Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

In addition, health emergencies, disease pandemics, acts of war or terrorism, trade policies and sanctions, including the repercussions of the ~~attack by Russia on~~ **ongoing military conflicts in** Ukraine **and the Middle East**, and other external events could cause disruption in our operations. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations. Our business is susceptible to fraud. Our business exposes us to fraud risk from our loan and deposit customers, the parties they do business with, as well as from our employees, contractors and vendors. We rely on financial and other data from new and existing customers which could turn out to be fraudulent when accepting such customers, executing their financial transactions and making and purchasing loans and other financial assets. In times of increased economic stress, we are at increased risk of fraud losses. We believe we have underwriting and operational controls in place to prevent or detect such fraud, but we cannot provide assurance that these controls will be effective in detecting fraud or that we will not experience fraud losses or incur costs or other damage related to such fraud, at levels that adversely affect our financial results or reputation. Our lending customers may also experience fraud in their businesses which could adversely affect their ability to repay their loans or make use of our services. Our exposure and the exposure of our customers to fraud may increase our financial risk and reputation risk as it may result in unexpected loan losses that exceed those that have been provided for in our allowance for ~~loan~~ **credit** losses. We may not be able to attract and retain skilled personnel. Our success depends, in large part, on our ability to attract and retain key personnel. Competition for the best personnel in most activities we engage in can be intense, and we may not be able to hire personnel or to retain them. The unexpected loss of services of one or more of our key personnel could have a material adverse impact on our business because of the difficulty of promptly finding qualified replacement personnel with comparable skills, knowledge of our market, relationships in the communities we serve, and years of industry experience. Although we have employment agreements with certain of our executive officers, there is no guarantee that these officers and other key personnel will remain employed with the Company. The ~~failure~~ **soundness** of other financial institutions could adversely affect the Company. Our ability to engage in routine funding transactions could be adversely affected by the actions and ~~potential failures~~ **commercial soundness** of other financial institutions. Financial institutions are interrelated as a result of trading, clearing, counterparty and other relationships. **We have exposure to different industries and counterparties, and through transactions with counterparties in the financial services industry, including broker- dealers, commercial banks, investment banks, and other financial intermediaries.** As a result, defaults by **, declines in the financial condition of**, or even rumors or concerns about, one or more financial institutions or the financial services industry generally could negatively impact market- wide liquidity and could lead to losses or defaults by the Company or by other institutions **. Recent negative developments affecting the banking industry, and resulting media coverage, have eroded customer confidence in the banking system. The closures of Silicon Valley Bank and Signature Bank in March 2023 and First Republic Bank in May 2023, and concerns about similar future events, have generated significant market volatility among publicly traded bank holding companies and, in particular, regional banks like the Company. These market developments have negatively impacted customer confidence in the safety and soundness of regional banks. As a result, customers may choose to maintain deposits with larger financial institutions or invest in higher yielding short- term fixed income securities, all of which could materially adversely impact the Company' s liquidity, loan funding capacity, net interest margin, capital and results of operations. While the Department of the Treasury, the Federal Reserve, and the FDIC took action to ensure that depositors of these failed banks had access to their deposits, including uninsured deposit accounts, there is no guarantee that such actions will be successful in restoring customer confidence in regional banks and the banking system more broadly**. Merger- Related Risks We may engage in acquisitions of other businesses from time to time, which may adversely impact our results. From time to time, we may engage in acquisitions of other businesses. Difficulty in integrating an acquired business or company may cause us 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 acquired companies may also have legal contingencies, beyond those that we are aware of, that could result in unexpected costs. 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 may fail to realize the anticipated cost savings and other financial benefits of recent acquisitions in the timeframe we expect, or at all. The Company completed the Beach Bancorp, Inc. (" BBI") acquisition on August 1, 2022, and the acquisition of **HSBI** ~~Heritage Southeast Bank (" Heritage Bank")~~ on January 1, 2023. Achieving the anticipated cost savings and financial benefits of the mergers will depend, in part, on whether we can successfully integrate these businesses with and into the business of The First. It is possible that the integration process could result in the loss of key employees, the disruption of each company' s ongoing businesses or inconsistencies in standards, controls, procedures, and policies that adversely affect our ability to maintain relationships with clients, customers, depositors, and employees or to achieve the anticipated benefits of the mergers. In addition, the integration of certain operations following the mergers has required and will continue to 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 cost savings and financial benefits of the mergers, 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. We have incurred and may continue to incur significant transaction and merger- related costs in connection with our recent acquisitions. We have incurred and may continue to incur a number of non- recurring costs associated with our recent acquisitions. These costs and expenses include fees paid to financial, legal and accounting advisors, severance, retention bonus and other potential employment- related costs, filing fees, printing expenses and other related charges. There are also a large number of processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the integration of these companies' businesses. While we have assumed that a certain level of expenses would be incurred in connection with the acquisitions, there are many factors beyond our control that could affect the total amount or the timing of the integration and implementation expenses. There may also be additional unanticipated significant costs in connection with the acquisitions that we may not recoup. These costs and expenses could reduce the realization of efficiencies, strategic benefits and additional income we expect to achieve from the acquisitions. Although we expect that these benefits will offset the transaction expenses and implementation costs over time, the net benefit may not be achieved in the near term or at all, which could have a material adverse impact on our financial results. We may incur impairment to goodwill. We review our goodwill at least annually. Significant negative industry or economic trends, reduced estimates of future cash flows or disruptions to our business, could indicate that goodwill might be impaired. Our valuation methodology for assessing impairment requires management to make judgements and assumptions based on historical experience and to rely on projections of future operating performance. We operate in a competitive environment and projections of future operating results and cash flows may vary significantly from actual results. In addition, if our analysis results ~~is~~ **in** an impairment to our goodwill, we would be required to record a non- cash charge to earnings in our financial statements during the period in which such impairment is determined to exist. Any such charge could have a material adverse effect on our results of operations. Risks Relating to Our Securities The price of our common stock may fluctuate significantly, which may make it difficult for investors to resell shares of common stock at a time or price they find attractive. Our stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. In addition to those described in " Special Cautionary Notice Regarding Forward- Looking Statements, " these factors include, among others: • actual or anticipated quarterly fluctuations in our operating results, financial condition or asset quality; • changes in financial estimates or the publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to us or other financial institutions; • failure to declare dividends on our common stock from time to time; • failure to meet analysts' revenue or earnings estimates; • failure to integrate acquisitions or realize anticipated benefits from acquisitions; • strategic actions by us or our competitors, such as acquisitions, restructurings, dispositions or financings; • fluctuations in the stock price and operating results of our competitors or other companies that investors deem comparable to us; • future sales of our common stock or other securities; • proposed or final regulatory changes or developments; • anticipated or pending regulatory investigations, proceedings, or litigation that may involve or affect us; • reports in the press or investment community generally relating to our reputation or the financial services industry; • domestic and international economic and political factors unrelated to our performance; • general market conditions and, in particular, developments related to market conditions for the financial services industry; • adverse weather conditions, including floods, tornadoes and hurricanes; • public health emergencies, including disease pandemics; and • disruptions to the financial markets as a result of the current or anticipated impact of military conflict, including ~~escalating~~ **the ongoing** military **conflicts in** ~~tension between Russia and~~ Ukraine **and the Middle East** , terrorism or other geopolitical events. In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, notwithstanding our operating results. We expect that the market price of our common stock will continue to fluctuate and there can be no assurances about the levels of the market prices for our common stock. General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results. We may need to rely on the financial markets to provide needed capital. Our common stock is listed and traded on the Nasdaq stock market. Although we anticipate that our capital resources will be adequate for the foreseeable future to meet our capital requirements, at times we may depend on the liquidity of the capital markets to raise additional capital. Our historical ability to raise capital through the sale of capital stock and debt securities may be affected by economic and market conditions or regulatory changes that are beyond our control. Adverse changes in our operating performance or financial condition could make raising additional capital difficult or more expensive or limit our access to customary sources of funding. If the market should fail to operate, or if conditions in the capital markets are adverse, our efforts to raise capital could require the issuance of securities at times and with maturities, conditions and rates that are disadvantageous, and which could have a dilutive impact on our current stockholders. Should these risks materialize, the ability to further expand our operations through organic or acquisitive growth may be limited. 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 DIF, or any other governmental agency or instrumentality, or any private insurer, and are subject to investment risk, including the possible loss of principal. Anti- takeover laws and certain agreements and charter provisions may adversely affect the price of our common stock. Certain provisions of state and federal law and our 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 our articles

of incorporation that may be used to delay or block a takeover attempt. As a result, these statutory provisions and provisions in our articles of incorporation could result in the Company being less attractive to a potential acquiror. The trading volume in our common stock is less than that of other larger financial services companies. Although our common stock is listed for trading on the Nasdaq Global Market, the trading volume for our common stock is low relative to other larger financial services companies, and you are not assured liquidity with respect to transactions in our common stock. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the lower trading volume of our common stock, significant sales of our common stock, or the expectation of these sales, could cause our stock price to fall. You may not receive dividends on our common stock. Although we have historically declared quarterly cash dividends on our common stock, we are not required to do so and may reduce or cease to pay common stock dividends in the future. If we reduce or cease to pay common stock dividends, the market price of our common stock could be adversely affected. The principal source of funds from which we pay cash dividends are the dividends received from The First. Federal and state banking laws and regulations and state corporate laws restrict the amount of dividends we may declare and pay from The First. See " Item 1. Business – Regulation and Supervision " included herein for more information. If we fail to pay dividends, capital appreciation, if any, of our common stock may be the sole opportunity for gains on an investment in our common stock. In addition, in the event The First becomes unable to pay dividends to us, we may not be able to service our debt or pay our other obligations or pay dividends on our common stock and preferred stock. Accordingly, our inability to receive dividends from The First could also have a material adverse effect on our business, financial condition and results of operations and the value of your investment in our common stock. ITEM 1B. UNRESOLVED STAFF COMMENTS None ITEM **1C. CYBERSECURITY The Company' s information security program is designed to protect the security of our computer systems, networks, software and information assets, including customer information. The program is comprised of technical controls, policies, guidelines, and procedures. These technical controls, policies, guidelines, and procedures are intended to align with regulatory guidance, and common industry standard security practices. The board of directors and our executives appreciate the severity of cybersecurity- related risks and support the continuous development of and investment in the information security program. Commitment to Security and Confidentiality At the Company, we expect each associate to be responsible for the security and confidentiality of customer information. We communicate this responsibility to associates during on-boarding and throughout their employment. Annually, training courses are assigned to each associate to complete on how to protect the confidentiality of customer information at the time of hire and during each year of employment. We regularly provide associates with information security awareness training, including the recognition and appropriate handling of potential phishing emails, which can introduce malware to a bank' s network, result in the theft of user credentials and, ultimately, place customer information at risk. We regularly use phishing campaigns to train associates to determine their ability to recognize phishing emails. For associates who fail a phishing campaign, the associates are assigned additional training courses. Associates must also follow established procedures for the safe storage and handling and secure disposal of customer information. Old or obsolete computer assets are subject to defined procedures and processes to ensure safe destruction of information contained on those devices. For paper- based information or documents, we dispose of paper using shred bins for destruction. Cybersecurity Incident Response Plan As part of our information security program, we have adopted an Information Security Incident Response Plan (Incident Response Plan), which is administered by the Company' s Chief Information Security Officer (CISO). The Incident Response Plan describes the Company' s processes, procedures, and responsibilities for responding to incidents including security and cybersecurity. The Incident Response Plan is intended to be followed in the event of a cybersecurity incident, including implementation of (i) forensic and containment, eradication, and remediation actions by information technology and security personnel and (ii) operational response actions by business units, communications, legal, and risk personnel. The Incident Response Plan includes an annual tabletop exercise to simulate responses to cybersecurity events. If applicable, each exercise may result in postmortem and discuss lessons learned to evaluate any improvements to the Incident Response Plan. The Incident Response Plan includes processes for escalation and reporting of cybersecurity incidents to the Incident Response Team. Network and Device Security The Company employs a constantly evolving, defense- in- depth methodology to cybersecurity. Robust high- availability firewalls are in place at the perimeter. Remote workers are supported through the Company' s secure VPN and uses multifactor authentication. The Company has a vulnerability management program in place that includes a managed detect and response platform to ensure monitoring of the Company' s network, ensures the timely installation of software patches, and provides a risk- based approach to addresses vulnerabilities across the network. Network security controls are in place to prevent unauthorized access to the network or the Company' s IT resources. The Company employs controls over its managed workstations, servers, and other endpoints to prevent inappropriate access or damage to physical, virtual, or data assets. Data loss prevention programs are in place to prevent the inappropriate transmission or exposure of sensitive data assets or customer information. Cybersecurity training is provided to all employees as part of the overall cybersecurity program. The Company contracts with third party vendors to conduct internal and external penetration tests against the Company' s networks and IT assets to ensure controls are operating in an appropriate manner. Impacts of Cybersecurity Incidents To date, the Company has not experienced a cybersecurity incident that has materially impacted our business strategy, results of operations, or financial condition. Addressing cybersecurity risks is a priority for the Company, and the Company is committed to enhancing its systems of internal controls and business continuity and disaster recovery plans. Third- Party Vendor Controls Before engaging third- party service providers, the Company carries out a due diligence process. This process is led by the Enterprise Risk Management team and Information Security performs due diligence**

