	7.94 %	7.34 %	7.94 %	8.14 %	8.33 %
Tier 1 Leverage Ratio	9.15	9.20	9.42	9.67	9.62	9.67	9.70	10.04
Common Equity Tier 1 Capital Ratio	13.54	13.70	12.66	12.05	12.03	12.05	12.20	12.37
Tier 1 Risk-based Ratio	14.01	14.10	13.00	12.47	12.44	12.47	12.60	12.77
Total Risk-based Capital Ratio	19.10	18.60	16.72	15.04	15.11	15.04	15.20	15.32

Dollars in thousands, except for per share data

Annual data as of or for the twelve months ended each respective year; quarterly data as of or for the three months ended each respective quarter

Non-GAAP measure, refer to appendix for "Non-GAAP Reconciliation"

# Non-GAAP Reconciliation

The First Bancshares, Inc. Non-GAAP								
For the Year Ended December 31,					For the Three Months Ended,			
(Dollars in thousands)	2020	2021	2022	2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<b>Net Income Available to Common</b>	\$52,506	\$64,167	\$62,919	\$75,457	\$24,360	\$11,047	\$20,628	\$19,697
<b>Adjustments:</b>								
Add: Acquisition and charter conversion charges	3,314	1,607	6,410	9,075	588	593	8	352
Less: Tax on acquisition and charter conversion charges	(753)	(406)	(1,621)	(2,296)	(149)	(150)	(2)	(89)
Add: Initial Provision for Acquired Loans	--	--	3,855	10,727	--	--	--	--
Less: Tax on Initial Provision for Acquired Loans	--	--	(976)	(2,714)	--	--	--	--
Less: Treasury awards	(968)	(1,826)	(872)	(6,197)	(6,197)	--	--	--
Less: Bargain purchase gain and loss on sale of fixed assets	(8,455)	(903)	(165)	--	--	--	--	--
Less: BOI Income from Death Proceeds	--	--	(1,630)	--	--	--	--	--
Add: Tax on treasury awards	245	462	221	1,568	1,568	--	--	--
Add: Tax on gain on sale	157	229	42	--	--	--	--	--
Add: Contributions related to Treasury awards	--	1,400	165	5,190	5,190	--	--	--
Less: Tax on Contributions related to Treasury awards	--	(354)	(42)	(1,313)	(1,313)	--	--	--
Add: Loss on securities repositioning	--	--	--	9,708	--	9,708	--	--
Less: Tax loss on securities repositioning	--	--	--	(2,457)	--	(2,457)	--	--
<b>Net Income, Operating</b>	<b>\$46,046</b>	<b>\$64,376</b>	<b>\$68,306</b>	<b>\$96,748</b>	<b>\$24,047</b>	<b>\$18,741</b>	<b>\$20,634</b>	<b>\$19,960</b>
<b>Average diluted shares outstanding</b>	20,822,650	21,175,323	22,154,577	31,565,791	31,609,564	31,587,506	31,630,745	31,679,827
<b>Diluted earnings per share, operating</b>	\$2.21	\$3.04	\$3.08	\$3.06	\$0.76	\$0.59	\$0.65	\$0.63
<b>Average Total Assets</b>	\$5,136,136	\$5,664,336	\$6,245,500	\$7,918,648	\$7,873,345	\$7,917,303	\$8,005,574	\$7,939,783
<b>Return on Average Assets</b>	1.02%	1.13%	1.01%	0.95%	1.24%	0.56%	1.03%	0.99%
<b>Return on Average Assets, Operating</b>	0.90%	1.14%	1.09%	1.22%	1.22%	0.95%	1.03%	1.01%
<b>Average Common Equity</b>	\$640,828	\$672,121	\$619,040	\$894,392	\$905,070	\$901,530	\$952,708	\$963,445
Less: Average intangible assets	(189,817)	(171,482)	(197,039)	(341,155)	(344,999)	(342,641)	(340,238)	(337,859)
<b>Average Tangible Common Equity</b>	<b>\$451,011</b>	<b>\$500,639</b>	<b>\$422,000</b>	<b>\$553,237</b>	<b>\$560,071</b>	<b>\$558,889</b>	<b>\$612,470</b>	<b>\$625,586</b>
<b>Return on Average Tangible Common Equity</b>	11.6%	12.8%	14.9%	13.6%	17.4%	7.9%	13.5%	12.6%
<b>Return on Average Tangible Common Equity, Operating</b>	10.2%	12.9%	16.2%	17.5%	17.2%	13.4%	13.5%	12.8%

