

FIRST BANCSHARES INC /MS/

Form S-3/A

April 17, 2015

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As filed with the Securities and Exchange Commission on April 17, 2015

Registration No. 333-202920

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Pre-Effective Amendment No. 1**

**to**

**FORM S-3**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**THE FIRST BANCSHARES, INC.**

**(Exact Name of Registrant as Specified in its Charter)**

**Mississippi**

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(State or Other Jurisdiction of Incorporation or Organization)

**64-0862173**

**(I.R.S. Employer Identification Number)**

**6480 U.S. Hwy. 98 West**

**Hattiesburg, Mississippi 39402**

**(601) 268-8998**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)**

**Donna T. (Dee Dee) Lowery**

**Chief Financial Officer**

**6480 U.S. Hwy. 98 West**

**Hattiesburg, Mississippi 39402**

**(601) 268-8998**

**(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)**

*Copy To:*

**J. Andrew Gipson**

**Jones Walker L.L.P.**

**190 E. Capitol Street, Suite 800**

**Jackson, Mississippi 39201**

**(601) 949-4789**

**Approximate date of commencement of proposed sale to the public:** From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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

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

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If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. "

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

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

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  Smaller reporting company

**Calculation of Registration Fee**

Title of each class of securities to be registered	Amount to be Registered (1)(2)	Proposed maximum offering price per unit (3)	Proposed maximum aggregate offering price	Amount of registration fee (4)
Senior Debt Securities				
Subordinated Debt Securities				
Common Stock				
Preferred Stock				
Depository Shares				
Purchase Contracts				
Units				
Warrants				
Rights				
<b>TOTAL</b>	<b>\$20,000,000.00</b>	<b>\$2,324</b>	<b>\$20,000,000.00</b>	<b>\$2,324</b>

(1) Subject to the maximum aggregate initial offering price limitation of \$20,000,000 described in note (2) below, indeterminate initial offering price, principal amount or number of the securities of each identified class is being registered as may from time to time be offered at indeterminate prices. Securities registered by this Registration

Statement may be offered and sold separately or together with other securities. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities. Subject to the maximum aggregate initial offering price limitation of \$20,000,000 described in note (2) below, there are also being registered an indeterminate number of shares or units of common stock, preferred stock, warrants, purchase contracts, depositary shares, rights and units, and such indeterminate principal amount of senior debt securities and subordinated debt securities, as may be issued upon conversion of, or in exchange for, or upon exercise of, convertible or exchangeable securities, or as shall be issuable pursuant to anti-dilution provisions of securities, as may be offered pursuant to this Registration Statement. Includes an indeterminate number of depositary shares evidenced by depositary receipts as may be issued in the event that The First Bancshares, Inc. elects to offer fractional interests in its preferred stock registered hereby.

- (2) In accordance with General Instruction I.B.6 to Form S-3, the Company is registering an aggregate market value of securities of no more than one-third of the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Company. No securities have been offered pursuant to General Instruction I.B.6 during the prior 12 calendar month period ending on and including the date of this Prospectus.
- (3) The proposed maximum offering price per unit has been estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act on the basis of the average high and low sales price of our common stock as reported on the Nasdaq Global Market on March 18, 2015, which was \$16.48 per share.
- (4) Previously paid.

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

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

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**SUBJECT TO COMPLETION, DATED APRIL 17, 2015**

**THE FIRST BANCSHARES, INC.**

**PROSPECTUS**

**\$20,000,000**

**Senior Debt Securities**

**Subordinated Debt Securities**

**Common Stock**

**Preferred Stock**

**Depositary Shares**

**Purchase Contracts**

**Units**

**Warrants**

**Rights**

We may offer and sell from time to time as described in this prospectus in one or more offerings, any combination of debt and equity securities at prices and upon terms as set forth in a prospectus supplement. The maximum aggregate public offering price of such securities offered by this prospectus will not exceed \$20,000,000.00. You should read this prospectus and the applicable prospectus supplement(s), which will describe the specific terms of any particular offering, carefully before you invest in the securities. This prospectus may not be used to consummate sales of securities unless it is accompanied by a prospectus supplement and any applicable pricing supplement.

The securities are unsecured and are not deposits and will not be savings accounts, deposits, or other obligations of our bank or any non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other governmental agency.

We may sell securities directly to you, through agents we select, or through underwriters or dealers we select. If we use agents, underwriters or dealers to sell the securities, they will be named and their compensation will be described in one or more prospectus supplements. The net proceeds we expect to receive from such sales will be set forth in the respective prospectus supplements.

Our Common Stock trades through the NASDAQ Global Market System under the symbol FBMS . On March 18, 2015, the last reported sale price of our Common Stock on the NASDAQ Global Select Market was \$16.36. As of March 18, 2015, the aggregate market value of our outstanding common stock held by non-affiliates was \$59,403,470.84, or public float, based on 5,378,022 outstanding units of which 1,747,081 were held by non-affiliates at a price of \$16.36 per share.