through the process. Risk assessments are reviewed using Service Organization Controls (SOC) reports, self- attestation questionnaires, and other tools. Any third- party service provider or vendor utilized as part of the Company’ s cybersecurity framework is required to comply with the Company’ s policies regarding non- public personal information and information security. Third parties processing sensitive customer data are contractually required to meet all legal and regulatory obligations to protect customer data against security threats or unauthorized access. After contract executions, vendors undergo ongoing monitoring to ensure they continue to meet their security obligations. Our Board of Directors’ Role in Oversight of Cybersecurity Threats Our Board of Directors is responsible for overseeing the Company’ s business and affairs, including risks associated with cybersecurity threats. The Board oversees the Company’ s corporate risk governance processes primarily through its committees, and oversight of cybersecurity threats is delegated primarily to our Board Risk Committee. The Board Risk Committee has primary responsibility for overseeing the Company’ s comprehensive Enterprise Risk Management program. The Enterprise Risk Management program assists senior management in identifying, assessing, monitoring, and managing risk, including cybersecurity risk, in a rapidly changing environment. Cybersecurity matters and assessments are regularly included in Board Risk Committee meetings. The Board’ s oversight of cybersecurity risk is supported by our CISO and Cybersecurity Manager. The CISO and the Cybersecurity Manager attend Board Risk Committee meetings, periodically provides cybersecurity and other information security updates to the Board Risk Committee. The CISO also provides an annual information security program summary report to the Board, outlining the overall status of our information security program and the Company’ s compliance with regulatory guidelines. Our Management’ s Role in Assessing and Managing Cybersecurity Matters The Company’ s CISO directs the Company’ s information security program and our information technology risk management. The CISO and Cybersecurity Manager along with a team of dedicated security personnel examines risks to the Company’ s information systems and assets, designs and implements security solutions, monitors the environment, and provides immediate responses to threats. Role of the Chief Information Security Officer and Cybersecurity Manager Our CISO is responsible for the Company’ s information security program. In this role, the CISO manages the Company’ s information security Program. The CISO has experience with FDIC regulated financial institutions and holds the certification as a Certified Banking Chief Information Security Officer (CBISO) and participates in various Information Security peer groups and serves on the Mississippi Bankers Associations- Information Security Committee. The Company’ s Cybersecurity Manager oversees the day- to- day cybersecurity operations. The CISO and Cybersecurity Manager support the information security risk oversight responsibilities of the Board and its committees. The CISO reports to our Chief Information Officer, who in turn reports to our Chief Executive Officer and President. The Cybersecurity Manager reports to the Information Technology Director, who in turn reports to the Chief Information Officer. Our Cybersecurity Manager has experience spanning multiple OCC and FDIC regulated financial institutions across the nation. He holds various cybersecurity related certifications and is currently registered with the International Information Systems Security Certification Consortium as a Certified Information Systems Security Professional (CISSP) member in good standing. Role of the Enterprise Risk Manager Our Enterprise Risk Manager is responsible for oversight of the Company’ s information technology governance and risk program. In this role, the Enterprise Risk Manager provides independent oversight of information technology risk, promotes effective challenge to the Company’ s information technology systems, and ensures that high level risks receive appropriate attention. The Enterprise Risk Manager is a member of the Company’ s Risk Management Group and reports to the Chief Risk Officer, who in turn reports to the Board Risk Committee. Role of the IT Risk Governance Subcommittee Governance of the information security program begins with the IT Risk Governance Subcommittee, a management level subcommittee, whose objective is to protect the integrity, security, safety and resiliency of corporate information systems and assets. Together, our CISO leads the Company’ s IT Risk Governance Committee. The IT Risk Governance Committee meets regularly to review the development of the program and develop recommendations and provides regular reports to management, and, ultimately, the Board Risk Committee through the CISO. Role of Enterprise Risk Management Enterprise Risk Management (ERM) is a holistic process to identify, assess / measure, mitigate / control, and aggregate / escalate / report organizational risks, both internal and external, in order to make decisions aimed at maximizing shareholder value and achieving strategic goals. The overarching ERM program shapes information security strategy and development. ERM works with information security management to facilitate performance of Risk Assessments, the results of which are used to identify opportunities to strengthen the program. ITEM 2. PROPERTIES Our Company’ s main office, which is the holding company headquarters, is located at 6480 U. S. Highway 98 West in Hattiesburg, Mississippi. As of year- end, we had ~~87~~ **110** full service banking and financial service offices, one motor bank facility and ~~two~~ **five** loan production offices across Mississippi, Alabama, Florida, Georgia and Louisiana. Management ensures that all properties, whether owned or leased, are maintained in suitable condition. The following table sets forth banking office locations that are leased by the Company. **AlabamaGeorgia** • **Theodore-** Bayley’ s Corner • ~~Pascagoula~~ **Eagles Landing** • Dauphin Island • **Jonesboro** ~~Pensacola- Downtown~~ • **FairhopeMississippi** ~~Fairhope • Pensacola- Garden Street • Hardy Court~~ • Spanish Fort • ~~Killern~~ **Columbus- Loan Production OfficeFlorida** • ~~Starkville University~~ **Gulfport- Hardy Court** • ~~Mary Esther~~ **Pensacola- Garden Street • Pascagoula • St. Petersburg- Loan Production Office • Petal** • Tallahassee – Apalachee Parkway • ~~Niceville~~ **Tallahassee** – **Thomasville Road** ~~750 John Sims Parkway East~~ • Tampa- **Westshore** ~~Loan Production Office • Ocean Springs • Petal • Panama City Beach~~ ITEM 3. LEGAL PROCEEDINGS From time to time the Company and / or The First may be named as defendants in various lawsuits arising out of the normal course of business. At present **, with the exception of the matter described below** , the Company is not aware of any legal proceedings that it anticipates may materially adversely affect its business. **Nancy Hall, et al. v. The First Bancshares, Inc., Case No. 2: 23- cv- 192, United States District Court, Southern**

District of Mississippi. On December 7, 2023, Nancy Hall, individually and on behalf of all others similarly situated (" Plaintiff"), sued The First Bancshares, Inc., as successor in interest to Heritage Southeast Bank, in a putative class action complaint in federal district court for the Southern District of Mississippi. Plaintiff asserts claims based on the alleged improper assessment and collection of overdraft fees. Specifically, Plaintiff' s claims relate to overdraft fees resulting from alleged" authorized positive, settle negative" or APSN debit card transactions. The complaint asserts causes of action of breach of contract, including the covenant of good faith and fair dealing, and unjust enrichment. The complaint also asserts a claim for alleged violations of Regulation E of the Electronic Funds Transfer Act. The complaint seeks an unspecified amount of damages, restitution, costs, attorney' s fees, and interest, as well as injunctive relief. On February 1, 2024, the Company filed its Answer and Affirmative Defenses, and the proceedings remain ongoing. At this stage of the proceedings, it is not feasible to predict the outcome or a range of loss, should a loss occur, from this proceeding. Accordingly, no accrual has been made and no estimated range of potential loss can be determined at this time. ITEM 4. MINE SAFETY DISCLOSURES Not applicable. PART II ITEM 5. MARKET FOR REGISTRANT' S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES Market Information Shares of our common stock are traded on the Nasdaq global market under the symbol " FBMS. " There were approximately 4, 240 618 record holders of the Company' s common stock at February 22 21 , 2023 2024 and 31, 063 227 , 780 881 shares outstanding. Subject to the approval of the Board of Directors and applicable regulatory requirements, the Company expects to continue its policy of paying regular cash dividends on a quarterly basis. A discussion of certain limitations on the ability of The Firsts to pay dividends to the Company and the ability of the Company to pay dividends on its common stock is set forth in Part 1 – Item 1. Business – Supervision and Regulation of this report. Issuer Purchases of Equity Securities The following table sets forth shares of our common stock we repurchased during the quarter ended December 31, 2022 2023 . PeriodTotalNumber ofSharesPurchasedAveragePrice PaidPer ShareTotal Number ofShares Purchased asPart of PubliclyAnnounced Plans orProgramsMaximum Number ofShares that May YetBe Purchased Underthe Plans or ProgramsOctober225 $ 30. 00 Programs (in thousands) (a) October — $ 30, 000, 000November39633. 05 — 30, 000, 000December1, 23730. 79 — 30 $ 50 , 000 000November — — — 50 , 000December85626. 91 — 50, 000Total1 000Total856 , 858 (a b) $ 31 26 . 28 91 — (a) On February 28, 2023, the Company announced that its Board of Directors authorized a new share repurchase program (the" 2023 Repurchase Program"), pursuant to which the Company may purchase up to an aggregate of $ 50. 0 million in shares of the Company' s issued and outstanding common stock. The 1 2023 Repurchase Program expired on December 31 , 858 2023. (b) The 856 shares purchased in the 4th fourth quarter were withheld by the Company in order to satisfy employee tax obligations for vesting of restricted stock awards. Stock Performance Graph The following performance graph and related information are neither " soliciting material " nor " filed' with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent the Company specifically incorporates it by reference to such filing. The performance graph compares the cumulative five- year shareholder return on the Company' s common stock, assuming an investment of $ 100 on December 31, 2017 2018 and the reinvestment of dividends thereafter, to that of the common stocks of United States companies reported in the Nasdaq Composite- Total Returns Index and the common stocks of the Nasdaq OMX Banks Index. The Nasdaq OMX Banks Index contains securities of Nasdaq- listed companies classified according to the Industry Classification Benchmark as banks. They include banks providing a broad range of financial services, including retail banking, loans and money transmissions. LegendSymbolTotal Returns Index For: 201720182019202020212022First ---- 201820192020202120222023First Bancshares, Inc. 100. 0088 00118 . 96105 55104 . 4693 82133 . 24118 07112 . 37100 80106 . 35NASDAQ 66NASDAQ Composite- Total Returns100. 0097 00136 . 16132 69198 . 81192 10242 . 47235 03163 . 15158 28236 . 65NASDAQ 17NASDAQ OMX Banks Index100. 0083 00124 . 83104. 2696. 44137. 82115 - 38115 . 38Notes 04164. 41137. 65132. 91Notes : A. The lines represent monthly index levels derived from compounded daily returns that include all dividends. B. The indexes are reweighted daily, using the market capitalization on the previous trading day. C. If the monthly interval, based on the fiscal year- end, is not a trading day, the preceding trading day is used. D. The index level for all series was set to $ 100. 00 on 12 / 31 / 2017 2018 . ITEM 6. RESERVED ITEM 7. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS The following provides a narrative discussion and analysis of The First Bancshares' financial condition as of December 31, 2023 and 2022 and results of operations for the years ended December 31, 2023, 2022, and 2021 , and 2020 . This discussion should be read in conjunction with the consolidated financial statements and the supplemental financial data included in Part II. Item 8. Financial Statements and Supplementary Data included elsewhere in this report. Critical Accounting Policies Management' s Discussion and Analysis of Financial Condition and Results of Operations is based on our consolidated financial statements, which have been prepared in accordance with U. S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses. While we base estimates on historical experience, current information and other factors deemed to be relevant, actual results could differ from those estimates. Accounting policies considered critical to our financial results include the allowance for credit losses and related provision, business combinations and goodwill. The most critical of these is the accounting policy related to the allowance for credit losses. The allowance is based in large measure upon management' s evaluation of borrowers' abilities to make loan payments, local and national economic conditions, and other subjective factors. If any of these factors were to deteriorate, management would update its estimates and judgments which may require additional loss provisions. Effective January 1, 2021, the Company adopted ASU 2016- 13, Financial Instruments – Measurement of Current Expected Credit Losses on Financial Instruments (" CECL "), which modified the accounting for the allowance for loan losses from an incurred loss model to an expected loss model, as discussed more fully under Part II – Item 8. Financial Statements and Supplementary Data – Note B – Summary of Significant Accounting Policies of this report. Assets acquired and

liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining the fair value of identifiable assets, particularly intangibles, and liabilities acquired also require management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Business combinations are discussed more fully under Part II- Item 8. Financial Statements and Supplementary Data- Note B- Summary of Significant Accounting Policies and Note C Business Combinations of this report. Goodwill is assessed for impairment both annually and when events or circumstances occur that make it more likely than not that impairment has occurred. As part of its testing, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines the fair value of a reporting unit is less than its carrying amount using these qualitative factors, the Company compares the fair value of goodwill with its carrying amount, and then measures impaired loss by comparing the implied fair value of goodwill with the carrying amount of that goodwill. Other intangibles are also assessed for impairment, both annually and when events or circumstances occur, that make it more likely than not that impairment has occurred. Goodwill is discussed more fully under Part II- Item 8. Financial Statements and Supplementary Data- Note B- Summary of Significant Accounting Policies of this report. Overview The Company was incorporated on June 23, 1995, and serves as a bank holding company for The First, formerly known as The First, A National Banking Association, located in Hattiesburg, Mississippi. The First began operations on August 5, 1996, from its main office in the Oak Grove community, which is now incorporated within the city of Hattiesburg. Currently, the First has ~~90~~ **116** locations in Mississippi, Alabama, Florida, Georgia and Louisiana. The Company and The First 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 Company' s primary source of revenue is interest income and fees, which it earns by lending and investing the funds which are held on deposit. Because loans generally earn higher rates of interest than investments, the Company seeks to employ as much of its deposit funds as possible in the form of loans to individuals, businesses, and other organizations. To ensure sufficient liquidity, the Company also maintains a portion of its deposits in cash, government securities, deposits with other financial institutions, and overnight loans of excess reserves (known as " Federal Funds Sold ") to correspondent banks. The revenue which the Company earns (prior to deducting its overhead expenses) is essentially a function of the amount of the Company' s loans and deposits, as well as the profit margin (" interest spread ") and fee income which can be generated on these amounts. Highlights for the year ~~ended December 31, 2022 include~~ : • ~~Effective January 1, 2023, the Company closed its acquisition of HSBI, parent company of Heritage Bank based in Jonesboro, Georgia. Heritage Bank will increase the Company' s presence in Southern Georgia as well as provide entry into the fast growing markets of Atlanta and Savannah, Georgia and Jacksonville, Florida. Heritage Bank will add approximately $ 1. 6 million of assets and twenty-four locations. Systems conversion is scheduled for the end of the first quarter of 2023. • During the fourth quarter, the Company completed the systems conversion related to the acquisition of BBI. •~~ In **the** year- over- year comparison, net income available to common shareholders ~~decreased~~ **increased** $ ~~1~~ **12** . ~~2~~ **5** million, or ~~1~~ **19** . 9 %, from $ ~~64~~ **62** . ~~2~~ **9** million for the year ended December 31, ~~2021~~ **2022** to $ ~~62~~ **75. 5 million for the same period ended December 31, 2023. • Excluding the loans acquired from the Heritage Bank acquisition of $ 1. 159 billion, total loans increased $ 236** . 9 million for the year ended December 31, ~~2022~~ **2023 , representing net growth of 6** . ~~Over~~ **3 %, as compared to** the same period **ended December 31** , **2022. • Past due** ~~Paycheck Protection Program (" PPP") loan~~ **loans** ~~fees~~ **of $ 11. 7 million to total loans was 0. 23 % for the year ended December 31, 2023, compared to $ 6. 1 million, or 0. 16 % for the same period ended December 31, 2022. • Cost of deposits averaged 109 basis points for the year ended December 31, 2023, compared to 26 basis points for the same period ended December 31, 2022. At December 31, 2023, the Company had approximately $ 7. 999 billion in total assets, an increase of $ 1. 538 billion compared to $ 6. 462 billion at December 31, 2022. Loans, including mortgage loans held for sale and net of the allowance for credit losses,** ~~decreased~~ **increased to** $ ~~9~~ **5.119** billion at December 31, ~~2021~~ **2023 from** ~~.Loans,including mortgage loans held for sale and net of the allowance for credit losses,increased to~~ $ 3.740 billion at December 31,2022 ~~from~~ **.Deposits increased to** $ ~~2~~ **6** . ~~936~~ **463** billion at December 31, ~~2021~~ **2023 from** ~~.Deposits increased to~~ $ 5.494 billion at December 31,2022 ~~from~~ **.Stockholders' equity increased to** $ ~~5~~ **949** . ~~227~~ **0** ~~billion~~ **million** at December 31, ~~2021~~ **2023 from** ~~.Stockholders' equity decreased to~~ $ 646.7 million at December 31,2022 ~~from $ 676.2 million at December 31,2021~~ .The acquisition of ~~BBI~~ **Heritage Bank** during ~~2022~~ **2023** contributed,at acquisition,$ ~~608~~ **1** . ~~5~~ **565** ~~million~~ **billion** ,$ ~~485~~ **1** . ~~2~~ **159** ~~million~~ **billion ,net of purchase accounting adjustments,** and $ ~~490~~ **1** . ~~6~~ **392** ~~million~~ **billion ,net of purchase accounting adjustments,** in assets,loans,and deposits,respectively. **The First (Bank only) reported net income of $ 81** . 8 million **, $ 72** . ~~•~~ **6** ~~.9~~ million and $ ~~60~~ **73** . ~~0~~ **9** million for the years ended December 31, **2023,** 2022, **and** 2021 ~~,and 2020~~ ,respectively.For the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ ,the Company reported consolidated net income available to common stockholders of $ **75.5 million,$** 62.9 million ~~,~~ **and** $ 64.2 ~~million and $ 52.5~~ million,respectively.The following discussion should be read in conjunction with the Company' s consolidated financial statements and the Notes thereto and the other financial data included elsewhere.The following is a summary of the results of operations for The First (Bank only) the years ended December 31, **2023,** 2022, **and** 2021 **.** ~~,and 2020~~ ($ in thousands) ~~:202220212020Interest~~ ---- **202320222021Interest** income **$ 340,897** $ 200,375 $ 176, **735Interest expense83** ~~735 $ 179~~ , **63815** ~~328Interest expense15~~ ,08512, ~~30621~~ **306Net interest income257** , **259185** ~~071Net interest income185~~ ,290164, ~~429158,257Provision~~ **429Provision** for credit ~~losses5~~ **losses14 ,500 5** ,605 (1,104) ~~25,~~ Net interest income after provision for ~~credit~~ **loan** ~~losses~~ **losses242** ~~was $ 172. 2 million for the year ended December 31~~ , ~~2022~~ **759179** , **685165** ~~an increase of $ 14. 0 million as compared to the same period ended December 31~~ , **533Non-** ~~2021, primarily due to~~ interest **income39, 72234, 28837, 362Non- interest expense177, 324122, 373108, 791Income tax expense23, 35219, 03320, 210Net** income ~~earned on a higher volume of loans and securities and increased interest rates. • Non- interest income was~~ $ **81** ~~37. 0 million for the year ended December 31~~ , **805** 2022, a decrease of

