

THE FIRST BANCSHARES, INC.
COMPENSATION COMMITTEE CHARTER

Purpose

The primary purpose of the Compensation Committee (the “Committee”) is to aid the Board of Directors (the “Board”) in discharging its responsibilities relating to the compensation of the Company’s executive officers, including the Chief Executive Officer. The Committee has overall responsibility for evaluating and approving the Company’s compensation plans, policies and programs. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

Membership Requirements

The Committee shall be composed of at least three (3) members of the Board each of whom shall be required to: (a) meet the independence requirements of the NASDAQ listing standards and any other applicable laws, rules and regulations governing independence, as determined by the Board (including the requirement not to accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company or any subsidiary of the Company other than Board or Committee fees); and (b) qualify as “non-employee directors” as defined in Section 16 of the Securities Exchange Act of 1934.

The members of the committee shall be appointed by the Board of Directors.

Structure, Processes and Meetings

The Chairperson of the Committee will preside at each meeting of the Committee and in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The CEO may not be present during voting or deliberations on the CEO’s compensation. The Committee shall meet as often as it determines, but not less than twice a year. The Committee shall meet in executive session from time to time as it deems appropriate. The Committee will keep detailed minutes of each meeting that will be provided to the Board of Directors for review.

Authority, Duties and Scope of Responsibilities

The Committee shall have the duties, responsibilities and authority to:

- Annually review, determine and approve (i) the annual compensation, including salary, bonus, incentive and other compensation of the chief executive officer (ii) approve corporate goals and objectives relevant to compensation of the chief executive officer, and (iii) evaluate performance in light of these goals and objectives, approve compensation in accordance therewith and submit to the full board for approval.
- Annually review and approve the amounts and terms of base salary, incentive compensation, executive benefits, and all other forms of compensation for the Company’s executive officers, and submit the Committee’s findings to the full Board for approval.
- Review the Compensation Discussion and Analysis as prepared by the CEO and CFO for

inclusion in the Company's proxy statement.

- Review executive officer compensation in reference to Section 162(m) of the Internal Revenue Code, as it may be amended from time to time, and any other applicable laws, rules and regulations.
- Annually review and make recommendations to the Board with respect to incentive based compensation plans and equity based plans, establish criteria for the terms of awards granted to participants under such plans, grant awards in accordance with such criteria and exercise all authority granted to the Committee under such plans, or by the Board in connection with such plans.
- Administer clawback policy, as it may be amended from time to time, and any other applicable laws, rules and regulations regarding the recovery of a bonus or other incentive compensation paid to executive officers.
- Recommend to the Board the compensation for directors (including retainer, committee and committee chair fees, stock options and other similar items, as appropriate).
- Establish and approve policy on employment agreements, severance arrangements and change in control agreements and provisions, as well as any executive supplemental benefit programs.
- Conduct an annual review of the Compensation Committee's performance, periodically assess the adequacy of its charter and recommend changes to the Board as needed.
- As set forth in more detail under the heading "*Additional Specific Responsibilities and Authority*" below, the Committee may also retain or obtain the advice of a compensation consultant, legal counsel or other adviser as the Committee may deem appropriate in its sole discretion, and approve related fees and retention terms.
- Perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate. Delegate responsibility to subcommittees of the Committee as necessary or appropriate.
- Regularly report to the Board on the Committee's activities.

NASDAQ Listing Requirements

Require independent director oversight of executive compensation. The compensation of a listed company's chief executive officer and other executive officers must be determined, or recommended to the board for determination, either by (1) a majority of the independent directors or (2) a compensation committee composed solely of independent directors. The CEO may not be present during voting or deliberations on the CEO's compensation, but may be present during voting or deliberations on the compensation of the other executive officers. The CEO may not vote on compensation of the other officers. If the board elects to establish a compensation committee, and the committee has at least three members, one non-independent director may be appointed to the committee under an "exceptional and limited circumstances" exception substantially identical to the comparable exception available for the nominations committee.

Additional Specific Responsibilities and Authority

In addition to the foregoing, the Committee shall have the following specific responsibilities and authority:

(A) The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser.

(B) The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee.

(C) The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.

(D) The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration at a minimum the following factors, among the other factors deemed pertinent by the Committee:

(i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;

(v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

The above and foregoing constitutes the Compensation Committee Charter of The First Bancshares, Inc. as last revised June 18, 2013.

FIRST BANCSHARES COMPENSATION PHILOSOPHY

The Compensation Committee, composed entirely of independent directors, sets and administers the policies that govern the Company's executive compensation programs, and various incentive and stock option programs. The Compensation Committee reviews compensation levels of members of senior management, evaluates the performance of executive management, and considers executive management succession and related matters. All decisions relating to the compensation of the named executive officers are shared with the full Board. The policies and underlying philosophy governing the Bank's executive compensation program, as endorsed by the Compensation Committee and the Board of Directors, are designed to accomplish the following:

- Maintain a compensation program that is equitable in a competitive marketplace.
- Provide opportunities that integrate pay with the Company's annual and long-term performance goals.
- Encourage achievement of strategic objectives and creation of shareholder value.
- Recognize and reward individual initiative and achievements.
- Maintain an appropriate balance between base salary and short- and long-term incentive opportunity.
- Allow the Company to compete for, retain, and motivate talented executives critical to its success.

The Compensation Committee seeks to target executive compensation at levels that the Compensation Committee believes to be consistent with others in the banking industry. The executive officers' compensation is weighted toward programs contingent upon the Company's level of annual and long-term performance. In general, for senior management positions of the Company (including Bank's named executive officers) and its subsidiaries, the Bank will pay base salaries, on average, at the 50th percentile of other banks of First Bancshares' asset size and complexity and with similar products and markets. Goals for specific components include:

- Base salaries for executives generally are targeted at the 50th percentile.
- The Annual Incentive Plan will provide cash compensation at the 50th percentile when target goals are achieved and between the 60th and 75th percentile if annual goals are exceeded.
- Performance-based Long-Term Incentives will provide equity compensation at the 50th percentile when target goals are met with the potential for awards between the 60th-75th percentiles when long-term goals are exceeded. No equity awards will be made if long-term performance goals are not met.

The Company retains the services of nationally recognized consulting firms to assist the Compensation Committee in performing its various duties. Those firms advise the Compensation Committee on compensation programs for the named executive officers and senior management of the Bank. The most recent compensation study focusing on executive officers was conducted in October 2007 by Clark Consulting; the results were presented along with the consulting firm's review of the Company's programs for senior management.