**An investment in the securities involves risks. You should carefully consider all of the information set forth in this prospectus, including the risk factors beginning on page 2 of this prospectus, as well as the risk factors and other information contained in any documents we incorporate by reference into this prospectus before investing in any of the securities. See Information Incorporated by Reference.**

**None of the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**These securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other government agency or fund.**

**The date of this prospectus is 2015.**

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You should rely only on the information contained or incorporated by reference in this prospectus and the applicable prospectus supplement. We have not authorized anyone else to provide you with additional or different information. You should not assume that the information in this prospectus or the applicable prospectus supplement or any document incorporated by reference is accurate as of any date other than the dates of the applicable documents.

Unless the context requires otherwise, references to The First Bancshares, Inc., FBMS, the Company, we, our, and us are to The First Bancshares, Inc., together with its subsidiaries, including The First, A National Banking Association.



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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, (referred to as the SEC, ) using a shelf registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act of 1933, as amended, or the Securities Act. Under the shelf registration statement, we may sell, from time to time, either separately or together, the securities described in this prospectus in one or more offerings, including senior debt securities, subordinated debt securities, common stock, preferred stock, depositary shares representing interests in preferred stock, purchase contracts, units and warrants. In addition, we may offer to our existing shareholders subscription rights, which may or may not be transferrable, to purchase other securities offered hereby. We may use the shelf registration statement to sell, in one or more offerings, up to \$20,000,000 of any securities registered, in any combination in any offering amount. The exhibits to our registration statement contain the full text of certain contracts and other important documents that we have summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits can be obtained from the SEC as indicated under the heading **Where You Can Find More Information**.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities pursuant to the registration statement, we will provide a prospectus supplement that will contain specific information about the terms of a particular securities offering. We may also provide a prospectus supplement to add to, update or change information contained in this prospectus. Accordingly, to the extent inconsistent, information in this prospectus is superseded by the information in the prospectus supplement.

When acquiring the securities discussed in this prospectus, you should rely only on the information provided in this prospectus and the related prospectus supplement, including the information incorporated by reference herein and therein. We have not authorized anyone to provide you with different information. We are not offering the securities in any state or jurisdiction where the offer is prohibited by law. You should not assume that the information in this prospectus, any accompanying prospectus supplement or any document incorporated by reference herein or therein is accurate and complete as of any date other than the date on the front cover page of that document.

In addition, we may sell securities to underwriters who will sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by us directly or through dealers or agents designated from time to time. If we, directly or through agents, solicit offers to purchase the securities, we reserve the sole right to accept and, together with any agents, to reject, in whole or in part, any of those offers.

In this prospectus, the Company, we, our, ours, and us refer to The First Bancshares, Inc., which is a bank holding company headquartered in Hattiesburg, Mississippi, and its subsidiaries on a consolidated basis, unless the context otherwise requires. The Company is the sole shareholder and owner of The First, A National Banking Association (the Bank ).

**STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this prospectus and the documents incorporated herein are not statements of historical fact and constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by words such as may, hope, will, should, expect, plan, anticipate, intend, believe, estimate, predict, potential, continue, or negative of those terms or other words of similar meaning. You should read statements that contain these words

carefully because they discuss our future expectations or state other forward-looking information. These forward-looking statements include, but are not

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limited to, statements relating to anticipated future operating and financial performance measures, including net interest margin, earnings, credit quality, business initiatives, growth or acquisition opportunities and growth rates, among other things and encompass any estimate, prediction, expectation, projection, opinion, anticipation, outlook or statement of belief included therein as well as the management assumptions underlying these forward-looking statements. Before you invest in any of our securities, you should be aware that the occurrence of the events described under the caption **Risk Factors** beginning on page 2 of this prospectus and in the information incorporated by reference, could have an adverse effect on our business, results of operations and financial condition. Should one or more of these risks materialize, or should any such underlying assumptions prove to be significantly different, actual results may vary significantly from those anticipated, estimated, projected or expected.

Risks that could cause actual results to differ materially from current expectations of management include, but are not limited to, changes in the level of nonperforming assets and charge-offs, local, state, national or international economic and market conditions, including the extent and duration of volatility in the credit and financial markets, changes in our ability to measure the fair value of assets in our portfolio, material changes in the level and/or volatility of market interest rates, the performance and demand for the products and services we offer, including the level and timing of withdrawals from our deposit accounts, the costs and effects of litigation and of unexpected or adverse outcomes in such litigation, our ability to attract non-interest bearing deposits and other low-cost funds, competition in loan and deposit pricing, as well as the entry of new competitors into our markets through de novo expansion and acquisitions, economic conditions and monetary and other governmental actions designed to address the level and volatility of interest rates and the volatility of securities, currency and other markets, the enactment of legislation and changes in existing regulations, or enforcement practices, or the adoption of new regulations, changes in accounting standards and practices, including changes in the interpretation of existing standards, that affect our consolidated financial statements, changes in consumer spending, borrowings and savings habits, technological changes, changes in the financial performance or condition of our borrowers, changes in our ability to control expenses, changes in our compensation and benefit plans, greater than expected costs or difficulties related to the integration of new products and lines of business, integration costs or difficulties related to the Company's recent acquisitions, natural disasters, acts of war or terrorism and other risks described in our filings with the SEC.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. We undertake no obligation to update or revise any of this information, whether as the result of new information, future events or developments or otherwise.