$ 512...... Bank only) reported net income of $ 72. 6 million, 567 $ 73. 9 million and $ 60....... income $ 72, 567 $ 73, 894 $ 60, 016 The following reconciles the above table to the amounts reflected in the consolidated financial statements of the Company at December 31, **2023,** 2022, **and** 2021 **.** , and 2020 ($ in thousands) **202320222021Net** : 202220212020Net interest income: Net interest income of The First $ **257, 259 $** 185, 290 $ 164, 429 $ 158, 257 Interest expense **expense7 (, 934** 7, 474) (7, 365 **$ 249**) (5, **325** 573) $ 177, 816 $ 157, 064 $ 152, 684 Net income available to common shareholders: Net income of The First $ **81, 805 $** 72, 567 $ 73, 894 $ 60, 016 Net loss of the Company (**6, 348) (** 9, 648) (9, 727) (7 **$ 75** , **457** 511) $ 62, 919 $ 64, 167 $ 52, 505 Consolidated Net Income The Company reported consolidated net income available to common stockholders of $ 62 **75** . 9 **5** million for the year ended December 31, 2022 **2023** , compared to a consolidated net income of $ 64 **62** . 2 **9** million for the year ended December 31, 2021 **2022** . In the year- over- year comparison, PPP loan fee income decreased $ 9. 8 million. Net interest income **was $ 249. 3 million for the twelve months ended December 31, 2023, an** increased **increase of** $ 14 **71** . 0 **5** million in year- over- year comparison, primarily due to interest income earned on a higher volume of **loans (including loans acquired from Heritage Bank and Beach Bank). Non- interest income was $ 46. 7 million for the year ended December 31, 2023, an increase of $ 9. 7 million as compared to the same period ended December 31, 2022. Service charges on deposit accounts and interchange fee income accounted for $ 11. 7 million of the increase. Non- interest expense was $ 184. 7 million for the year ended December 31, 2023, an increase of $ 54. 2 million as compared to the same period ended December 31, 2022. The increase was partially attributable to $ 2. 7 million in acquisition and charter conversion charges and $ 32. 1 million in increased operating expenses related to the acquisitions of Beach Bank and Heritage Bank as well as $ 5. 2 million in expenses associated with the U. S. Treasury awards and increases in FDIC premiums of $ 1. 7 million and a $ 4. 9 million increase in core deposit amortization for the year ended December 31, 2023. The Company reported consolidated net income available to common stockholders of $ 62. 9 million for the year ended December 31, 2022, compared to a consolidated net income of $ 64. 2 million for the year ended December 31, 2021. In the year- over- year comparison, Paycheck Protection Program (" PPP") loans fee income decreased $ 9. 8 million. Net interest income increased $ 14. 0 million for the year ended December 31, 2022 compared to the same time period in 2021, primarily due to interest income earned on a higher volume of** securities and loans and increased interest rates. Non- interest income decreased $ 512 thousand in **for the** year - over- year comparison **ended December 31, 2022 compared to the same time period in 2021** . Increased service charges on deposit accounts and interchange fee income of $ 2. 5 million was offset by a decrease in mortgage income of $ 4. 5 million. Non- interest expense was $ 130. 5 million for the year ended December 31, 2022, an increase of $ 15. 9 million as compared to the same period ended December 31, 2021. An increase of $ 4. 8 million in acquisition and charter conversion charges and $ 3. 3 million related to the ongoing operations of the Cadence Bank branches and $ 5. 1 million related to the Beach Bank branch operations accounted for the increase in non- interest expense. **See Note C – Business Combinations in the accompanying notes to the consolidated financial statements included elsewhere in this report for more information on how the Company accounts for business combinations. Consolidated Net Interest Income** The Company reported consolidated **largest component of** net income available **for the Company is net interest income, which is the difference between the income earned on assets and interest paid on deposits and borrowings used** to **support such assets** common stockholders of $ 64. 2 **Net interest income is determined by the rates earned on the Company' s interest- earning assets and the rates paid on its interest- bearing liabilities, the relative amounts of interest- earning assets and interest- bearing liabilities, and the degree of mismatch and the maturity and repricing characteristics of its interest- earning assets and interest- bearing liabilities. Consolidated net interest income was approximately $ 249. 3** million for the year ended December 31, 2021 **2023** , **as** compared to a consolidated net income of $ 52 **177** . 5 **8** million for the year ended December 31, 2020 **2022** . The change in provision for credit loss expenses in year- over- year comparison accounted for $ 19. 6 million, net of tax of the change. The Company recorded a bargain purchase gain and loss on sale of land of $ 674 thousand, net of tax for the year end December 31, 2021 compared to a bargain purchase and sale of land gains of $ 8. 3 million, net of tax for the year ended December 31, 2020. Net interest income increased $ 4. 4 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to interest income earned on a higher volume of securities and a reduction in interest expense due to changes in rates. Non- interest income increased $ 2. 3 million in year- over- year comparison excluding the gains mentioned above. Interchange fee income increased $ 2. 1 million and the U. S. Treasury Rapid Response Program (" RRP ") grant of $ 1. 4 million, net of tax accounted for the increase in year- over- year comparison. Non- interest expense was $ 114. 6 million for the year ended December 31, 2021, an increase of $ 8. 2 million as compared to the same period ended December 31, 2020. An increase of $ 4. 6 million in salaries and employee benefits and an increase of $ 1. 7 million in occupancy expense contributed to the increase. See Note C – Business Combinations in the accompanying notes to the consolidated financial statements included elsewhere in this report for more information on how the Company accounts for business combinations. Consolidated Net Interest Income The largest component of net income for the Company is net interest income, which is the difference between the income earned on assets and interest paid on deposits and borrowings used to support such assets. Net interest income is determined by the rates earned on the Company' s interest- earning assets and the rates paid on its interest- bearing liabilities, the relative amounts of interest- earning assets and interest- bearing liabilities, and the degree of mismatch and the maturity and repricing characteristics of its interest- earning assets and interest- bearing liabilities. Consolidated net interest income was approximately $ 177. 8 million for the year ended December 31, 2022, as compared to $ 157. 1 million for the year ended December 31, 2021. This increase was the direct result of higher volume of securities and loans **(including loans acquired from Heritage Bank** and **Beach Bank)** increased interest rates during 2022 as compared to 2021. Average interest- bearing liabilities for the year 2022 **2023** were **$ 4. 935 billion compared to** $ 3. 944 billion compared to $ 3. 435 billion for the year 2021 **2022** . Net interest margin, which is net interest income divided by average earning assets, was 3. **59 % for the year 2023 compared to 3.** 19 % for the year 2022 compared to 3. 21 % for the year 2021. Rates paid on average interest- bearing

liabilities increased to **1. 86 % for the year 2023 compared to** 0. 57 % for the year 2022 ~~compared to 0. 43 % for the year 2021~~ . Interest earned on assets and interest accrued on liabilities is significantly influenced by market factors, specifically interest rates as set by federal agencies. Average loans comprised ~~58~~ **71** . ~~0~~ **4** % of average earnings assets for the year ~~2022~~ **2023** compared to ~~60~~ **58** . ~~8~~ **0** % for the year ~~2021~~ **2022** . Consolidated net interest income was approximately $ ~~157~~ **177** . ~~1~~ **8** million for the year ended December 31, ~~2021~~ **2022** , as compared to $ ~~152~~ **157** . ~~7~~ **1** million for the year ended December 31, ~~2020~~ **2021** . This increase was the direct result of higher volume of securities and ~~a reduction in~~ **loans and increased** interest ~~expense due to changes in~~ rates during ~~2021~~ **2022** as compared to ~~2020~~ **2021** . Average interest- bearing liabilities for the year ~~2021~~ **2022** were $ ~~4~~ **3** . ~~548~~ **944** billion compared to $ 3. ~~902~~ **435** billion for the year ~~2020~~ **2021** . Net interest margin, which is net interest income divided by average earning assets, was 3. **19 % for the year 2022 compared to 3.** 21 % for the year 2021 ~~compared to 3. 64 % for the year 2020~~ . Rates paid on average interest- bearing liabilities **was** ~~decreased to~~ 0. 57 % for the year **2022 and remained unchanged for the year ended** 2021 ~~compared to 0. 86 % for the year 2020~~ . Interest earned on assets and interest accrued on liabilities is significantly influenced by market factors, specifically interest rates as set by federal agencies. Average loans comprised ~~60~~ **58** . ~~8~~ **0** % of average earnings assets for the year ~~2021~~ **2022** compared to ~~71~~ **60** . ~~0~~ **8** % for the year ~~2020~~ **2021** . Average Balances, Income and Expenses, and Rates. The following tables depict, for the periods indicated, certain information related to the average balance sheet and average yields on assets and average costs of liabilities. Such yields are derived by dividing income or expense by the average balance of the corresponding assets or liabilities. Average balances have been derived from daily averages. Years Ended December 31, ~~202220212020~~ **202320222021** ($ in thousands) AverageBalanceIncome / ExpensesYield / RateAverageBalanceIncome / ExpensesYield / RateAverageBalanceIncome / ExpensesYield / Rate AssetsEarning AssetsLoans (1) (2) $ **5, 036, 021 $ 294, 541 5. 85 % $** 3, 302, 265 $ 157, 761 4. 78 % $ 3, 019, 605 $ 151, 203 5. 01 % ~~$ 3~~ **Securities (4) 1** , ~~020~~ **918** , **575 47** ~~280 $ 157~~ , ~~564 5~~ **913 2** . ~~22~~ **50** % ~~Securities (4)~~ 2, 023, 214 46, 305 2. 29 % 1, 305, 262 28, 035 2. 15 ~~% 917, 858 23, 747 2. 59~~ % Federal funds sold and interest bearing deposits with other banks (3) **97, 183 2, 453 2. 52 %** 366, 465 50 0. 01 % 642, 042 121 0. 02 % ~~317, 848 378 0. 12 %~~ Total earning ~~assets5~~ **assets7 , 051, 779 344, 907 4. 89 % 5** , 691, 944 204, 116 3. 59 % 4, 966, 909 179, 359 3. 61 % ~~4, 255, 986 181, 689 4. 27 % Other584~~ **Other866 , 869 584** , 164 526, 877 ~~523, 412~~ Total assets $ **7, 918, 648 $** 6, 276, 108 $ 5, 493, 786 ~~$ 4, 779, 398~~ LiabilitiesInterest- bearing liabilities $ **4, 934, 875 $ 91, 608 1. 86 % $** 3, 943, 531 $ 22, 577 0. 57 % $ 3, 434, 964 $ 19, 681 0. 57 % ~~$ 3, 090, 353 $ 26, 664 0. 86 %~~ Demand ~~deposits~~ **deposits2** ~~(1)~~ **, 012, 129** 1, 660, 696 1, 366, 529 ~~1, 047, 353~~ Other ~~liabilities45~~ **liabilities77 , 252 45** , 065 34, 827 ~~34, 582~~ Stockholders' ~~equity626~~ **equity894, 392 626** , 816 657, 466 ~~607, 110~~ Total liabilities and stockholders' equity $ **7, 918, 648 $** 6, 276, 108 $ 5, 493, 786 ~~$ 4, 779, 398~~ Net interest spread3. **03 % 3.** 02 % 3. 04 ~~% 3. 41~~ % Net yield on interest- earning assets $ **253, 299 3. 59 % $** 181, 539 3. 19 % $ 159, 678 3. 21 % ~~$ 155, 025 3. 64 %~~ (1) ~~All loans and deposits were made to borrowers or received from depositors in the United States.~~ Includes nonaccrual loans of $ **10, 690, $** 12, 591, **and** $ 28, 013 ~~, and $ 33, 744~~ for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. Loans include held for sale loans. (2) Includes loan fees of $ 7, **665, $ 7,** 453, **and** $ 17, 138 ~~, and $ 9, 899~~ for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. (3) Includes Excess Balance Account- ~~Mississippi~~ **First** National Banker' s Bank. (4) Fully tax equivalent yield assuming a 25. 3 % tax rate. Analysis of Changes in Net Interest Income. The following table presents the consolidated dollar amount of changes in interest income and interest expense attributable to changes in volume and to changes in rate. The combined effect in both volume and rate which cannot be separately identified has been allocated proportionately to the change due to volume and due to rate. Analysis of Changes in Consolidated Net Interest Income Year Ended December 31, **2023 versus** 2022 ~~versus 2021~~ Increase (decrease) due toYear Ended December 31, **2022 versus** 2021 ~~versus 2020~~ Increase (decrease) due to ($ in thousands) VolumeRateNetVolumeRateNetEarning AssetsLoans $ **82, 887 $ 53, 893 $ 136, 780 $** 14, 176 $ (7, 595) $ 6, 581 ~~$ (35) $ (6, 246) $ (6, 281)~~ Securities (1) **(2, 405) 4, 013 1, 608** 15, 436 2, 832 18, 268 ~~9, 949 (5, 749) 4, 200~~ Federal funds sold and interest bearing deposits with other banks (**28) 2, 431 2, 403 (** 55) (37) (92 ~~) 386 (635) (249~~) Total interest ~~income29~~ **income80 , 454 60, 337 140, 791 29** , 557 (4, 800) 24, 757 ~~10, 300 (12, 630) (2, 330)~~ Interest- Bearing LiabilitiesInterest- bearing transaction ~~accounts1~~ **accounts903 19, 659 20, 562 1** , 278 (745) 533 ~~2, 100 (3, 746) (1, 646)~~ Money market accounts and ~~savings226~~ **savings491 16, 071 16, 562 226** 819 1, 045 **Time deposits2** ~~950 (2~~ , ~~757)~~ **078 18, 160 20, 238 294** (**52) 242 Borrowed funds10, 642** 1, **027 11** ~~807) Time deposits294 (52) 242 (1~~ , **669 241** ~~267) (2, 836) (4, 103) Borrowed funds241~~ 835 1, 076 ~~1, 251 (678) 573~~ Total interest ~~expense2~~ **expense14 , 114 54, 917 69, 031 2** , 039 857 2, 896 ~~3, 034 (10, 017) (6, 983)~~ Net interest income $ **66, 340 $ 5, 420 $ 71, 760 $** 27, 518 $ (5, 657) $ 21, 861 ~~$ 7, 266 $ (2, 613) $ 4, 653~~ (1) Fully tax equivalent yield assuming a 25. 3 % tax rate. Interest Sensitivity. The Company monitors and manages the pricing and maturity of its assets and liabilities in order to diminish the potential adverse impact that changes in interest rates could have on its net interest income. A monitoring technique employed by the Company is the measurement of the Company' s interest sensitivity" gap," which is the positive or negative dollar difference between assets and liabilities that are subject to interest rate repricing within a given period of time. The Company also performs asset / liability modeling to assess the impact varying interest rates and balance sheet mix assumptions will have on net interest income. Interest rate sensitivity can be managed by repricing assets or liabilities, selling securities available- for- sale, replacing an asset or liability at maturity, or adjusting the interest rate during the life of an asset or liability. Managing the amount of assets and liabilities repricing in the same time interval helps to hedge the risk and minimize the impact on net interest income of rising or falling interest rates. The Company evaluates interest sensitivity risk and then formulates guidelines regarding asset generation and repricing, funding sources and pricing, and off- balance sheet commitments in order to decrease interest rate sensitivity risk. In the third quarter of 2022, the Company ceased the Deposit Reclassification program it implemented at the beginning of 2020. The program reclassified non- interest bearing and NOW deposit balances to money market accounts. The following tables illustrate the Company' s consolidated interest rate sensitivity and consolidated cumulative gap position by maturity at December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ . Deposits at December 31, 2021 ~~and 2020~~ are shown without reclassification for consistency with the current period presentation ~~(~~ **.** $ in ~~thousands)~~