# Non-GAAP Reconciliation (cont.)

The First Bancshares, Inc. Non-GAAP				
	For the Three Months Ended,			
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<i>(Dollars in thousands)</i>				
<b>Net Interest Income After Provision for Credit Losses</b>	\$59,704	\$56,415	\$57,341	\$56,144
<b>Non Interest Income</b>	19,324	2,346	12,679	13,319
<b>Non Interest Expense</b>	(47,724)	(44,433)	(43,425)	(44,089)
<b>Adjustments:</b>				
Add: Acquisition charges	588	593	8	352
Add: Contributions related to Treasury Awards	5,190	--	--	--
Less: Treasury Awards and Gains	(6,197)	--	--	--
Add: Provision for Loan Losses	1,000	1,250	--	1,650
Add: Loss on securities repositioning	--	9,708	--	--
<b>Pre-tax Pre Provision Income, Operating</b>	<b>\$31,885</b>	<b>\$25,879</b>	<b>\$26,603</b>	<b>\$27,376</b>
<b>Average Total Assets</b>	<b>\$7,873,345</b>	<b>\$7,917,303</b>	<b>\$8,005,574</b>	<b>\$7,939,783</b>
<b>Pre-tax Pre Provision Return on Average Assets, Operating</b>	<b>1.62%</b>	<b>1.31%</b>	<b>1.33%</b>	<b>1.38%</b>

# Non-GAAP Reconciliation (cont.)

The First Bancshares, Inc. Non-GAAP								
<i>(Dollars in thousands)</i>	For the Year Ended December 31,				For the Three Months Ended,			
	2020	2021	2022	2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<b>Operating Expense</b>								
Total non-interest expense	\$106,341	\$114,558	\$130,488	\$184,726	\$47,724	\$44,433	\$43,425	\$44,089
Pre-tax non-operating expenses	(3,314)	(3,007)	(6,576)	(14,265)	(5,777)	(594)	(8)	(352)
<b>Adjusted operating expense</b>	<b>103,027</b>	<b>111,551</b>	<b>123,912</b>	<b>170,461</b>	<b>41,947</b>	<b>43,839</b>	<b>43,417</b>	<b>43,737</b>
<b>Operating Revenue</b>								
Net interest income, FTE	\$155,025	\$159,678	\$181,539	\$253,299	\$61,696	\$58,651	\$58,339	\$58,797
Total non-interest income	41,876	37,473	36,974	46,705	19,324	2,346	12,679	13,319
Pre-tax non-operating items	(9,423)	(2,729)	(2,667)	3,511	(6,197)	9,708	--	--
<b>Adjusted operating revenue</b>	<b>187,478</b>	<b>194,422</b>	<b>215,846</b>	<b>303,515</b>	<b>\$74,823</b>	<b>\$70,705</b>	<b>\$71,018</b>	<b>\$72,116</b>
<b>Efficiency Ratio, Operating</b>	<b>55.0%</b>	<b>57.4%</b>	<b>57.4%</b>	<b>56.2%</b>	<b>56.1%</b>	<b>62.0%</b>	<b>61.1%</b>	<b>60.6%</b>



# Non-GAAP Reconciliation (cont.)

The First Bancshares, Inc. Non-GAAP				
	For the Three Months Ended,			
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<i>(Dollars in thousands)</i>				
<b>Total non-interest income</b>	\$19,324	\$2,346	\$12,679	\$13,319
Treasury Awards	(6,197)	--	--	--
(Gain) Loss on Securities	(2)	9,670	48	(14)
(Gain) Loss on Sale of Premises and Equipment	104	524	--	(163)
<b>Non-interest income, operating</b>	\$13,229	\$12,540	\$12,727	\$13,142
<b>Operating Revenue</b>				
Net interest income, FTE	\$61,696	\$58,651	\$58,339	\$58,797
Total non-interest income	\$19,324	\$2,346	\$12,679	\$13,319
Pre-tax non-operating items	(6,197)	9,708	--	--
<b>Adjusted Operating Revenue</b>	\$74,823	\$70,705	\$71,018	\$72,116
<b>Non-interest income, operating / Adjusted Operating Revenue</b>	17.7%	17.7%	17.9%	18.2%
<b>Operating Expense</b>				
<b>Total non-interest expense</b>	\$47,724	\$44,433	\$43,425	\$44,089
Pre-tax non-operating expenses	(5,777)	(594)	(8)	(352)
<b>Adjusted operating expense</b>	41,947	43,839	43,417	43,737
<b>Average Total Assets</b>	\$7,873,345	\$7,917,303	\$8,005,574	\$7,939,783
<b>Adjusted Operating Expense / Average Assets</b>	2.13%	2.21%	2.17%	2.20%