**RISK FACTORS**

*Before you purchase any of our securities, you should carefully consider the risks described below, together with the other information contained or incorporated by reference into this prospectus, including the information contained in the section entitled **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2014, and any risks described in our other filings with the Securities and Exchange Commission (which we refer to as the SEC), pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended. The risks described below and in the documents referred to in the preceding sentence are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks actually occurs, our business, results of operations and financial condition could suffer. In that case, the trading price of our common stock and the values of any of our other securities could decline, and you may lose all or part of your investment. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely affected, the market price for your securities could decline, and you could lose all or a part of your investment. Further, to the extent that any of the information contained in this prospectus constitutes forward-looking statements, the risk factors set forth below also are cautionary statements identifying*



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*important factors that could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company.*

***We may be vulnerable to certain sectors of the economy.***

A significant portion of our loan portfolio is secured by real estate. If the economy deteriorates and real estate values depress beyond a certain point, as happened during the recent recession, the collateral value of the portfolio and the revenue stream from those loans could come under stress and possibly require additional loan loss accruals which would negatively impact our earnings. Our ability to dispose of foreclosed real estate at prices above the respective carrying values could also be adversely affected, causing additional losses.

***Difficult market conditions in past years have adversely affected the industry in which we operate.***

The capital and credit markets are subject to volatility and disruption. Dramatic declines in the housing market in years past caused home prices to fall and increased foreclosures, unemployment and under-employment. These events, if they were to happen again, could negatively impact the credit performance of our mortgage loans and result in significant write-downs of asset values, including government-sponsored entities as well as major commercial and investment banks. Still wary about the stability of the financial markets generally and the strength of counterparties, many lenders still have reduced funding to borrowers, including to other financial institutions. Further market turmoil and tightening of credit could lead to an increased level of commercial and consumer delinquencies, lack of consumer confidence and widespread reduction of business activity generally. A worsening of these conditions would have an adverse effect on us and others in the financial institution industry generally, particularly in our real estate markets, as lower home prices and increased foreclosures would result in higher charge-offs and delinquencies.

***General economic conditions in the areas where our operations or loans are concentrated may adversely affect our customers' ability to meet their obligations.***

A sudden or severe downturn in the economy in the geographic markets we serve in the states of Mississippi, Louisiana, or Alabama may affect the ability of our customers to meet loan payment obligations on a timely basis. The local economic conditions in these areas have a significant impact on our commercial, real estate, and construction loans, the ability of borrowers to repay these loans and the value of the collateral securing such loans. Changes resulting in adverse economic conditions of these market areas could negatively impact the financial results of the Company's banking operations, earnings, and profitability.

Additionally, adverse economic changes may cause customers to withdraw deposit balances, thereby causing a strain on our liquidity.

***We are subject to a risk of rapid and significant changes in market interest rates.***

Our assets and liabilities are primarily monetary in nature, and as a result we are subject to significant risks tied to changes in interest rates. Our ability to operate profitably is largely dependent upon net interest income. Unexpected movement in interest rates markedly changing the slope of the current yield curve could cause net interest margins to decrease, subsequently decreasing net interest income. In addition, such changes could adversely affect the valuation of our assets and liabilities.

At present the Company's one-year interest rate sensitivity position is slightly asset sensitive, but a gradual increase in interest rates during the next twelve months should not have a significant impact on net interest income during that period. However, as with most financial institutions, the Company's results of operations are affected by changes in

interest rates and the Company's ability to manage this risk. The difference between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities may be affected by changes in market interest rates, changes in relationships between interest rate indices, and/or

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changes in the relationships between long-term and short-term market interest rates. A change in this difference might result in an increase in interest expense relative to interest income, or a decrease in the Company's interest rate spread.

***Certain changes in interest rates, inflation, or the financial markets could affect demand for our products and our ability to deliver products efficiently.***

Loan originations, and therefore loan revenues, could be adversely impacted by sharply rising interest rates. Conversely, sharply falling rates could increase prepayments within our loan and securities portfolio lowering interest earnings from those assets. An unanticipated increase in inflation could cause operating costs related to salaries and benefits, technology, and supplies to increase at a faster pace than revenues.

The fair market value of the securities portfolio and the investment income from these securities also fluctuates depending on general economic and market conditions. In addition, actual net investment income and/or cash flows from investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations.

***Changes in the policies of monetary authorities and other government action could adversely affect profitability.***

The results of operations of the Company are affected by credit policies of monetary authorities, particularly the Board of Governors of the Federal Reserve System, which we refer to as the Federal Reserve Board. The instruments of monetary policy employed by the Federal Reserve Board include open market operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowings and changes in reserve requirements against bank deposits. In view of changing conditions in the national economy and in the money markets, particularly in light of the continuing threat of terrorist attacks, unrest in Eastern Europe and the current military operations in the Middle East, we cannot predict possible future changes in interest rates, deposit levels, loan demand or the Company's business and earnings. Furthermore, the actions of the United States government and other governments in responding to developing situations or the military operations in the Middle East may result in currency fluctuations, exchange controls, market disruption and other adverse effects.