thousandsDecember 31, 2023WithinThreeMonthsAfter Three ThroughTwelveMonthsWithinOneYearGreater ThanOne Year orNonsensitiveTotalAssetsEarning assets : **Loans $ 262, 916 $ 406, 261 $ 669, 177 $ 4, 503, 779 $ 5, 172, 956 Securities (2) 51, 73535, 67987, 4141, 609, 4901, 696, 904 Funds sold and other — 130, 948130, 948 — 130, 948 Total earning assets $ 314, 651 $ 572, 888 $ 887, 539 $ 6, 113, 269 $ 7, 000, 808 LiabilitiesInterest- bearing liabilities: Interest- bearing deposits: NOW accounts (1) $ — $ 1, 914, 792 $ 1, 914, 792 $ — $ 1, 914, 792 Money market accounts1, 090, 484 — 1, 090, 484 — 1, 090, 484 Savings deposits (1) — 532, 827532, 827 — 532, 827 Time deposits361, 342618, 134979, 47696, 2801, 075, 756 Total interest- bearing deposits1, 451, 8263, 065, 7534, 517, 57996, 280 $ 4, 613, 859 Borrowed funds (3) 250, 000140, 000390, 000 — 390, 000 Total interest- bearing liabilities1, 701, 8263, 205, 7534, 907, 57996, 2805, 003, 859 Interest- sensitivity gap per period $ (1, 387, 175) $ (2, 492, 865) $ (4, 020, 040) $ 6, 016, 989 $ 1, 996, 949 Cumulative gap at** December **31, 2023 $ (1, 387, 175) $ (3, 880, 040) $ (4, 020, 040) $ 1, 996, 949 $ 1, 996, 949 Ratio of cumulative gap to total earning assets at December 31, 2023 (19. 8) % (55. 4) % (57. 4) % 28. 5 % $ in thousandsDecember** 31, 2022WithinThreeMonthsAfter Three ThroughTwelveMonthsWithinOneYearGreater ThanOne Year orNonsensitiveTotalAssetsEarning ~~Assets~~ **assets** : Loans $ 180, 128 $ 247, 781 $ 427, 909 $ 3, 350, 693 $ 3, 778, 602 Securities (2) 13, 56558, 43171, 9961, 876, 5891, 948, 585 Funds sold and other — 78, 13978, 139 — 78, 139 Total earning assets $ 193, 693 $ 384, 351 $ 578, 044 $ 5, 227, 282 $ 5, 805, 326 LiabilitiesInterest- bearing liabilities: Interest- bearing deposits: NOW accounts (1) $ — $ 1, 769, 699 $ 1, 769, 699 $ — $ 1, 769, 699 Money market accounts825, 813 — 825, 813 — 825, 813 Savings deposits (1) — 542, 296542, 296 — 542, 296 Time deposits118, 108440, 087558, 195168, 200726, 395 Total interest- bearing deposits943, 9212, 752, 0823, 696, 003168, 200 $ 3, 864, 203 Borrowed funds (3) 130, 100 — 130, 100 — 130, 100 Total interest- bearing liabilities1, 074, 0212, 752, 0823, 826, 103168, 2003, 994, 303 Interest- sensitivity gap per period $ (880, 328) $ (2, 367, 731) $ (3, 248, 059) $ 5, 059, 082 $ 1, 811, 023 Cumulative gap at December 31, 2022 $ (880, 328) $ (3, 248, 059) $ (3, 248, 059) $ 1, 811, 023 $ 1, 811, 023 Ratio of cumulative gap to total earning assets at December 31, 2022 (15. 2) % (55. 9) % (55. 9) % 31. 2 % ~~December~~ **$ in thousandDecember** 31, 2021WithinThreeMonthsAfter Three ThroughTwelveMonthsWithinOneYearGreater ThanOne Year orNonsensitiveTotalAssetsEarning ~~Assets~~ **assets** : Loans $ 147, 728 $ 256, 450 $ 404, 178 $ 2, 563, 053 $ 2, 967, 231 Securities (2) 8, 95951, 45760, 4161, 713, 6421, 774, 058 Funds sold and other — 804, 481804, 481 — 804, 481 Total earning assets $ 156, 687 $ 1, 112, 388 $ 1, 269, 075 $ 4, 276, 695 $ 5, 545, 770 LiabilitiesInterest- bearing liabilities: Interest- bearing deposits: NOW accounts (1) $ — $ 1, 771, 510 $ 1, 771, 510 $ — $ 1, 771, 510 Money market accounts817, 476 — 817, 476 — 817, 476 Savings deposits (1) — 502, 808502, 808 — 502, 808 Time deposits132, 025312, 958444, 983139, 626584, 609 Total interest- bearing deposits949, 5012, 587, 2763, 536, 777139, ~~626~~ **6263** ~~$ 3~~ , 676, 403 Total interest- bearing liabilities949, 5012, 587, 2763, 536, 777139, 6263, 676, 403 Interest- sensitivity gap per period $ (792, 814) $ (1, 474, 888) $ (2, 267, 702) $ 4, 137, 069 $ 1, 869, 367 Cumulative gap at December 31, 2021 $ (792, 814) $ (2, 267, 702) $ (2, 267, 702) $ 1, 869, 367 $ 1, 869, 367 Ratio of cumulative gap to total earning assets at December 31, 2021 (14. 3) % (40. 9) % (40. 9) % 33. 7 ~~% December 31, 2020WithinThreeMonthsAfter Three ThroughTwelveMonthsWithinOneYearGreater ThanOne Year orNonsensitiveTotalAssetsEarning Assets: Loans $ 220, 572 $ 222, 176 $ 442, 748 $ 2, 702, 362 $ 3, 145, 110 Securities (2) 9, 21124, 01233, 2231, 016, 4341, 049, 657 Funds sold and other — 424, 870424, 870 — 424, 870 Total earning assets $ 229, 783 $ 671, 058 $ 900, 841 $ 3, 718, 796 $ 4, 619, 637 LiabilitiesInterest- bearing liabilities: Interest- bearing deposits: NOW accounts (1) $ — $ 1, 347, 778 $ 1, 347, 778 $ — $ 1, 347, 778 Money market accounts705, 357 — 705, 357 — 705, 357 Savings deposits (1) — 395, 116395, 116 — 395, 116 Time deposits116, 796303, 571420, 367160, 682581, 049 Total interest- bearing deposits822, 1532, 046, 4652, 868, 618160, 6823, 029, 300 Borrowed funds (3) 110, 182554110, 7363, 911114, 647 Total interest- bearing liabilities932, 3352, 047, 0192, 979, 354164, 5933, 143, 947 Interest- sensitivity gap per period $ (702, 552) $ (1, 375, 961) $ (2, 078, 513) $ 3, 554, 203 $ 1, 475, 690 Cumulative gap at December 31, 2020 $ (702, 552) $ (2, 078, 513) $ (2, 078, 513) $ 1, 475, 690 $ 1, 475, 690 Ratio of cumulative gap to total earning assets at December 31, 2020 (15. 2) % (45. 0) % (45. 0) % 31. 9~~ % (1) NOW and savings accounts are subject to immediate withdrawal and repricing. These deposits do not tend to immediately react to changes in interest rates and the Company believes these deposits are fairly stable. Therefore, these deposits are included in the repricing period that management believes most closely matches the periods in which they are likely to reprice rather than the period in which the funds can be withdrawn contractually. (2) Securities include mortgage backed and other installment paying obligations based upon stated maturity dates. (3) Does not include subordinated debentures of $ **123, 386, $** 145, 027, $ 144, 592 ~~, $ 80, 678~~ for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. The Company generally would benefit from increasing market rates of interest when it has an asset- sensitive gap and generally from decreasing market rates of interest when it is liability sensitive. The Company currently is ~~liability~~ **asset** sensitive within the one- year time frame based on effective GAP which uses behavioral assumptions that model the rate sensitivity of non- maturity deposits by looking at the deposits' behavior rather than their contractual ability to reprice. The cash flows used in the analysis are the projected dollars of assets and liabilities that " reprice " (including maturities, repricing, likely calls, prepayments, etc.). However, the Company' s gap analysis is not a precise indicator of its interest sensitivity position. The analysis presents only a static view of the timing of maturities and repricing opportunities, without taking into consideration that changes in interest rates do not affect all assets and liabilities equally. For example, rates paid on a substantial portion of core deposits may change contractually within a relatively short time frame, but those rates are viewed by management as significantly less interest- sensitive than market- based rates such as those paid on non- core deposits. Accordingly, management believes ~~a liability~~ **an asset** sensitive- position within one year would not be as indicative of the Company' s true interest sensitivity as it would be for an organization which depends to a greater extent on purchased funds to support earning assets. Net interest income is also affected by other significant factors, including changes in the volume and mix of earning assets and interest- bearing liabilities. The following tables depict, for the periods indicated, certain information related to interest rate sensitivity in net interest income and market value of equity: December 31, ~~2022Net~~ **2023Net** Interest Income at RiskMarket Value of EquityChange in InterestRates % Change from

BaseBank Policy Limit % Change from BaseBank Policy LimitUp 400 bps (**19. 0) % (20. 0) % (12. 4) % (40. 0) % Up 300 bps (9. 1) % (15. 0) % (6. 7) % (30. 0) % Up 200 bps (2. 3) % (10. 0) % (2. 0) % (20. 0) % Up 100 bps0. 7 % (5. 0) % 0. 6 % (10. 0) % Down 100 bps0. 5 % (5. 0) % (2. 4) % (10. 0) % Down 200 bps2. 3 % (10. 0) % (5. 0) % (20. 0) % December 31, 2022Net Interest Income at RiskMarket Value of EquityChange in InterestRates % Change from BaseBank Policy Limit % Change from BaseBank Policy LimitUp 400 bps (** 11. 3) % (20. 0) % (16. 6) % (40. 0) % Up 300 bps (6. 4) % (15. 0) % (10. 6) % (30. 0) % Up 200 bps (2. 9) % (10. 0) % (5. 8) % (20. 0) % Up 100 bps (0. 9) % (5. 0) % (2. 2) % (10. 0) % Down 100 bps1. 1 % (5. 0) % 0. 9 % (10. 0) % Down 200 bps (0. 7) % (10. 0) % (2. 2) % (20. 0) % December 31, 2021Net Interest Income at RiskMarket Value of EquityChange in InterestRates % Change from BaseBank Policy Limit % Change from BaseBank Policy LimitUp 400 bps11. 3 % (20. 0) % 20. 0 % (40. 0) % Up 300 bps10. 2 % (15. 0) % 18. 9 % (30. 0) % Up 200 bps8. 1 % (10. 0) % 15. 5 % (20. 0) % Up 100 bps4. 7 % (5. 0) % 9. 4 % (10. 0) % Down 100 bps (3. 3) % (5. 0) % (15. 0) % (10. 0) % Down 200 bps (4. 6) % (10. 0) % (34. 2) % (20. 0) % ~~December 31, 2020Net Interest Income at RiskMarket Value of EquityChange in InterestRates % Change from BaseBank Policy Limit % Change from BaseBank Policy LimitUp 400 bps14. 7 % (20. 0) % 36. 5 % (40. 0) % Up 300 bps12. 4 % (15. 0) % 31. 9 % (30. 0) % Up 200 bps9. 2 % (10. 0) % 24. 6 % (20. 0) % Up 100 bps5. 1 % (5. 0) % 14. 1 % (10. 0) % Down 100 bps (2. 1) % (5. 0) % (19. 7) % (10. 0) % Down 200 bps (3. 0) % (10. 0) % (31. 2) % (20. 0) %~~ Allowance and Provision for Credit Losses ~~On January 1, 2021, the Company adopted the ASC 326. The FASB issued ASC 326 to replace the incurred loss model for loans and other financial assets with an expected loss model and requires consideration of a wider range of reasonable and supportable information to determine credit losses. In accordance with ASC 326, the Company has developed an ACL methodology effective January 1, 2021, which replaces its previous allowance for loan losses methodology.~~ The ACL is a valuation account that is deducted from loans' amortized cost basis to present the net amount expected to be collected on the loans. **It is comprised of a general allowance for loans that are collectively assessed in pools with similar risk characteristics and a specific allowance for individually assessed loans.** Loans are charged- off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged- off and expected to be charged- off **. The allowance is continuously monitored by management to maintain a level adequate to absorb expected credit losses in the loan portfolio** . Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environment conditions, such as changes in unemployment rates, property values, or other relevant factors. Management may selectively apply external market data to subjectively adjust the Company' s own loss history including index or peer data. Management evaluates the adequacy of the ACL quarterly and makes provisions for credit losses based on this evaluation. See Note B – Summary of Significant Accounting Policies in the accompanying notes to the consolidated financial statements included elsewhere in this report for a complete description of the Company' s methodology and the quantitative and qualitative factors included in the calculation. At December 31, ~~2022~~ **2023** , the ACL was $ ~~38~~ **54** . ~~9~~ **0** million, or 1. ~~0~~ **1** % of LHFI, an increase of $ **15. 1 million, or 38.** 8 ~~. 2 million, or 26. 6~~ % when compared to December 31, ~~2021~~ **2022 . The 2023 increase is attributable to loan growth and the acquisition of HSBI in January 2023. The Bank acquired loans totaling $ 1. 159 billion, net of purchase accounting adjustments, and recorded initial ACL on PCD loans of $ 3. 2 million related to the HSBI acquisition. In addition, the 2023 provision for credit losses includes $ 10. 7 million associated with day one post- merger accounting provision recorded for non- PCD loans and unfunded commitments acquired in the HSBI acquisition. At December 31, 2022, the allowance for credit losses was approximately $ 38. 9 million, which was 1. 0 % of LHFI. The Company maintains the allowance at a level that management believes is adequate to absorb expected credit losses in the loan portfolio** . The 2022 provision for credit losses includes $ 3. 9 million associated with a day one post- merger accounting provision recorded for non- PCD loans, unfunded commitments. A $ 1. 3 million initial allowance was recorded on PCD loans acquired in the BBI merger ~~. At December 31, 2021, the allowance for loan losses was approximately $ 30. 7 million, which was 1. 0 % of LHFI. The Company maintains the allowance at a level that management believes is adequate to absorb probable incurred losses inherent in the loan portfolio~~ . Specifically, identifiable and quantifiable losses are immediately charged- off against the allowance; recoveries are generally recorded only when sufficient cash payments are received subsequent to the charge- off. The provision for credit losses is a charge to earnings to maintain the allowance for credit losses at a level consistent with management' s assessment of the collectability of the loan portfolio in light of current economic conditions and market trends. The Company' s provision for credit losses was a $ ~~5~~ **13** . ~~4~~ **8** million for the year ended December 31, ~~2022~~ **2023** and ~~negative~~ $ ~~1.~~ 5 **. 4** million for the year ended December 31, ~~2021~~ **2022** , and **a negative** ~~the provision for loan losses was~~ $ ~~25~~ **1** . ~~2~~ **5** million for the year ended December 31, ~~2020~~ **2021** . A majority of the **2023 and** 2022 increase in the Company' s provision for credit losses is attributed to the **HSBI and** BBI ~~acquisition~~ **acquisitions** detailed ~~above~~ **herein** . The negative provision for 2021 is attributed to the improved macroeconomic outlook and the Company' s ACL calculation under ASC 326. ~~The majority of the $ 25. 2 million provision for loan losses in 2020 was related to our estimates of probable incurred losses associated with COVID- 19 pandemic.~~ At December 31, ~~2022~~ **2023** , management believes the allowance is appropriate and has been derived from consistent application of our methodology. Should any of the factors considered by management in evaluating the appropriateness of the allowance for credit losses change, management' s estimate of ~~inherent~~ **expected credit** losses in the portfolio could also change, which would affect the level of future provisions for credit losses. Allowance for Credit Losses on Off Balance Sheet Credit Exposures ~~On January 1, 2021, the Company adopted ASC 326.~~ The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The ACL on off- balance sheet credit (" OBSC ") exposures is adjusted as a provision for credit loss expense. The estimate

includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. **The** ~~Upon adoption of ASC 326, the~~ Company ~~recorded an~~ **maintains a separate** ACL on **OBSC exposures, including** unfunded commitments **and letters** of ~~$ 718 thousand~~ **credit, which is included on the accompanying consolidated balance sheet** . The Company' s provision for credit losses on OBSC exposures was $ ~~255~~ **750** thousand for the year end December 31, ~~2022~~ **2023** ~~and~~ **,** $ ~~352~~ **255** thousand for the year ended December 31, **2022, and $ 352 thousand for the year ended December 31,** 2021 **. The increase in the ACL on OBSC exposures for the year ended December 31, 2023 compared to the same period in 2022 was due to the day one provision for unfunded commitments related to the HSBI acquisition and an increase in unfunded commitments** . Non- Performing Assets A loan is placed on nonaccrual and the accrual of interest discontinued, when based on all available information and events, it displays characteristics causing management to determine that the collection of all principal, interest, and other related fees due according to the contractual terms of the loan agreement is not probable. Also identified along with these loans in nonaccrual status ~~, are loans determined by management to be labelled as " troubled debt restructure " based on regulatory guidance~~ , as well as loans 90 days or greater past due and still accruing interest. Once these loans are identified, they are evaluated to determine whether the ultimate repayment source will be liquidation of collateral or some future source of cash flow. If the only source of repayment will come from the liquidation of collateral, they are analyzed and documented as to whether any impairment exists. This method considers collateral exposure, as well as all expected expenses related to the disposal of the collateral. If there is any impairment, specific allowances for these loans are then accounted for on a per loan basis. Loans that are identified as criticized or classified based on unsatisfactory repayment performance, or other evidence of deteriorating credit quality, are not reviewed until they meet one of the three criteria described above. Total nonaccrual loans at December 31, ~~2022~~ **2023** , were $ ~~12~~ **10** . ~~6~~ **7** million, a decrease of $ ~~15~~ **1** . ~~4~~ **9** million compared to $ ~~28~~ **12** . ~~0~~ **6** million at December 31, ~~2021~~ **2022** ~~. A majority of the decrease is related to one legacy relationship that was placed back on accrual status~~ . Management believes these relationships were adequately reserved at December 31, ~~2022~~ **2023** ~~. Restructured loans not reported as past due or nonaccrual at December 31, 2022 totaled $ 14. 7 million~~ . See Note E – Loans in the accompanying notes to the consolidated financial statements included elsewhere in this report for a description of ~~restructured~~ **modified** loans. A potential problem loan is one in which management has serious doubts about the borrower' s future performance under the terms of the loan contract and does not meet the standard of a non- performing asset as outlined by regulatory guidance. These loans may or may not be current as to principal and interest repayment, but they still possess some asset quality characteristics that give management a reason to believe that repayment in full under the contractual terms of the agreement are possible. The level of potential problem loans is one factor used in the determination of the adequacy of the allowance for credit losses. At December 31, **2023 and** 2022 ~~and 2021~~ , The First had potential problem loans of $ ~~108~~ **107** . 1 million and $ ~~154~~ **108** . ~~8~~ **1** million, respectively. ~~The decrease of $ 46. 8 million during 2022 was largely attributable to payoffs throughout the year and loans that were downgraded due to the financial impact of the COVID- 19 pandemic being upgraded as their financial position improved.~~ Summary of ~~Loan~~ **Credit** Loss Experience Consolidated Allowance for Credit Losses Years Ended December 31, ($ in thousands) ~~20222021~~ **202320222021** (1) Average LHFI outstanding **$ 5, 036, 021** $ 3, 302, 265 $ 3, 019, 605 Loans outstanding at year end, including LHFS $ **5, 172, 956 $** 3, 778, 630 $ 2, 967, 231 Total nonaccrual loans $ **10, 690 $** 12, 591 $ 28, 013 Beginning balance of allowance **$ 38, 917** $ 30, 742 $ 35, 820 Impact of ASC 326 adoption on non- PCD loans **—** — (718) Impact of ASC 326 adoption on PCD loans — **—** 1, 115 Initial allowance on acquired PCD ~~loans1~~ **loans3 , 176 1** , 303 — Loans charged- off (**3, 092) (** 1, 218) (6, 213) Total ~~recoveries2~~ **recoveries1 , 281 2** , 740 2, 194 Net loans (charged- off) ~~recoveries1~~ - **recoveries (1, 811) 1** , 522 (4, 019) Provision for credit losses (2) **13, 750** 5, 350 (1, 456) Balance at year end $ **54, 032 $** 38, 917 $ 30, 742 Net charge- offs to average ~~loans0~~ - **loans (0. 04) % 0** . 05 % 0. 13 % Allowance as percent of total loans1 **. 04 % 1** . 03 % 1. 04 % Nonaccrual loans as a percentage of total loans0. **21 % 0.** 33 % 0. 94 % Allowance as a multiple of nonaccrual ~~loans3~~ **loans5 . 05X3** . 10X1. 10 X (1) Effective January 1, 2021, The Company adopted ASC 326 using the modified retrospective approach. (2) The negative provision of $ 1. 5 million for credit losses on the consolidated statements of income is net of a $ 370 thousand provision for credit marks in the Cadence **Bank** Branches loans acquired for the year ended December 31, 2022 **. At December 31, 2023, allowance as of percent of total loans increased 0. 01 % to 1. 04 % when compared to 1. 03 % at December 31, 2022. The increase is attributed to the increase in loan volume related to the HSBI acquisition and organic loan growth in 2023. At December 31, 2023, nonaccrual loans as a percentage of total loans decreased 0. 12 % to 0. 21 % when compared to 0. 33 % at December 31, 2022. The decrease is attributed to a $ 1. 9 million decrease in nonaccrual loans mentioned above** . At December 31, 2022, allowance as of percent of total loans decreased 0. 01 % to 1. 03 % when compared to 1. 04 % at December 31, 2021. The decrease is attributed to the increase in loan volume related to the BBI acquisition and organic loan growth in 2022. At December 31, 2022, nonaccrual loans as a percentage of total loans decreased 0. 61 % to 0. 33 % when compared to 0. 94 % at December 31, 2021. The decrease is attributed to a $ 15. 4 million decrease in nonaccrual loans mentioned above. ~~At December 31~~ **The following table represents the components of the ACL for the years 2023** , 2022, **and 2021.** ~~the components of the ACL consisted of the following~~ ($ in thousands) **Allowance for Credit LossesAllocated** : ~~AllowanceAllocated: 20222021Collateral~~ **202320222021Collateral** dependent loans **$ 408** $ 5 $ 6 Loans collectively ~~evaluated38~~ - **evaluated53 , 624 38** , 912 30, 736 Total $ **54, 032 $** 38, 917 $ 30, 742 ~~Loan~~ **Loans** collectively evaluated are those loans or pools of loans assigned a grade by internal loan review. The following table represents the activity of the allowance for credit losses for the years **2023,** 2022 **,** and 2021 **.** ($ in thousands) ~~:~~ Analysis of the Allowance for Credit ~~Losses20222021~~ **Losses202320222021** (1) Balance at beginning of period **$ 38, 917** $ 30, 742 $ 35, 820 Impact of ASC 326 adoption on non- PCD loans **—** — (718) Impact of ASC 326 adoption on PCD loans — **—** 1, 115 Initial allowance on acquired PCD ~~loans1~~ **loans3 , 176 1** , 303 — Loans charged- off: Commercial, financial and agriculture (**745) (** 259) (1, 662) Commercial real estate (**250) (** 72) (3, 523) Consumer real estate (**49) (** 204) (473) Consumer installment (**2, 048) (** 683) (555) Total **(3, 092)** (1, 218) (6, 213) Recoveries on loans previously charged- off: Commercial, financial and ~~agriculture433~~

agriculture349 433 433 Commercial real estate591 -- estate116 591 888 Consumer real estate1 estate249 1 , 015 311 Consumer installment701 -- installment567 701 562 Total2 Total1 , 281 2 , 740 2, 194 Net (charge- offs) recoveries1 - recoveries (1, 811) 1 , 522 (4, 019) Provision: Initial provision for acquired non- PCD loans3 loans10 , 719 3 , 855 — Provision for credit losses charged to expense1 - expense (2) 3, 031 1 , 495 (1, 456) Balance at end of period $ 54, 032 $ 38, 917 $ 30, 742 (2) The negative provision of $ 1. 5 million for credit losses on the consolidated statements of income is net of a $ 370 thousand provision for credit marks in the Cadence Bank Branches loans acquired for the year ended December 31, 2022. The following tables represents how the ACL is allocated to a particular loan type as well as the percentage of the category to total gross loans at December 31, 2023 and 2022 . and 2021 ($ in thousands): Allocation of the Allowance for Credit Losses ($ in thousands) December 31, 2023December 31, 2022December 31, 2021Amount % of loans ineach category tototal gross loansAmount % of loans ineach category tototal gross loansAmount % of loans ineach category tototal gross loansCommercial, financial and agriculture $ 8, 844 15. 5 % $ 6, 349 14. 2 % $ 4, 873 13. 4 % Commercial real estate20 estate29 , 125 59. 2 % 20 , 389 56. 5 % 17, 552 57. 0 % Consumer real estate11 estate15 , 260 24. 2 % 11 , 599 28. 1 % 7, 889 28. 3 % Consumer installment580 - installment803 1. 1 % 580 1. 2 % 428 1. 3 % Total loans $ 54, 032 100 % $ 38, 917 100 % $ 30, 742 100 % Non- interest Income The Company' s primary sources of non- interest income are mortgage banking operations and service charges on deposit accounts. Other sources of non- interest income include bankcard fees, commissions on check sales, safe deposit box rent, wire transfer fees, official check fees and bank owned life insurance income. Non- interest income was $ 46. 7 million at December 31, 2023, an increase of $ 9. 7 million or 26. 4 % compared to December 31, 2022. This increase was partially attributable to $ 11. 7 million in service charges on deposit accounts and interchange fee income, a $ 5. 3 million increase associated with the U. S. Treasury awards, offset by a $ 9. 8 million loss on the sale of available- for- sale securities. Non- interest income was $ 37. 0 million at December 31, 2022, a decrease of $ 512 thousand or 1. 4 % compared to December 31, 2021. Increased service charges on deposit accounts and interchange fee income of $ 2. 5 million was offset by a decrease in mortgage income of $ 4. 5 million. Non- interest income was $ 37. 5 million at December 31, 2021, a decrease of $ 4. 4 million or 10. 5 % compared to December 31, 2020. The decrease includes a $ 7. 6 million decrease in the bargain purchase gain and loss on the sale of land, a decrease in mortgage income of $ 1. 6 million, an increase of $ 1. 1 million in other income and an increase in interchange fees of $ 2. 1 million. Non- interest Expense Non- interest expense was $ 130 184 . 5 7 million for the year ended December 31, 2022 2023 , an increase of $ 15 54. 2 million, or 41. 6 % in year- over- year comparison. The increase was partially attributable to $ 2. 7 million in acquisition and charter conversion charges and $ 32. 1 million in increased operating expenses related to the acquisitions of Beach Bank and Heritage Bank as well as $ 5. 2 million in expenses associated with the U. S. Treasury awards and increases in FDIC premiums of $ 1. 7 million and a $ 4 . 9 million , increase in core deposit amortization or for the year ended December 31, 2023. Non- interest expense was $ 13 130 . 5 million for the year ended December 31, 2022, an increase of $ 15 . 9 million compared to December 31, 2021 % in year- over- year comparison . An increase of $ 4. 8 million in acquisition and charter conversion charges and $ 3. 3 million related to the ongoing operations of the Cadence Bank branches and $ 5. 1 million related to the Beach Bank branch operations accounted for the increase in non- interest expense. Non- interest expense was $ 114. 6 million for the year ended December 31, 2021, an increase of $ 8. 2 million compared to December 31, 2020, of which $ 4. 6 million is related to the increase in salaries and employee benefits and an increase of $ 1. 7 million in occupancy expense. The following table sets forth the primary components of non- interest expense for the periods indicated . ($ in thousands) : Years ended December 31, 202220212020Salaries ---- 202320222021Salaries and employee benefits $ 93, 412 $ 73, 077 $ 65, 856 $ 61, 230 Occupancy12 Occupancy17 , 381 12 , 854 12, 713 11, 282 Furniture and equipment2 equipment3 , 987 2 , 981 2, 848 2, 551 Supplies and printing967 printing1 , 240 967 903 925 Professional and consulting fees3 fees6 , 446 3 , 558 4, 035 3, 897 Marketing and public relations393 - relations833 393 615 512 FDIC and OCC assessments2 assessments3 , 849 2 , 122 2, 074 1, 351 ATM expense3 expense5 , 821 3 , 873 3, 623 3, 042 Bank communications1 communications3 , 579 1 , 904 1, 754 2, 028 Data processing2, 771 2, 211 1, 578 1, 137 Acquisition expense / charter conversion6 conversion9 , 075 6 , 410 1, 607 3 Other36 , 315 Other20 332 20 , 133 16, 953 15, 071 Total $ 184, 726 $ 130, 483 $ 114, 559 $ 106, 341 Income Tax Expense Income tax expense consists of two components. The first is the current tax expense which represents the expected income tax to be paid to taxing authorities. The Company also recognizes deferred tax for future income / deductible amounts resulting from differences in the financial statement and tax bases of assets and liabilities. Income tax expense was $ 15 21 . 8 3 million for the year ended December 31, 2022 2023 , $ 16 15 . 9 8 million for the year ended December 31, 2021 2022 and $ 10 16 . 6 9 million for the year ended December 31, 2020 2021 . The Company' s effective income tax rate was 22. 1 %, 20. 0 % , and 20. 9 % and 16. 8 % for the years ended December 31, 2023, 2022 , and 2021 and 2020 , respectively. The effective tax rate differs each year primarily due to our investments in bank- qualified municipal securities, bank- owed owned life insurance, and certain merger related expenses . The increase in the Company' s effective rate for 2021 compared to 2020 was primarily due to the $ 6. 9 million, non- taxable, decrease in the bargain purchase gain. The effective tax rate for 2020 includes the $ 7. 8 million, non- taxable, bargain purchase gain related to the acquisition of Southwest Georgia Financial Corp. (" SWG") and the Coronavirus Aid, Relief, and Economic Security Act (the" CARES Act") of 2020 that was signed into law on March 27, 2020. The CARES Act included several significant provisions for corporations including increasing the amount of deductible interest under section 163 (j), allowing companies to carryback certain net operating losses, and increasing the amount of net operating loss that corporations can use to offset income . Income taxes are discussed more fully under Note K – Income Tax in the accompanying notes to the consolidated financial statements included elsewhere in this report. Loans. Loans typically provide higher yields than the other types of earning assets, and thus one of the Company' s goals is for loans to be the largest category of the Company' s earning assets. At December 31, 2023, 2022, and 2021 , and 2020 , respectively, average loans accounted for 71. 4 %, 58. 0 % , and 60. 8 % and 71. 0 % of average earning assets. Management attempts to control and counterbalance the inherent credit and liquidity risks associated with the higher loan yields without sacrificing asset quality to achieve its asset mix

