

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>The First Bancshares, Inc.</b>		2 Issuer's employer identification number (EIN) <b>64-0862173</b>	
3 Name of contact for additional information <b>Chandra B. Kidd</b>	4 Telephone No. of contact <b>(601) 705-1157</b>	5 Email address of contact <b>ckidd@thefirstbank.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>P.O. Box 15549</b>		7 City, town, or post office, state, and Zip code of contact <b>Hattiesburg, MS 39404-5549</b>	
8 Date of action <b>January 1, 2017</b>	9 Classification and description <b>Common Stock</b>		
10 CUSIP number <b>318916103</b>	11 Serial number(s)	12 Ticker symbol <b>FBMS</b>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Effective January 1, 2017, The First Bancshares, Inc. (The First) completed the acquisition of Gulf Coast Community Bank (GCCB), a Florida banking corporation.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Pursuant to the terms and conditions of the Acquisition Agreement, each outstanding share of GCCB common stock was converted into the right to receive 0.0199203 of a share of The First common stock, with cash paid for any fractional share.

The aggregate tax basis of The First common shares received by GCCB as the result of the acquisition will be the same as the aggregate tax basis in the GCCB shares surrendered in exchange, as further described in line 16.

The holding period for the shares of The First common stock received in the merger generally will include the holding period for the shares of GCCB common stock exchanged therefor.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ For federal income tax purposes, the aggregate tax basis of The First common shares received by GCCB shareholders as a result of the merger will be the same as the aggregate tax basis of GCCB shares surrendered in exchange. A former GCCB shareholder must allocate tax basis so calculated across the total number of the shareholder's The First common shares received in the acquisition. To the extent a GCCB shareholder received cash in lieu of a fractional share, a portion of the tax basis must be allocated to the fractional share and such fractional share will be deemed to be received and then exchanged for cash.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► The acquisition of GCCB into The First effective January 1, 2017, is intended to qualify as a reorganization within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended. In general, the income tax consequences to the former GCCB shareholders are determined under the Internal Revenue Code sections 354, 356, 358, 1001, and 1221.

18 Can any resulting loss be recognized? ► GCCB shareholders generally will not recognize a loss for U.S. federal income tax purposes by reason of the acquisition, though gain or loss can result with respect to the cash received in lieu of a fractional share of The First common stock. If a GCCB shareholder receives cash in lieu of a fractional share of The First common stock, the GCCB shareholder will be treated as having received a fractional share of The First common stock pursuant to the merger and then as having sold the fractional share of The First common stock for cash. As a result, the GCCB shareholder will recognize a gain or loss equal to the difference between the amount of cash received and the GCCB shareholder's tax basis in the fractional share of The First common stock as set forth in line 16 above.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The acquisition became effective on January 1, 2017; therefore any gain or loss recognized with respect to the fractional shares should be reported by GCCB shareholders in the tax year which includes January 1, 2017 (e.g. calendar-year shareholder would report the transaction on his or her federal income tax return filed for the 2017 calendar year).

The information in this document does not constitute tax advice. GCCB shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the acquisition.

**Sign Here** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► *Dee Dee Lowery* Date ► 2-10-17

Print your name ► Dee Dee Lowery Title ► ENP & CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Charles M. Hawkins, CPA	<u><i>Charles M. Hawkins</i></u>	<u>2/10/17</u>		XXXXXXX550
	Firm's name ► T. E. Lott & Company, P. A.			Firm's EIN ►	XX-XXX804
	Firm's address ► 221 7th Street North, Columbus, MS 39705			Phone no.	662-328-5387