***Natural disasters could affect our ability to operate.***

Our market areas are susceptible to natural disasters such as hurricanes and tornados. Natural disasters can disrupt operations, result in damage to properties that may be securing our loan assets and negatively affect the local economies in which we operate. The Company cannot predict whether or to what extent damage caused by future hurricanes, tornados or other natural disasters will affect operations or the economies in our market areas, but such weather events could cause a decline in loan originations, a decline in the value or destruction of properties securing the loans and an increase in the risk of delinquencies, foreclosures or loan losses.

***Greater loan losses than expected may adversely affect our earnings.***

The First, as lender, is exposed to the risk that its customers will be unable to repay their loans in accordance with their terms and that any collateral securing the payment of their loans may not be sufficient to assure repayment. Credit losses are inherent in the business of making loans and could have a material adverse effect on operating results. Credit risk with respect to our real estate and construction loan portfolio will relate principally to the creditworthiness of corporations and the value of the real estate serving as security for the repayment of loans. Credit risk with respect to its commercial and consumer loan portfolio will relate principally to the general creditworthiness of businesses and individuals within our local markets.

The First makes various assumptions and judgments about the collectability of its loan portfolio and provides an allowance for estimated loan losses based on a number of factors. The First believes that its current allowance for



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loan losses is adequate. However, if our assumptions or judgments prove to be incorrect, the allowance for loan losses may not be sufficient to cover actual loan losses. We may have to increase the allowance in the future in response to the request of one of our primary banking regulators, to adjust for changing conditions and assumptions, or as a result of any deterioration in the quality of the loan portfolio. The actual amount of future provisions for loan losses cannot be determined at this time and may vary from the amounts of past provisions.

### ***The Company may need to rely on the financial markets to provide needed capital.***

The Company's common stock is listed and traded on the NASDAQ stock market. Although the Company anticipates that its capital resources will be adequate for the foreseeable future to meet its capital requirements, at times we may depend on the liquidity of the NASDAQ stock market to raise equity capital. If the market should fail to operate, or if conditions in the capital markets are adverse, the Company may be constrained in raising capital. Should these risks materialize, the ability to further expand its operations through internal growth may be limited.

### ***We are subject to regulation by various Federal and State entities.***

The Company and The First are subject to the regulations of the Securities and Exchange Commission ( SEC ), the Consumer Financial Protection Bureau, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the OCC. New regulations issued by these agencies may adversely affect the Company's ability to carry on its business activities. The Company is subject to various Federal and state laws and certain changes in these laws and regulations may adversely affect operations.

The Company and The First are also subject to the accounting rules and regulations of the SEC and the Financial Accounting Standards Board. Changes in accounting rules could adversely affect the reported financial statements or results of operations of the Company and may also require extraordinary efforts or additional costs to implement. Any of these laws or regulations may be modified or changed from time to time, and we cannot be assured that such modifications or changes will not adversely affect the Company.

### ***We may engage in acquisitions of other businesses from time to time, which may not be well-received.***

On occasion, the Company may engage in acquisitions of other businesses. Acquisitions may result in customer and employee turnover, thus increasing the cost of operating the new businesses. The acquired companies may also have legal contingencies, beyond those that the Company is aware of, that could result in unexpected costs. Difficulty in integrating an acquired business or company may cause the Company not to realize expected revenue increases, cost savings, increases in geographic or product presence, or other anticipated benefits from any acquisition. The integration could result in higher than expected deposit attrition (run-off), loss of key employees, disruption of the Company's business or the business of the acquired company, or otherwise adversely affect the Company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. The Company may need to make additional investment in equipment and personnel to manage higher asset levels and loan balances as a result of any significant acquisition, which may adversely impact earnings.

### ***We are subject to industry competition which may have an adverse impact upon our success.***

The profitability of the Company depends on its ability to compete successfully with other financial services companies. We operate in a highly competitive financial services environment. Certain competitors are larger and may have more resources than we do. We face competition in our regional market areas from other commercial banks, savings and loan associations, credit unions, internet banks, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, and other financial intermediaries that offer similar services. Some of the

nonbank competitors are not subject to the same extensive regulations that govern the Company or The First and may have greater flexibility in competing for business.

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Another competitive factor is that the financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services. Our future success may depend, in part, on our ability to use technology competitively to provide products and services that provide convenience to customers and create additional efficiencies in operations.

### ***Future issuances of additional securities could result in dilution of shareholders' ownership.***

The Company may determine from time to time to issue additional securities to raise additional capital, support growth, or to make acquisitions. Further, the Company may issue stock options or other stock grants to retain and motivate our employees. Such issuances of Company securities could dilute the ownership interests of the Company's shareholders.