goals. Loans, excluding mortgage loans held for sale, averaged $ **5. 036 billion during 2023 and $** 3. 302 billion during 2022 ~~and~~ **, as compared to** $ 3. 020 billion during 2021 ~~, as compared to $ 3. 020 billion during 2020~~. In the context of this discussion, a" real estate mortgage loan" is defined as any loan, other than loans for construction purposes, secured by real estate, regardless of the purpose of the loan. The Company follows the common practice of financial institutions in the Company' s market area of obtaining a security interest in real estate whenever possible, in addition to any other available collateral. This collateral is taken to reinforce the likelihood of the ultimate repayment of the loan and tends to increase the magnitude of the real estate loan portfolio component. Generally, the Company limits its loan- to- value ratio to 80 %. Management attempts to maintain a conservative philosophy regarding its underwriting guidelines and believes it will reduce the risk elements of its loan portfolio through strategies that diversify the lending mix. Loans held for sale consist of mortgage loans originated by the Bank and sold into the secondary market. Commitments from investors to purchase the loans are obtained upon origination. The following table sets forth the Company' s loan portfolio maturing within specified intervals at December 31, ~~2022~~ **2023 .** ~~($ in thousands):~~ Loan Maturity Schedule and Sensitivity to Changes in Interest Rates **($ in thousands)** Due in One Year or LessAfter One, but Within Five YearsAfter Five but Within Fifteen YearsAfter Fifteen YearsTotalCommercial, financial and agricultural $ **209, 690 $** ~~92~~ **392** , ~~181~~ **382** $ ~~260~~ **191** , ~~616~~ **341** $ ~~179~~ **6** , ~~998~~ **911** $ ~~3~~ **800** , **324** ~~397 $ 536, 192~~ Commercial real ~~estate198~~ **estate314** , **080** ~~934 862, 146~~ 1, ~~024~~ **414** , ~~254 49~~ **550 1** , **168** ~~929 2~~ , ~~135~~ **566 161** , ~~263~~ **959 3, 059, 155** Consumer real ~~estate123~~ **estate129** , ~~841 277~~ **208 365** , ~~998 160~~ **095 187** , ~~975 496~~ **040 571** , ~~185~~ **452** 1, ~~058~~ **252** , ~~999~~ **795** Consumer ~~installment6~~ **installment13** , **285** ~~349~~ - **39** ~~33~~ , ~~863 3~~ **110 5** , ~~490~~ **125 248 57, 768 Total $ 666, 263 $ 2, 211, 137 $** 1 ~~43~~ , **552** ~~703 Total $ 421~~ , ~~305~~ **072** $ ~~1~~ **740** , **570** ~~434, 623~~ $ ~~1~~ **5** , ~~368~~ **170** , **042** ~~717 $ 549, 512 $ 3, 774, 157~~ Loans with fixed interest rates: Commercial, financial and agricultural $ ~~37~~ **130** , ~~848~~ **524** $ ~~213~~ **275** , ~~347~~ **836** $ ~~145~~ **126** , ~~177~~ **964** $ ~~2~~ **5** , ~~739~~ **436** $ ~~399~~ **538** , ~~111~~ **760** Commercial real ~~estate156~~ -- **estate231** , **270** ~~309 736, 933 703, 451 11, 783~~ 1, ~~608~~ **215** , ~~476~~ **711 717, 414 19, 742 2, 184, 137** Consumer real ~~estate83~~ - **estate68** , ~~129~~ **229 267, 122 104, 973** ~~189~~ - **89** , ~~024 101~~ **254 529** , **578** ~~379 81, 247 454, 779~~ Consumer ~~installment5~~ **installment11** , ~~403 32~~ **987 36** , ~~472~~ **252 4, 386 239 52, 864 Total $ 442, 010 $ 1, 794, 921 $ 953, 737 $ 114, 671 $** 3, **305** ~~288 1 41~~ , **339** ~~164 Total $ 282, 689 $ 1, 171, 776 $ 953, 295 $ 95, 770 $ 2, 503, 530~~ Loans with floating interest rates: Commercial, financial and agricultural $ **79, 166 $ 116,** ~~54~~ **546** ~~, 333~~ $ **64, 377 $ 1,** ~~47~~ **475** ~~, 269~~ $ ~~34~~ **261** , **564** ~~821 $ 658 $ 137, 081~~ Commercial real ~~estate42~~ **estate82** , ~~625 125~~ **810 198** , ~~213 320~~ **839 451** , ~~803 38~~ **152 142** , ~~146 526~~ **217 875** , ~~787~~ **018** Consumer real ~~estate40~~ **estate60** , **979** ~~712 88, 974~~ - **97** ~~59~~ , ~~596 414~~ **973 82** , ~~938 604~~ **067 482** , ~~220~~ **198 723, 217** Consumer ~~installment946~~ **installment1 , 298 2, 858 739 9 4, 904 Total $ 224, 253 $ 416, 216 $ 598, 335 $ 625, 899 $** 1, **864** ~~391 202 — 2~~ , **703** ~~539 Total $ 138, 616 $ 262, 847 $ 415, 422 $ 453, 742 $ 1, 270, 627~~ The information presented in the above table is based on the contractual maturities of the individual loans, including loans which may be subject to renewal at their contractual maturity. Renewal of such loans is subject to review and credit approval, as well as modification of terms upon their maturity. Investment Securities. The investment securities portfolio is a significant component of the Company' s total earning assets. Total securities averaged $ **1. 919 billion in 2023, as compared to $** 2. 023 billion in 2022, **and** ~~as compared to~~ $ 1. 305 billion in 2021 ~~, and $ 917. 9 million in 2020~~. This represents **27. 2 %,** 35. 5 %, **and** 26. 3 ~~%, and 21. 6~~ % of the average earning assets for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, respectively. At December 31, ~~2022~~ **2023** , investment securities, including equity securities, were $ 1. ~~983~~ **735** billion and represented ~~32~~ **28** . ~~6~~ **5** % of earning assets. The Company attempts to maintain a portfolio of high quality, highly liquid investments with returns competitive with short- term U. S. Treasury or agency obligations. This objective is particularly important as the Company focuses on growing its loan portfolio. The Company primarily invests in securities of U. S. Treasury, U. S. Government agencies, municipals, and corporate obligations with maturities up to ten years. The following table details the weighted- average yield for each range of maturities of securities held- to- maturity using the amortized cost at December 31, ~~2022~~ **2023** (tax equivalent basis): Within One YearAfter One, But Within Five YearsMaturing After Five But Within Ten YearsAfter Ten YearsTotalSecurities held- to- maturityU. S. Treasury1. ~~16~~ **48** % 1. ~~60~~ **67** % — % — % 1. ~~52~~ **60** % Obligations of U. S. government agencies and sponsored entities — % ~~2~~ **3** . 49 % 3. ~~28~~ **30** % — % 3. ~~08~~ **34** % Tax- exempt and taxable obligations of states and municipal subdivisions1. ~~00~~ **91** % ~~1~~ **2** . ~~90~~ **04** % 3. ~~78~~ **96** % 4. ~~92~~ **83** % 4. ~~68~~ **57** % Mortgage- backed securities- residential — % — % 1. 61 % 2. 45 % 2. 34 % Mortgage- backed securities- commercial — % 2. ~~24~~ **12** % 3. 40 % 3. ~~36~~ **86** % 3. ~~25~~ **57** % Corporate obligations — % — % — % 3. 13 % 3. 13 % Total held- to- maturity1. ~~11~~ **62** % ~~1~~ **2** . ~~81~~ **00** % 3. ~~50~~ **71** % 4. ~~64~~ **57** % 4. ~~22~~ **18** % Mortgage- backed securities are included in maturity categories based ~~in~~ **on** their stated maturity date. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Short- Term Investments. Short- term investments, consisting of Federal Funds Sold, funds due from banks and interest- bearing deposits with banks, averaged $ **97. 2 million in 2023, $** 366. 5 million in 2022, **and** $ 642. 0 million in 2021 ~~, and $ 317. 8 million in 2020~~. There were no federal funds sold at December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~. These funds are a primary source of the Company' s liquidity and are generally invested in an earning capacity on an overnight basis. Deposits. Average total deposits at December 31, ~~2022~~ **2023** were $ ~~5~~ **6** . ~~428~~ **555** billion, an increase of $ ~~796~~ **1** . ~~9~~ **127** ~~million~~ **billion** , or ~~17~~ **20** . ~~2~~ **8** % compared to ~~2021~~ **2022** . Average total deposits at December 31, ~~2021~~ **2022** were $ ~~4~~ **5** . ~~631~~ **428** billion, an increase of $ ~~713~~ **796** . ~~7~~ **9** million, or ~~18~~ **17** . 2 % compared to $ ~~3~~ **4** . ~~918~~ **631** billion in ~~2020~~ **2021** . At December 31, ~~2022~~ **2023** , total deposits were $ **6. 463 billion, compared to $** 5. 494 billion **at December 31** , ~~compared to~~ **2022, an increase of $ 968. 5 million, or 17. 6 %, and** $ 5. 227 billion at December 31, 2021 ~~, an increase of $ 267~~ . ~~6 million~~ **During January 2023** , ~~or 5.~~ **deposits totaling $** 1 ~~%, and $ 4~~ . ~~215~~ **392** billion ~~at December 31~~ , **net of purchase accounting adjustments, were acquired in the Heritage Bank acquisition. During August** ~~2020~~ **2022** ~~.~~ **,** ~~Deposits~~ **deposits** ~~of~~ **totaling** $ 490. 6 million were acquired in ~~2022 with~~ the **BBI** acquisition ~~of BBI~~. **During December 2021,** ~~Deposits~~ **deposits** ~~of~~ **totaling** $ 410. 2 million were acquired in ~~2021 with~~ the **Cadence Bank branches** acquisition ~~of the Cadence branches. Deposits of $ 476. 1 million were acquired in 2020 with the acquisition of SWG~~. As of December 31, **2023 and** 2022 ~~and 2021~~, the Company had estimated uninsured deposits of $ 2. **145 billion and $ 2.** 076 ~~billion and $ 2. 054~~ billion, respectively. These estimates were

derived using the same methodologies and assumptions used for the Bank' s regulatory reporting. In the third quarter of 2022, the Company ceased the Deposit Reclassification program it implemented at the beginning of 2020. The program reclassified non- interest bearing and NOW deposit balances to money market accounts. A distribution of the Company' s deposits showing the year- to- date average balance of deposits by type and weighted- average is presented for the noted periods in the following table. Deposits at December 31, 2021 and 2020 are shown without reclassification for consistency with the current period presentation **.** ($ in thousands): December 31, **($ in thousands)** 202220212020AverageBalanceAverage ---- **202320222021AverageBalanceAverage** RatePaidAverageBalanceAverage RatePaidAverageBalanceAverage RatePaidNon- interest- bearing accounts $ **2, 012, 935 $** 1, 660, 301 $ 1, 366, 529 $ 1, 047, 353 Interest bearing deposits: NOW accounts and other1 **other2 , 017, 154 1. 41 % 1** , 810, 575 0. 44 % 1, 529, 293 0. 48 % 1, 261, 264 0. 70 % Money market accounts831 -- **accounts1, 013, 701 1. 79 % 831** , 463 0. 29 % 756, 951 0. 20 % 610 **Savings accounts606** , 478 **421** 0. 56 **18** % **535** Savings accounts535 , 449 0. 04 % 440, 977 0. 03 % 346 **Time deposits904** , **629 2.** 612 - **61** 0. 05 % **590** Time deposits590 , 385 0. 58 % 537, 538 0. 59 % 651, 887 1. 11 % Total interest- bearing deposits3 **deposits4 , 541, 905 1. 57 % 3** , 767, 872 0. 37 % 3, 264, 759 0. 37 % 2, 870, 241 0. 68 % Total deposits $ **6, 554, 840 1. 09 % $** 5, 428, 173 0. 26 % $ 4, 631, 288 0. 26 % $ 3, 917, 594 0. 50 % The most significant growth during **2023 compared to** 2022 compared to 2021 was in NOW accounts **time deposits** . The average cost of interest- bearing deposits and total deposits was **1. 57 % and 1. 09 % during 2023 compared to** 0. 37 % and **0. 26 % in 2022. Average cost of interest bearing deposits increased 120 basis points to 1. 57 % at December 31, 2023 compared to 0. 37 % during the same time period in 2022. Average cost of total deposits increased 83 basis points to 1. 09 % at December 31, 2023 compared to** 0. 26 % during **the same time period in** 2022 **. The increase in the average cost of deposits paid on our interest- bearing deposit products in 2023** compared to 0. 37 % and 0. 26 % in 2021 **2022 , is a result of higher average market interest rates** . Average cost of interest- bearing deposits and total deposits remained unchanged at December 31, 2022 compared to 2021. The decrease in the average cost of interest- bearing deposit during 2021 compared to 2020 was related to lower average interest rates paid on most of our interest- bearing deposit products as a result of lower average market interest rates. The Company' s loan- to- deposit ratio, which excludes mortgage loans held for sale, was **80. 0 % at December 31, 2023,** 68. 7 % at December 31, 2022 , **and** 56. 6 % at December 31, 2021 and 74. 1 % at December 31, 2020 . The loan- to- deposit ratio averaged 60 **76** . 8 % during 2022 **2023** . Core deposits, which exclude time deposits of $ 250, 000 or more in 2022 and 2021 and time deposits of $ 100, 000 or more in 2020 , provide a relatively stable funding source for the Company' s loan portfolio and other earning assets. The Company' s core deposits were $ **6. 084 billion at December 31, 2023, $** 5. 198 billion at December 31, 2022, **and** $ 4. 504 billion at December 31, 2021 , and $ 3. 853 billion at December 31, 2020 . Management anticipates that a stable base of deposits will be the Company' s primary source of funding to meet both its short- term and long- term liquidity needs in the future. The Company has purchased brokered deposits from time to time to help fund loan growth. Brokered deposits and jumbo certificates of deposit generally carry a higher interest rate than traditional core deposits. Further, brokered deposit customers typically do not have loan or other relationships with the Company. The Company has adopted a policy not to permit brokered deposits to represent more than 10 % of all of the Company' s deposits. Transaction account balances **The Company' s brokered deposits** were above normal as **1. 8 %** of **deposits at** December 31, 2020 **2023** , due to PPP loan proceeds . Maturities of Certificates of Deposit of $ 250, 000 or More ($ in thousands) Within Three MonthsAfter ThreeThrough Six MonthsAfter SixThroughTwelveMonthsAfter TwelveMonthsTotalDecember 31, 2022 **2023** $ 11 **103** , 179 **032** $ 27 **122** , 574 **629** $ 65 **44** , 993 **767** $ 41 **22** , 865 **443** $ 146 **292** , 611 **871** Borrowed Funds Borrowed funds consist of advances from the Federal Home Loan Bank of Dallas (" FHLB "), loans from First Horizon Bank, **loans from the Federal Reserve Bank,** federal funds purchased and reverse repurchase agreements. At December 31, 2022 **2023** , advances from the FHLB totaled $ **0 compared to $** 130. 1 million compared to **at December 31, 2022 and** $ 0 at December 31, 2021 and $ 110. 0 million at December 31, 2020 . The advances are collateralized by a blanket lien on the first mortgage loans in the amount of the outstanding borrowings, FHLB capital stock, and amounts on deposit with the FHLB. There were no federal funds purchased at December 31, **2023,** 2022, **and** 2021, and 2020, respectively. **On March 12** As part of the acquisition of First Florida Bancshares , Inc. **2023, the Federal Reserve Board announced the Bank Term Funding Program** (" FFB **BTFP** "), **which offers** the Company assumed two loans in **to banks with a term up to one year. The loans are secured by pledging the banks' U. S. treasuries, agency securities, agency mortgage- backed securities, and any** the **other qualifying asset** amount of $ 3 . 5 million **These pledged securities will be valued at par for collateral purposes. The BTFP offers up to one year fixed- rate term borrowings that are prepayable without penalty. In 2023, the Bank participated in the BTFP** and **had outstanding debt of** $ 2 **390** . 0 million **and pledged securities** with First Horizon **a fair value of $ 362. 4 million at December 31, 2023. The securities pledged have a par value of $ 398. 1 million. The** Bank . Principal **' s BTFP borrowings, which were drawn between March 15, 2023** and **December 28, 2023, bear** interest are payable quarterly at rates ranging from 3 **4** . 80 **69** % - **to** 4. 10 **83** % **and are set** . In 2021, the Company repaid the two **to** loans acquired **mature one year** from the **their** FFB acquisition **issuance date** . Subordinated Debentures On June 30, 2006, the Company issued $ 4. 1 million of floating rate junior subordinated deferrable interest debentures to The First Bancshares Statutory Trust 2 (" Trust 2 "). The debentures are the sole asset of Trust 2, and the Company is the sole owner of the common equity of Trust 2. Trust 2 issued $ 4 **. 0 million** , 000, 000 of Trust Preferred Securities to investors. The Company' s obligations under the debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of the Trust 2' s obligations under the preferred securities. The preferred securities are redeemable by the Company at its option. The preferred securities must be redeemed upon maturity of the debentures in 2036. Interest on the preferred securities is the three **-** month London Interbank Offer **term Secured Overnight Financing** Rate (LIBOR **" SOFR"**) plus 1. 65 **% plus a tenor spread adjustment of 0. 026161** % and is payable quarterly. The terms of the subordinated debentures are identical to those of the preferred securities. On July 27, 2007, the Company issued $ 6. 2 million of floating rate junior subordinated deferrable interest debentures to The First Bancshares Statutory Trust 3 (" Trust 3 "). The Company owns all of the common equity of Trust 3, and the debentures are the sole asset of