# Non-GAAP Reconciliation (cont.)

The First Bancshares, Inc. Non-GAAP									
<i>(Dollars in thousands)</i>	For the Year Ended December 31,					For the Three Months Ended,			
	2019	2020	2021	2022	2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<b>Total common equity</b>	\$543,658	\$644,815	\$676,172	\$646,663	\$949,034	\$897,221	\$949,034	\$959,912	\$971,885
Less: Goodwill and other intangibles	(188,865)	(187,700)	(186,171)	(214,890)	(341,332)	(343,869)	(341,332)	(338,946)	(336,561)
<b>Tangible common equity</b>	\$354,793	\$457,115	\$490,001	\$431,773	\$607,702	\$553,352	\$607,702	\$620,966	\$635,324
<b>Total assets</b>	\$3,941,863	\$5,152,760	\$6,077,414	\$6,461,717	\$7,999,345	\$7,884,285	\$7,999,345	\$7,963,759	\$7,965,800
Less: Goodwill and other intangibles	(188,865)	(187,700)	(186,171)	(214,890)	(341,332)	(343,869)	(341,332)	(338,946)	(336,561)
<b>Tangible assets</b>	\$3,752,998	\$4,965,060	\$5,891,243	\$6,246,827	\$7,658,013	\$7,540,416	\$7,658,013	\$7,624,813	\$7,629,239
<b>Tangible common equity / Tangible assets</b>	9.5%	9.2%	8.3%	6.9%	7.9%	7.3%	7.9%	8.1%	8.3%
<b>Common shares outstanding</b>	18,802,266	21,115,009	21,019,037	24,025,762	31,399,803	31,404,231	31,399,803	31,528,748	31,525,232
<b>Tangible book value per common share</b>	\$18.87	\$21.65	\$23.31	\$17.97	\$19.35	\$17.62	\$19.35	\$19.70	\$20.15

# Non-GAAP Reconciliation (cont.)

The First Bancshares, Inc. Non-GAAP				
	For the Three Months Ended,			
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<i>(Dollars in thousands)</i>				
<b>Net Interest Income</b>	\$60,704	\$57,665	\$57,341	\$57,794
<b>Tax-Exempt Investment Income</b>	(2,929)	(2,911)	(2,946)	(2,965)
<b>Taxable Investment Income</b>	3,921	3,897	3,944	3,968
<b>Net Interest Income, Fully Tax Equivalent</b>	61,696	58,651	58,339	58,797
Less: Purchase accounting adjustments	4,276	3,235	2,627	2,067
<b>Net Interest Income, Net of purchase accounting adjustments</b>	57,420	55,416	55,712	56,730
<b>Total Average Earning Assets</b>	\$7,001,048	\$7,037,464	\$7,158,932	\$7,088,828
Add: Average balance of loan valuation discount	31,269	27,573	24,675	22,341
<b>Average Earning Assets, Excluding loan valuation discount</b>	7,032,317	7,065,037	7,183,607	7,111,169
<b>Net Interest Margin (Annualized)</b>	3.47%	3.28%	3.20%	3.26%
<b>Net Interest Margin, Fully Tax Equivalent (Annualized)</b>	3.52%	3.33%	3.26%	3.32%
<b>Core Net Interest Margin, Fully Tax Equivalent (Annualized)</b>	3.27%	3.14%	3.10%	3.19%

# Non-GAAP Reconciliation (cont.)

The First Bancshares, Inc. Non-GAAP				
<i>(Dollars in thousands)</i>	For the Three Months Ended,			
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
Interest Income Investment Securities	\$10,614	\$10,803	\$11,248	\$11,833
Tax-Exempt Investment Income	(2,929)	(2,911)	(2,946)	(2,965)
Taxable Investment Income	3,921	3,897	3,944	3,968
Interest Income Investment Securities, Fully Tax Equivalent	11,606	11,789	12,246	12,836
Average Investment Securities	\$1,882,672	\$1,822,043	\$1,811,076	\$1,787,532
Yield on Investment Securities (Annualized)	2.26%	2.37%	2.48%	2.65%
Yield on Investment Securities, Fully Tax Equivalent (Annualized)	2.47%	2.59%	2.70%	2.87%