### ***Anti-takeover laws and certain agreements and charter provisions may adversely affect share value.***

Certain provisions of state and federal law and the Company's articles of incorporation may make it more difficult for someone to acquire control of the Company. Under federal law, subject to certain exemptions, a person, entity, or group must notify the federal banking agencies before acquiring 10% or more of the outstanding voting stock of a bank holding company, including the Company's shares. Banking agencies review the acquisition to determine if it will result in a change of control. The banking agencies have 60 days to act on the notice, and take into account several factors, including the resources of the acquiror and the antitrust effects of the acquisition. There also are Mississippi statutory provisions and provisions in the Company's articles of incorporation that may be used to delay or block a takeover attempt. As a result, these statutory provisions and provisions in the Company's articles of incorporation could result in the Company being less attractive to a potential acquiror.

### ***Securities issued by the Company, including the Company's common stock, are not FDIC insured.***

Securities issued by the Company, including the Company's common stock, are not savings or deposit accounts or other obligations of any bank and are not insured by the FDIC, the Deposit Insurance Fund, or any other governmental agency or instrumentality, or any private insurer, and are subject to investment risk, including the possible loss of principal.

### ***The failure of other financial institutions could adversely affect the Company.***

The Company's ability to engage in routine funding transactions could be adversely affected by the actions and potential failures of other financial institutions. Financial institutions are interrelated as a result of trading, clearing, counterparty and other relationships. As a result, defaults by, or even rumors or concerns about, one or more financial institutions or the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by the Company or by other institutions.

### ***Concern by customers over deposit insurance may cause a decrease in deposits and changes in the mix of funding sources available to the Company.***

With increased concerns about bank failures, customers increasingly are concerned about the extent to which their deposits are insured by the FDIC. Customers may withdraw deposits in an effort to ensure that the amount they have on deposit with their bank is fully insured and some may seek deposit products or other bank savings and investment products that are collateralized. Decreases in deposits and changes in the mix of funding sources may adversely affect the Company's funding costs and net income.

***Evaluation of investment securities for other-than-temporary impairment involves subjective determinations and could materially impact the Company's results of operations and financial condition.***

The evaluation of impairments is a quantitative and qualitative process, which is subject to risks and uncertainties, and is intended to determine whether declines in the fair value of investments should be recognized

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in current period earnings. The risks and uncertainties include changes in general economic conditions, the issuers financial condition or future recovery prospects, the effects of changes in interest rates or credit spreads and the expected recovery period. Estimating future cash flows involves incorporating information received from third-party sources and making internal assumptions and judgments regarding the future performance of the underlying collateral and assessing the probability that an adverse change in future cash flows has occurred. The determination of the amount of other-than-temporary impairments is based upon the Company's quarterly evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

Additionally, the Company's management considers a wide range of factors about the security issuer and uses its reasonable judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Impairments to the carrying value of our investment securities may need to be taken in the future, which would have a material adverse effect on our results of operations and financial condition.

***The Company may be required to pay additional insurance premiums to the FDIC, which could negatively impact earnings.***

Pursuant to the Dodd-Frank Act, the limit on FDIC coverage has been permanently increased to \$250,000, causing the premiums assessed to the Bank by the FDIC to increase. Depending upon any future losses that the FDIC insurance fund may suffer, there can be no assurance that there will not be additional premium increases in order to replenish the fund. The FDIC may need to set a higher base rate schedule or impose special assessments due to future financial institution failures and updated failure and loss projections. Potentially higher FDIC assessment rates than those currently projected could have an adverse impact on the Company's results of operations.

***The Company participates in the U.S. Treasury's Troubled Asset Relief Program.***

The Company received \$17,123,000 in funding under the Community Development Capital Initiative ( CDCI ) in exchange for preferred stock and common stock warrants on September 29, 2010. Participation in this program constrains the Company's ability to raise dividends and also places certain constraints on executive compensation arrangements. The increased funding provides assurance that the Company can maintain its minimum regulatory capital ratios in the event the Company were to experience future losses. The dividend rate on the preferred stock issued under the CDCI increases from two percent (2%) to nine percent (9%) in 2018, and therefore the Company may have to repay these funds if it would like to avoid this increased payment. The CDCI is part of the Troubled Asset Relief Program ( TARP ) and the Company may repay the preferred stock at any time without penalty. The rules that govern the TARP include restrictions on certain compensation to executive officers and a number of others in the Company. Among other things, these rules include a prohibition on golden parachute payments, a prohibition on providing tax gross-ups, a bonus claw-back provision, and a prohibition on paying any bonus payment to the Company's most highly compensated employee. It is possible that compensation restrictions imposed on TARP participants could impede our ability to attract and retain qualified executive officers. Our participation in the TARP limits our annual dividend payments to no more than \$0.15 per share. Our ability to repurchase our common stock would also be restricted in the event that we failed to make our dividend payments.