Trust 3. Trust 3 issued $ 6 **. 0 million** ~~, 000, 000~~ of Trust Preferred Securities to investors. The Company' s obligations under the debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of **the** Trust 3' s obligations under the preferred securities. The preferred securities are redeemable by the Company at its option. The preferred securities must be redeemed upon maturity of the debentures in 2037. Interest on the preferred securities is the three **-** month ~~LIBOR~~ **term SOFR** plus 1. 40 **% plus a tenor spread adjustment of 0. 026161** % and is payable quarterly. The terms of the subordinated debentures are identical to those of the preferred securities. In 2018, as a result of the acquisition of FMB Banking Corporation (~~"~~ **"** FMB ~~"~~ **"**), the Company became the successor to FMB ~~'~~ **'** s obligations in respect of $ 6 **. 2 million** ~~, 186, 000~~ of floating rate junior subordinated debentures issued to FMB Capital Trust 1 (~~"~~ **"** FMB Trust ~~"~~ **"**). The debentures are the sole asset of FMB Trust, and the Company is the sole owner of the common equity of FMB Trust. FMB Trust issued $ 6 **. 0 million** ~~, 000, 000~~ of Trust Preferred Securities to investors. The Company' s obligations under the debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of FMB Trust ~~'~~ **'** s obligations under the preferred securities. The preferred securities issued by the FMB Trust are redeemable by the Company at its option. The preferred securities must be redeemed upon maturity of the debentures in 2033. Interest on the preferred securities is the three **-** month ~~LIBOR~~ **term SOFR** plus 2. 85 **% plus a tenor spread adjustment of 0. 026161** % and is payable quarterly. On January 1, 2023, as a result of the acquisition of HSBI, the Company became the successor to HSBI ~~'~~ **'** s obligations in respect of $ 10 **. 3 million** ~~, 310, 000~~ of subordinated debentures issued to Liberty Shares Statutory Trust II (~~"~~ **"** Liberty Trust ~~"~~ **"**). The debentures are the sole asset of Liberty Trust, and the Company is the sole owner of the common equity of Liberty Trust. Liberty Trust issued $ 10 **. 0 million** ~~, 000, 000~~ of preferred securities to an investor. The Company ~~'~~ **'** s obligations under the debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of Liberty Trust ~~'~~ **'** s obligations under the preferred securities. The preferred securities issued by the Liberty Trust are redeemable by the Company at its option. The preferred securities must be redeemed upon maturity of the debentures in 2036. Interest on the preferred securities is the three **-** month ~~LIBOR~~ **term SOFR** plus 1. 48 **% plus a tenor spread adjustment of 0. 026161** % and is payable quarterly. **In accordance with the provisions of ASC Topic 810, Consolidation, the Trust 2, Trust 3, FMB Trust, and Liberty Trust are not included in the consolidated financial statements.** Subordinated Notes **On** April 30, 2018, ~~the~~ **The** Company entered into two Subordinated Note Purchase Agreements pursuant to which the Company sold and issued $ 24. 0 million in aggregate principal amount of 5. 875 % fixed- to- floating rate subordinated notes due 2028 **(the" Notes due 2028")** and $ 42. 0 million in aggregate principal amount of 6. 40 % fixed- to- floating rate subordinated notes due 2033 (~~collectively,~~ the " Notes **due 2033** "). ~~Deferred issuance costs included in~~ **In May of 2023,** the **Company redeemed all $ 24. 0 million of the outstanding 5. 875 % fixed- to- floating rate** subordinated **notes due** ~~debt were $ 756 thousand and $ 859 thousand at December 31, 2022~~ **2028** ~~and December 31, 2021, respectively~~ . The Notes **due 2033** are not convertible into or exchangeable for any other securities or assets of the Company or any of its subsidiaries. The Notes **due 2033** are not subject to redemption at the option of the holder. Principal and interest on the Notes **due 2033** are subject to acceleration only in limited circumstances. The Notes **due 2033** are unsecured, subordinated obligations of the Company and rank junior in right to payment to the Company' s current and future senior indebtedness, and each Note is pari passu in right to payment with respect to the other Notes. The ~~Subordinated~~ Notes due ~~2030~~ **2033** ~~.The Notes are unsecured and~~ have a **fifteen** ~~ten-~~ year term,maturing ~~October~~ **May** 1, ~~2030~~ **2033** ,and will bear interest at a fixed annual rate of ~~4~~ **6** . ~~25~~ **40** %,payable **quarterly** ~~semi- annually~~ in arrears,for the first ~~five~~ **ten** years of the term.Thereafter,the interest rate will **re-** ~~reset~~ -- **set** quarterly to an interest rate per annum equal to a benchmark rate (which is expected to be ~~the Three~~ **three** - ~~Month~~ **month** ~~Term~~ **term** SOFR plus ~~412~~ **3** . ~~6 basis points~~ **39 % plus a tenor spread adjustment of 0.026161 %)** ,payable quarterly in arrears ~~)~~ .As provided in the Notes **due 2033** ,under specified conditions the interest rate on the Notes **due 2033** during the applicable floating rate period may be determined based on a rate other than Three- Month Term SOFR.The ~~Company is entitled to~~ Company **is entitled** ~~entered into this arrangement~~ to ~~provide funding~~ **redeem the Notes due 2033, in whole** ~~for~~ - **or** ~~expected growth~~ **in part, on any interest payment date on or after May 1, 2028, and to redeem the Notes due 2033 at any time in whole upon certain other specified events** . On September 25, 2020, ~~the~~ **The** Company entered into a Subordinated Note Purchase Agreement with certain qualified institutional buyers pursuant to which the Company sold and issued $ 65. 0 million in aggregate principal amount of its 4. 25 % Fixed to Floating Rate Subordinated Notes due 2030 **(the" Notes due 2030")** . The Notes **due 2030** are unsecured and have a ten- year term, maturing October 1, 2030, and will bear interest at a fixed annual rate of 4. 25 %, payable semi- annually in arrears, for the first five years of the term. Thereafter, the interest rate will reset quarterly to an interest rate per annum equal to a benchmark rate (which is expected to be the Three- Month Term SOFR plus 412. 6 basis points **)** , payable quarterly in arrears. As provided in the Notes **due 2030** , under specified conditions the interest rate on the Notes **due 2030** during the applicable floating rate period may be determined based on a rate other than Three- Month Term SOFR. The Company is entitled to redeem the Notes **due 2030** , in whole or in part, on any interest payment date on or after October 1, 2025, and to redeem the Notes **due 2030** at any time in whole upon certain other specified events. ~~Deferred issuance costs included in the subordinated debt were $ 1. 1 million and $ 1. 3 million at December 31, 2022 and December 31, 2021, respectively.~~ The Company had $ ~~145~~ **123** . ~~0~~ **4** million of subordinated debt, net of deferred issuance costs $ 1. ~~9~~ **6** million and unamortized fair value mark $ ~~592 thousand~~ **2. 1 million** , at December 31, ~~2022~~ **2023** , compared to $ ~~144~~ **145** . ~~7~~ **0** million, net of deferred issuance costs $ ~~2.~~ 1 **. 9** million and unamortized fair value mark $ ~~646~~ **593** thousand, at December 31, ~~2021~~ **2022 . The decrease in subordinated debt was attributable to the Company' s redemption of $ 24. 0 million of its Notes due 2028 and the Company' s repayment of $ 2. 0 million of its Notes due 2030 in May of 2023, which resulted in the Company recording a $ 217 thousand gain on the repurchased debt. The decrease in subordinated debt was partially offset by the addition of $ 9. 0 million, net purchase accounting adjustments, of subordinated debt that the Company acquired as part of the HSBI acquisition** . The Federal Reserve Board and bank regulatory agencies require bank holding companies and financial institutions to maintain capital at adequate levels based on a percentage of assets and off- balance sheet exposures,

adjusted for risk weights ranging from 0 % for U. S government and agency securities, to 600 % for certain equity exposures. In November 2019, the federal banking agencies adopted a rule revising the scope of commercial real estate mortgages subject to a 150 % risk weight. Under the risk- based standard, capital is classified into two tiers. Tier 1 capital consists of common stockholders' equity, excluding the unrealized gain (loss) on available- for- sale securities, minus certain intangible assets. Tier 2 capital consists of the general reserve for loan losses, subject to certain limitations. An institution' s total risk- based capital for purposes of its risk- based capital ratio consists of the sum of its Tier 1 and Tier 2 capital. The risk- based regulatory minimum requirements are 6 % for Tier 1 and 8 % for total risk- based capital. Bank holding companies and banks are also required to maintain capital at a minimum level based on total assets, which is known as the leverage ratio. The minimum requirement for the leverage ratio is 4 %. All but the highest rated institutions are required to maintain ratios 100 to 200 basis points above the minimum. The Company and The First exceeded their minimum regulatory capital ratios as of December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ . The Federal Reserve and the Federal Deposit Insurance Corporation approved final capital rules in July 2013, that substantially amended the existing capital rules for banks. These new rules reflect, in part, certain standards initially adopted by the Basel Committee on Banking Supervision in December 2010 (which standards are commonly referred to as " Basel III ") as well as requirements contemplated by the Dodd- Frank Act. Under the Basel III capital rules, the Company is required to meet certain minimum capital requirements that differ from past capital requirements. The rules implement a new capital ratio of common equity Tier 1 capital to risk- weighted assets. Common equity Tier 1 capital generally consists of retained earnings and common stock (subject to certain adjustments) as well as accumulated other comprehensive income (" AOCI "), however, the Company exercised a one- time irrevocable option to exclude certain components of AOCI as of March 31, 2015. The Company is required to establish a " conservation buffer, " consisting of a common equity Tier 1 capital amount equal to 2. 5 % of risk- weighted assets effective January 2019. An institution that does not meet the conservation buffer will be subject to restrictions on certain activities including payment of dividends, stock repurchases, and discretionary bonuses to executive officers. The prompt corrective action rules have been modified to include the common equity Tier 1 capital ratio and to increase the Tier 1 capital ratio requirements for the various thresholds. For example, the requirements for the Company to be considered well- capitalized under the rules include a 5. 0 % leverage ratio, a 6. 5 % common equity Tier 1 capital ratio, an 8. 0 % Tier 1 capital ratio, and a 10. 0 % total capital ratio. The rules modify the manner in which certain capital elements are determined. The rules make changes to the methods of calculating the risk- weighting of certain assets, which in turn affects the calculation of the risk- weighted capital ratios. Higher risk weights are assigned to various categories of assets, including commercial real estate loans, credit facilities that finance the acquisition, development or construction of real property, certain exposures or credit that are 90 days past due or are nonaccrual, securitization exposures, and in certain cases mortgage servicing rights and deferred tax assets. The Company was required to comply with the new capital rules on January 1, 2015, with a measurement date of March 31, 2015. The conservation buffer was phased- in beginning in 2016, and took full effect on January 1, 2019. Certain calculations under the rules will also have phase- in periods. Under this guidance banking institutions with a CETI, Tier 1 Capital Ratio and Total Risk Based Capital above the minimum regulatory adequate capital ratios but below the capital conservation buffer will face constraints on their ability to pay dividends, repurchase equity and pay discretionary bonuses to executive officers, based on the amount of the shortfall. Analysis of Capital Capital RatiosAdequatelyCapitalizedWellCapitalizedMinimum CapitalRequired Basel IIIFully Phased InThe CompanyDecember 31, The FirstDecember 31, ~~202220212020202220212020Leverage4~~ ---- **202320222021202320222021Leverage4** . 0 % 5. 0 % 7. 0 % 9. **7 % 9.** 3 % 9. 2 % ~~9~~ **10** . ~~2~~ **7** % 11. 1 % 10. 8 ~~% 10. 4~~ % Risk- based capital: Common equity Tier 14. 5 % 6. 5 % 7. 0 % 12. **1 % 12.** 7 % 13. 7 % 13. **8 % 15. 6 % 16. 6 % Tier 16. 0 % 8. 0 % 8. 5 % 12. 5 % 13. 0 % 14. 1 % 13. 8 % 15. 6 % 16. 6 % Total8. 0 % 10. 0 % 10.** 5 % 15. ~~6 % 16. 6 % 15. 8 % Tier 16.~~ 0 ~~% 8. 0 % 8. 5 % 13. 0 % 14. 1 % 14. 0 % 15. 6 % 16. 6 % 15. 8 % Total8. 0 % 10. 0 % 10. 5~~ % 16. 7 % 18. 6 % ~~19~~ **14** . ~~1~~ **8** % 16. 4 % 17. 4 ~~% 16. 9~~ % Liquidity and Capital Resources Liquidity management involves monitoring the Company' s sources and uses of funds in order to meet its day- to- day cash flow requirements while maximizing profits. Liquidity represents the ability of a company to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management is made more complicated because different balance sheet components are subject to varying degrees of management control. For example, the timing of maturities of the investment portfolio is very predictable and subject to a high degree of control at the time investment decisions are made; however, net deposit inflows and outflows are far less predictable and are not subject to the same degree of control. Asset liquidity is provided by cash and assets which are readily marketable, which can be pledged, or which will mature in the near future. Liability liquidity is provided by access to core funding sources, principally the ability to generate customer deposits in the Company' s market area. The Company' s federal funds sold position, which includes funds due from banks and interest- bearing deposits with banks, is typically its primary source of liquidity. Federal funds sold averaged $ ~~366~~ **97** . ~~5~~ **2** million during the year ended December 31, ~~2022~~ **2023** and averaged $ ~~642~~ **366** . ~~0~~ **5** million at December 31, ~~2021~~ **2022** . In addition, the Company has available advances from the FHLB. Advances available are generally based upon the amount of qualified first mortgage loans which can be used for collateral. At December 31, ~~2022~~ **2023** , advances available totaled approximately $ ~~1~~ **2** . ~~679~~ **051** billion, of which $ ~~5~~ **355** . 2 million had been drawn, or used for letters of credit. As of December 31, ~~2022~~ **2023** , the market value of unpledged debt securities plus pledged securities in excess of current pledging requirements comprised $ ~~1~~ **661** . ~~066~~ **8** ~~billion~~ **million** of the Company' s investment balances, compared to $ ~~985~~ **1** . ~~4~~ **066** ~~million~~ **billion** at December 31, ~~2021. The increase in unpledged debt securities from December 31,~~ 2022 ~~compared to December 31, 2021 is primarily due to an increase in acquired deposits~~ . Other forms of balance sheet liquidity include but are not necessarily limited to any outstanding federal funds sold and vault cash. Management believes that available investments and other potentially liquid assets, along with the standby funding sources it has arranged, are more than sufficient to meet the Company' s current and anticipated short- term liquidity needs. The Company' s liquidity ratio as of December 31, ~~2022~~ **2023** was ~~24~~ **17** . ~~7~~ **6** %, as compared to internal liquidity policy guidelines of 10 % minimum. Other liquidity ratios