***The Company may fail to realize the anticipated benefits of the recent Bay Bank acquisition on the anticipated schedule, if at all.***

The Company recently completed its acquisition of BCB Holding Company, Inc. and its wholly-owned subsidiary bank, Bay Bank, previously headquartered in Mobile, Alabama discussed on page 8 below under the heading PROSPECTUS SUMMARY, Recent Developments. The Company may face significant challenges in

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integrating Bay Bank operations into our operations in a timely and efficient manner and in retaining Bay Bank personnel. Achieving the anticipated benefits, including revenue increases, cost savings, increases in geographic and product presence, and other anticipated benefits of the acquisition will depend in part on whether the Company integrates Bay Bank's businesses in an efficient and effective manner. The integration could result in higher than expected deposit attrition (run-off), loss of key employees, disruption of the Company's business or the business of the acquired company, or otherwise adversely affect the Company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. The Company may need to make additional investment in equipment and personnel to manage higher asset levels and loan balances as a result of the acquisition, which may adversely impact earnings. The Company may not be able to accomplish this integration process smoothly or successfully. In addition, the integration of certain operations will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day business of the combined company. Any inability to realize the full extent of, or any of, the anticipated financial benefits and cost savings of the acquisition, as well as any delays encountered in the integration process, could have an adverse effect on the business and results of operations of the combined company, which may affect the market price of the Company's common stock.

## **PROSPECTUS SUMMARY**

### **Our Company**

The Company was incorporated on June 23, 1995 to serve as a bank holding company for The First, located in Hattiesburg, Mississippi. The First began operations on August 5, 1996 from its main office in the Oak Grove community, which was on the outskirts of Hattiesburg but now is included in the city of Hattiesburg. The First currently operates its main office and 27 branches and three loan production offices in Mississippi, Alabama, and Louisiana.

At December 31, 2014, the Company had approximately \$1.1 billion in assets, \$700.5 million in net loans, \$892.8 million in deposits, and \$96.2 million in stockholders' equity. For the year ended December 31, 2014, the Company reported net income of \$6.6 million (\$6.3 million applicable to common stockholders).

In the fourth quarter of 2014, the Company declared and paid a dividend of \$.0375 per common share. The Company currently participates in the U.S. Treasury's Community Development Capital Initiative (CDCI). As long as the Company remains a participant in the CDCI, the Company's ability to raise annual dividend payments to more than \$0.15 per share is prohibited without the prior written consent of the U.S. Treasury, and there are also certain constraints on executive compensation arrangements.

As of March 19, 2015, the Company had 269 full-time employees and 9 part-time employees.

### **Location and Service Area**

In Mississippi, The First serves the cities of Hattiesburg, Laurel, Purvis, Picayune, Pascagoula, Bay St. Louis, Wiggins, Gulfport, Biloxi, Long Beach, Diamondhead, and the surrounding areas of Lamar, Forrest, Jones, Pearl River, Jackson, Hancock, Stone and Harrison Counties. In Louisiana, The First serves the city of Bogalusa, Louisiana and Washington Parish as well as Baton Rouge, Louisiana and East Baton Rouge Parish. With the acquisition in 2013 of First National Bank of Baldwin County and the recent acquisition of Bay Bank (discussed below under "Recent Developments"), The First serves the Baldwin County and Mobile County, Alabama areas with branches in the following cities: Foley, Daphne, Fairhope, Gulf Shores, Orange Beach, Mobile, Dauphin Island and Theodore, as well as loan production offices in Bay Minette, Alabama, Slidell, Louisiana, and Baton Rouge, Louisiana.





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### **Banking Services**

The Company and its subsidiary bank engage in a general commercial and retail banking business characterized by personalized service and local decision-making, emphasizing the banking needs of small to medium-sized businesses, professional concerns and individuals. The First is a wholly-owned subsidiary bank of the Company.

### **Competition**

The Bank generally competes with other financial institutions through the selection of banking products and services offered, the pricing of services, the level of service provided, the convenience and availability of services, and the degree of expertise and the personal manner in which services are offered. Mississippi, Alabama and Louisiana law permits statewide branching by banks and savings institutions, and many financial institutions in these states have branch networks. Consequently, commercial banking in Mississippi, Alabama and Louisiana is highly competitive. The Company strives to provide its customers with the breadth of products and services comparable to those offered by large regional banks, while maintaining the quick response and personal service of a locally owned and managed bank. In addition to offering a full range of deposit services and commercial and personal loans, The First offers products such as mortgage loan originations.

### **Recent Developments**

The Company recently completed its acquisition of Bay Bank, previously headquartered in Mobile, Alabama (the Acquisition ). The Acquisition was consummated on July 1, 2014.

On March 3, 2014, the Company entered into an Agreement and Plan of Merger (the Agreement ) with BCB Holding Company, Inc. The Agreement provided that, upon the terms and subject to the conditions set forth in the Agreement, BCB would merge with and into the Company (the Merger ) and Bay Bank would merge with and into The First, A National Banking Association ( Bank Merger ).

Under the Agreement, which was approved by the Boards of Directors of the Company and BCB, holders of each outstanding share of BCB common stock, other than shares with respect to which the holders perfected dissenters rights, received (i) for the BCB common stock that was outstanding prior to August 1, 2013, \$3.60 per share and one non-transferable contingent value right ( CVR ), and (ii) for the BCB common stock that was issued on August 1, 2013, \$2.25 per share in cash. Each CVR is eligible to receive a cash payment equal to up to \$0.40, with the exact amount based on the resolution of certain identified BCB loans over a three-year period from the closing of the transaction. Payout of the CVR will be overseen by a special committee of the Company s Board of Directors. The Company also redeemed, in full, a note payable by BCB to Alostark Bank, as well as the preferred stock issued under the U.S. Treasury s Capital Purchase Program. The total consideration paid in connection with the acquisition was approximately \$6.3 to \$6.7 million depending upon the payout of the CVR.

Following the Acquisition, customers of The First have access to a total of 28 branch locations and three loan production offices throughout Mississippi, Louisiana and south Alabama.

### **USE OF PROCEEDS**

We may sell the securities described in this prospectus in one or more offerings up to a total aggregate offering amount of \$20,000,000. The use of proceeds from any such offering will be for general corporate purposes or as otherwise specified in the prospectus supplement accompanying such offer. Our general corporate purposes may include:

financing potential acquisitions of financial institutions;

financing acquisitions of other business that are engaged in businesses related to banking;

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expanding or diversifying our current operations into other banking-related businesses;

repurchasing our outstanding capital stock, including preferred shares issued under the CDCI programs; and

repaying, reducing, or refinancing our indebtedness.

The precise amounts and the timing of any of these or other uses of the net proceeds will depend upon market conditions prevailing at such time, our funding requirements, the availability of other funds we may have access to and other factors. We intend to use the net proceeds from sales of the securities in the manner and for the purpose set forth in the applicable prospectus supplement.

## **DESCRIPTION OF DEBT SECURITIES**

The debt securities we are offering will constitute either senior debt securities or subordinated debt securities. The senior debt securities and the subordinated debt securities will be issued pursuant to separate indentures that will be entered into between us and a bank or trust company, or other trustee that is qualified to act under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act), that we select to act as trustee. A copy of the form of each indenture has been filed as an exhibit to the registration statement of which this prospectus forms a part. The term indentures refers to both the senior indenture and the subordinated indenture. The indentures may be modified by one or more supplemental indentures, which we will incorporate by reference as an exhibit to the registration statement of which this prospectus is a part.

The following description of the debt securities, and any description in a prospectus supplement, is a summary only and is subject to, and qualified in its entirety by, reference to the terms and provisions of the indentures and any supplemental indentures that we file with the SEC in connection with an issuance of any series of debt securities. You should read all of the provisions of the indentures, including the definitions of certain terms contained therein, as well as any supplemental indentures that we file with the SEC in connection with the issuance of any series of debt securities. These summaries set forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The specific terms and provisions of a series of debt securities and the extent to which the general terms and provisions may also apply to a particular series of debt securities will be described in the applicable prospectus supplement.

Since we are a holding company, our right, and accordingly, the right of our creditors and shareholders, including the holders of the debt securities and other securities offered by this prospectus and any prospectus supplement, to participate in any distribution of assets of any of our subsidiaries upon its liquidation, reorganization or similar proceeding is subject to the prior claims of creditors of that subsidiary, except to the extent that our claims as a creditor of the subsidiary may be recognized.

## **Terms of the Securities**

Unless otherwise described in a prospectus supplement, the following general terms and provisions will apply to the debt securities. The debt securities will be unsecured, meaning they will not be secured by any of our assets. Neither the indentures underlying the debt securities nor the debt securities themselves will limit or otherwise restrict the amounts of other indebtedness which we may incur, or the amount of other securities that we may issue. All of the debt securities issued under a particular indenture will rank equally and ratably with any additional securities issued under that same indenture. The subordinated debt securities will be subordinated as described below under Subordination.



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Each prospectus supplement will specify the particular terms of the debt securities offered. These terms may include:

the title of the securities;

any limit on the aggregate principal amount of the securities;

the priority of payments on the securities;

the issue price or prices (which may be expressed as a percentage of the aggregate principal amount) of the securities;

the date or dates, or the method of determining the dates, on which the securities will mature;

the interest rate or rates of the securities, or the method of determining those rates;

the interest payment dates, the dates on which payment of any interest will begin and the regular record dates;

whether the securities will be issuable in temporary or permanent global form and, if so, the identity of the depository for such global security, or the manner in which any interest payable on a temporary or permanent global security will be paid;

any terms relating to the conversion of the securities into our common stock or preferred stock or other securities offered hereby, including, without limitation, the time and place at which such securities may be converted, the conversion price and any adjustments to the conversion price and any other provisions that may be applicable;

any covenants that may restrict our ability to create, assume or guarantee indebtedness for borrowed money that is secured by a pledge, lien or other encumbrance, that condition or restrict our ability to merge or consolidate with any other person or to sell, lease or convey all or substantially all of our assets to any other person or that otherwise impose restrictions or requirements on us;

any sinking fund or similar provisions applicable to the securities;

any mandatory or optional redemption provisions applicable to the securities;

the denomination or denominations in which securities are authorized to be issued;

whether any of the securities will be issued in bearer form and, if so, any limitations on issuance of such bearer securities (including exchanges for registered securities of the same series);

information with respect to book-entry procedures;

whether any of the securities will be issued as original issue discount securities;

each office or agency where securities may be presented for registration of transfer, exchange or conversion;

the method of determining the amount of any payments on the securities which are linked to an index;

if other than the trustee, the identity of the registrar and/or paying agent;

any defeasance of certain obligations by us pertaining to the series of securities; and

any other specific terms of the securities, which terms may modify or delete any provision of the applicable indenture insofar as it applies to the securities offered; provided that no terms of the indentures may be modified or deleted if they are required under the Trust Indenture Act and that any modification or deletion of the rights, duties or immunities of an indenture trustee shall have been consented to in writing by the trustee.

Some of our debt securities may be issued as original issue discount securities. Original issue discount securities bear no interest or bear interest at below-market rates and will be sold at a discount below their stated principal

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amount. The prospectus supplement will also contain any special tax, accounting or other information relating to original issue discount securities or relating to certain other kinds of securities that may be offered, including securities linked to an index.

## **Registration and Transfer**

Unless otherwise set forth in the applicable prospectus supplement, each series of the debt securities will be issued in registered form only, without coupons. The indentures will also allow us to issue the securities in bearer form only, or in both registered and bearer form. Any securities issued in bearer form will have interest coupons attached, unless they are issued as zero coupon securities. Securities in bearer form will not be offered, sold, resold or delivered in connection with their original issuance in the United States or to any United States person other than to offices of certain United States financial institutions located outside the United States. Unless otherwise indicated in an applicable prospectus supplement, the debt securities we are offering will be issued in denominations of \$1,000 or an integral multiple of \$1,000. No service charge will be made for any transfer or exchange of the securities, but we may require payment of an amount sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange.

## **Payment and Paying Agent**

We will pay principal, interest and any premium on fully registered securities in the designated currency or currency unit at the office of a designated paying agent. At our option, payment of interest on fully registered debt securities may also be made by check mailed to the persons in whose names the securities are registered on the days specified in the indentures or any prospectus supplement.

We will pay principal, interest and any premium on bearer securities in the designated currency or currency unit at the office of a designated paying agent or agents outside of the United States. Payments will be made at the offices of the paying agent in the United States only if the designated currency is U.S. dollars and payment outside of the United States is illegal or effectively precluded. If any amount payable on a security or coupon remains unclaimed at the end of two years after such amount became due and payable, the paying agent will release any unclaimed amounts, and the holder of the security or coupon will look only to us for payment.

The designated paying agent in the United States for the securities we are offering is or will be provided in the indentures that are or will be deemed incorporated by reference into this prospectus.

## **Global Securities**

The securities of a series may be issued in whole or in part in the form of one or more global certificates ( Global Securities ) that will be deposited with a depositary that we will identify in a prospectus supplement. Global Securities may be issued in either registered or bearer form and in either temporary or permanent form. All Global Securities in bearer form will be deposited with a depositary outside the United States. Unless and until it is exchanged in whole or in part for individual certificates evidencing securities in definitive form represented thereby, a Global Security may not be transferred except as a whole by the depositary to a nominee of that depositary or by a nominee of that depositary to a depositary or another nominee of that depositary.

The specific terms of the depositary arrangements for each series of securities will be described in the applicable prospectus supplement.





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**Modification and Waiver**

Each indenture provides that modifications and amendments may be made by us and the trustee with the consent of the holders of a majority in principal amount of the outstanding securities of each series affected by the amendment or modification. However, no modification or amendment may, without the consent of each holder affected:

change the stated maturity date of the security;

reduce the principal amount, any rate of interest, or any additional amounts in respect of any security, or reduce the amount of any premium payable upon the redemption of any security;

change the time or place of payment, currency or currencies in which any security or any premium or interest thereon is payable;

impair the holders' rights to institute suit for the enforcement of any payment on or after the stated maturity date of any security, or in the case of redemption, on or after the redemption date;

reduce the percentage in principal amount of securities required to consent to any modification, amendment or waiver under the indenture;

modify, except under limited circumstances, any provision of the applicable indenture relating to modification and amendment of the indenture, waiver of compliance with conditions and defaults thereunder or the right of a majority of holders to take action under the applicable indenture;

adversely affect any rights of conversion;

in the case of any subordinated indenture, alter the provisions regarding subordination of the subordinated debt securities in any way that would be adverse to the holders of those securities;

reduce the principal amount of original issue discount securities which could be declared due and payable upon an acceleration of their maturity; or

change our obligation to pay any additional amounts.

The holders of a majority in principal amount of the outstanding securities of any series may waive compliance by us and the trustee with certain provisions of the applicable indenture. The holders of a majority in principal amount of the outstanding securities of any series may waive any past default under the applicable indenture with respect to that series, except a default in the payment of the principal, or any premium, interest, or additional amounts payable on a

security of that series or in respect of a covenant or provision which under the terms of the applicable indenture cannot be modified or amended, without the consent of each affected holder.

With the trustee, we may modify and amend any indenture without the consent of any holder for any of the following purposes:

to name a successor entity to us;

to add to our covenants for the benefit of the holders of all or any series of securities;

to add to the events of default;

to add to, delete from or revise the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of securities, as set forth in the applicable indenture;

to establish the form or terms of securities of any series and any related coupons;

to provide for the acceptance of appointment by a successor trustee;