reviewed include the following along with policy guidelines for the periods indicated: December 31, ~~2022Policy~~ **2023Policy** Maximum Loans to Deposits (including FHLB advances) ~~67~~ **79** . ~~9~~ **3** % 90. 0 % In PolicyNet Non- core Funding Dependency ~~Ratio4~~ **Ratio8** . ~~4~~ **3** % 20. 0 % In PolicyFed Funds Purchased / Total Assets0. 0 % 10. 0 % In PolicyFHLB Advances / Total ~~Assets2~~ **Assets0** . 0 % 20. 0 % In PolicyFRB Advances / Total ~~Assets0~~ **Assets5** . 0 % 10. 0 % In PolicyPledged Securities to Total ~~Securities46~~ **Securities58** . ~~9~~ **6** % 90. 0 % In PolicyDecember 31, ~~2021Policy~~ **2022Policy** Maximum Loans to Deposits (including FHLB advances) ~~55~~ **67** . ~~8~~ **9** % 90. 0 % In PolicyNet Non- core Funding Dependency ~~Ratio~~ **Ratio4** ~~(14~~ . **4** ~~6)~~ % 20. 0 % In PolicyFed Funds Purchased / Total Assets0. 0 % 10. 0 % In PolicyFHLB Advances / Total ~~Assets0~~ **Assets2** . 0 % 20. 0 % In PolicyFRB Advances / Total Assets0. 0 % 10. 0 % In PolicyPledged Securities to Total ~~Securities48~~ **Securities46** . ~~5~~ **9** % 90. 0 % In PolicyDecember 31, ~~2020Policy~~ **2021Policy** Maximum Loans to Deposits (including FHLB advances) ~~70~~ **55** . ~~9~~ **8** % 90. 0 % In PolicyNet Non- core Funding Dependency Ratio (~~4~~ **14** . ~~4~~ **6**) % 20. 0 % In PolicyFed Funds Purchased / Total Assets0. 0 % 10. 0 % In PolicyFHLB Advances / Total ~~Assets2~~ **Assets0** . ~~1~~ **0** % 20. 0 % In PolicyFRB Advances / Total Assets0. 0 % 10. 0 % In PolicyPledged Securities to Total ~~Securities54~~ - **Securities48** . ~~9~~ **5** % 90. 0 % In Policy ~~Continued growth in core deposits and relatively high levels of potentially liquid investments have had a positive impact on our liquidity position in recent periods, but no assurance can be provided that our liquidity will continue at current robust levels.~~ The holding company' s primary uses of funds are ordinary operating expenses and stockholder dividends, and its primary source of funds is dividends from the Bank since the holding company does not conduct regular banking operations. Management anticipates that the Bank will have sufficient earnings to provide dividends to the holding company to meet its funding requirements for the foreseeable future. Management regularly reviews the liquidity position of the Company and has implemented internal policies which establish guidelines for sources of asset- based liquidity and limit the total amount of purchased funds used to support the balance sheet and funding from non- core sources. As of December 31, ~~2022~~ **2023** , the target federal funds rate was ~~4~~ **5** . 25 % to ~~4~~ **5** . 50 % . On May 7, 2020,...... 2021 pursuant to the 2021 Repurchase Program . On February 8, 2022, the Company announced the renewal of the 2021 Repurchase Program that previously expired on December 31, 2021. Under the renewed 2021 Repurchase Program, the Company could ~~from time to time~~ repurchase up to an aggregate of $ 30 **. 0** million of the Company' s issued and outstanding common stock in any manner determined appropriate by the Company' s management, less the amount of prior purchases under the program during the 2021 calendar year. The renewed 2021 Repurchase Program was completed in February 2022 when the Company' s repurchases under the program approached the maximum authorized amount. **The Company repurchased 600, 000 shares under the 2021 Repurchase Program in the first quarter of 2022.** On March 9, 2022, the Company announced that its Board of Directors authorized a new share repurchase program (the " 2022 Repurchase Program "), pursuant to which the Company could purchase up to an aggregate of $ 30 **. 0** million in shares of the Company' s issued and outstanding common stock during the ~~2020~~ **2022** calendar year. Under the program, the Company could, but was not required to, from time to time repurchase up $ 30 **. 0** million of shares of its own common stock in any manner determined appropriate by the Company' s management. The actual timing and method of any purchases, the target number of shares and the maximum price (or range of prices) under the program, was determined by management at is discretion and will depend on a number of factors, including the market price of the Company' s common stock, general market and economic conditions, and applicable legal and regulatory requirements. The 2022 Repurchase Program **expired on** ~~had an expiration date of~~ December 31, 2022 **. The Inflation Reduction Act of 2022 signed into law in August 2022 includes a provision for an excise tax equal to 1 % of the fair market value of any stock repurchased by covered corporations during a taxable year, subject to certain limits and provisions. The excise tax is effective beginning in fiscal year 2023. While we may complete transactions subject to the new excise tax, we do not expect a material impact to our statement of condition or result of operations** . On February 28, 2023, the Company announced that its Board of Directors has authorized a new share repurchase program (the" 2023 Repurchase Program"), pursuant to which the Company may purchase up to an aggregate of $ 50 **. 0** million in shares of the Company' s issued and outstanding common stock during the 2023 calendar year. Under the program, the Company may, but is not required to, from time to time repurchase up $ 50 **. 0** million of shares of its own common stock in any manner determined appropriate by the Company' s management. The actual timing and method of any purchases, the target number of shares and the maximum price (or range of prices) under the program, will be determined by management at is discretion and will depend on a number of factors, including the market price of the Company' s common stock, general market and economic conditions, and applicable legal and regulatory requirements. The 2023 Repurchase Program **expired on** ~~will have an expiration date of~~ December 31, 2023 ~~in the first quarter of 2022~~ .On ~~March 9~~ **February 28** , ~~2022~~ **2024** ,the Company announced that its Board of Directors **has** authorized a new share repurchase program (the ~~"~~ **"** ~~2022~~ **2024** Repurchase Program ~~"~~ **"**),pursuant to which the Company ~~could~~ **may** purchase up to an aggregate of $ ~~30~~ **50.0** million in shares of the Company ~~'~~ **'** s issued and outstanding common stock during the ~~2022~~ **2024** calendar year.Under the program,the Company ~~could~~ **may** ,but ~~was~~ **is** not required to,from time to time repurchase up $ ~~30~~ **50.0** million of shares of its own common stock in any manner determined appropriate by the Company' s management.The actual timing and method of any purchases,the target number of shares and the maximum price (or range of prices) under the program, ~~was~~ **will be** determined by management at is discretion and will depend on a number of factors,including the market price of the Company' s common stock,general market and economic conditions,and applicable legal and regulatory requirements.The ~~2022~~ **2024** Repurchase Program **will expire on** ~~had an expiration date of~~ December 31 **,2024** . Commitments and Contractual Obligations The following table presents, as of December 31, ~~2022~~ **2023** , fixed and determinable contractual obligations to third parties by payment date. Amounts in the table do not include accrued or accruing interest. Payments related to leases are based on actual payments specified in the underlying contracts. Further discussion of the nature of each obligation is included in the referenced note to the consolidated financial statements included elsewhere in this Form 10- K. ($ in thousands) Note ReferenceWithin One YearAfter One But Within Three YearsAfter ThreeBut WithinFive YearsAfter FiveYearsTotalDeposits without a stated maturityG $ ~~4~~ **5** , ~~784~~ **387** , ~~472~~ **116** $ — $ — $ — $ ~~4~~ **5** , ~~784~~ **387** , ~~472~~ **116** Time ~~depositsG558~~ **depositsG971** , ~~195~~ ~~137~~ **259**

73 , 853 21 460 22 , 956 510 8, 391 726 527 1 , 395 075, 756 BorrowingsH130 BorrowingsH390 , 100 000 — — — 130 390 , 100 000 Lease obligationsI1, 561 240 2, 656 225 1, 948 3 825 2 , 563 9 999 8 , 728 289 Trust preferred subordinated debenturesN — — — 15 25 , 904 15 016 25 , 904 016 Subordinated note purchase agreementN — — — 129 98 , 123 129 370 98 , 123 370 Total Contractual obligations $ 5 6 , 474 749 , 328 615 $ 140, 509 $ 23, 904 $ 156, 981 $ 5, 795 75 , 722 685 $ 24, 335 $ 134, 912 $ 6, 984, 547 Subprime Assets The Bank does not engage in subprime lending activities targeted towards borrowers in high risk categories. Accounting Matters Information on new accounting matters is set forth in Note B – Summary of Significant Accounting Policies in the accompanying notes to the consolidated financial statements included elsewhere in this report. This information is incorporated herein by reference. ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK Interest Rate Risk Management Market risk arises from changes in interest rates, exchange rates, commodity prices and equity prices. The Company does not engage in the trading of financial instruments, nor does it have exposure to currency exchange rates. Our market risk exposure is primarily that of interest rate risk, and we have established policies and procedures to monitor and limit our earnings and balance sheet exposure to changes in interest rates. The principal objective of interest rate risk management is to manage the financial components of the Company' s balance sheet in a manner that will optimize the risk / reward equation for earnings and capital under a variety of interest rate scenarios. To identify areas of potential exposure to interest rate changes, we utilize commercially available modeling software to perform earnings simulations and calculate the Company' s market value of portfolio equity under varying interest rate scenarios every month. The model imports relevant information for the Company' s financial instruments and incorporates management' s assumptions on pricing, duration, and optionality for anticipated new volumes. Various rate scenarios consisting of key rate and yield curve projections are then applied in order to calculate the expected effect of a given interest rate change on interest income, interest expense, and the value of the Company' s financial instruments. The rate projections can be shocked (an immediate and parallel change in all base rates, up or down), ramped (an incremental increase or decrease in rates over a specified time period), economic (based on current trends and econometric models) or stable (unchanged from current actual levels). We use seven standard interest rate scenarios in conducting our 12- month net interest income simulations: " static, " upward shocks of 100, 200, 300 and 400 basis points, and downward shocks of 100, and 200 basis points. Pursuant to policy guidelines, we typically attempt to limit the projected decline in net interest income relative to the stable rate scenario to no more than 5 % for a 100- basis point (bp) interest rate shock, 10 % for a 200 bp shock, 15 % for a 300 bp shock, and 20 % for a 400 bp shock. As of December 31, 2022 2023 , the Company had the following estimated net interest income, without factoring in any potential negative impact on spreads resulting from competitive pressures or credit quality deterioration: December 31, 2022Net 2023Net Interest Income at Risk – Sensitivity Year 1 ($ in thousands)- 200 bp- 100 bpSTATIC 100 bp 200 bp 300 bp 400 bpNet Interest Income200 Income236 , 403 204 936 232 , 030 201 589 231 , 895 200 521 233 , 146 196 208 226 , 096 188 151 210 , 971 179 556 187 , 057 595 Dollar Change Change5 (, 415 1, 068 492) 2, 135 (1, 687 749) (5, 799 370) (12 20 , 924 965) (22 43 , 838 926) NII @ Risk- Sensitivity Year 12. 3 % 0. 5 % 0. 7 % (2. 3) % (9. 1) % (19. 0 . 7) % 1. 1 % (0. 9) % (2. 9) % (6. 4) % (11. 3) % If there were an immediate and sustained downward adjustment of 200 basis points in interest rates, all else being equal, net interest income over the next twelve months would likely be approximately $ 1. 5 . 4 million lower higher than in a stable interest rate scenario, for a negative variance of 0 2 . 7 3 % . The unfavorable variance increases if rates were to drop below 200 basis points, due to the fact that certain deposit rates are already relatively low (on NOW accounts and savings accounts, for example), and will hit a natural floor of close to zero while non- floored variable- rate loan yields continue to drop. This effect is exacerbated by accelerated prepayments on fixed- rate loans and mortgage- backed securities when rates decline, although rate floors on some of our variable- rate loans partially offset other negative pressures . Net interest income would likely decrease by $ 5. 8 4 million, or (2. 9 3) %, if interest rates were to increase by 200 basis points relative to a stable interest rate scenario , with the favorable variance expanding the higher interest rates rise . The initial increase in rising rate scenarios will be limited to some extent by the fact that some of our variable- rate loans are currently at rate floors, resulting in a re- pricing lag while base rates are increasing to floored levels, but we believe the Company still would benefit from a material upward shift in the yield curve. The Company' s one- year cumulative GAP ratio was approximately 180 118 . 0 % at December 31, 2023, 180. 0 % at December 31, 2022 , and 164. 5 % at December 31, 2021 and 211. 7 % at December 31, 2020 . The Company is considered " liability asset - sensitive " which means that there are more liabilities assets repricing than assets liabilities within the first year. In addition to the net interest income simulations shown above, we run stress scenarios modeling the possibility of no balance sheet growth, the potential runoff of core deposits which flowed into the Company in the most recent economic cycle, and potential unfavorable movement in deposit rates relative to yields on earning assets. Even though net interest income will naturally be lower with no balance sheet growth, the rate- driven variances projected for net interest income in a static growth environment are similar to the changes noted above for our standard projections. When a greater level of non- maturity deposit runoff is assumed or unfavorable deposit rate changes are factored into the model, projected net interest income in declining rate and flat rate scenarios does not change materially relative to standard growth projections. However, the benefit we would otherwise experience in rising rate scenarios is minimized and net interest income remains relatively flat. The economic value (or " fair value ") of financial instruments on the Company' s balance sheet will also vary under the interest rate scenarios previously discussed. The difference between the projected fair value of the Company' s financial assets and the fair value of its financial liabilities is referred to as the economic value of equity (" EVE "), and changes in EVE under different interest rate scenarios are effectively a gauge of the Company' s longer- term exposure to interest rate risk. Fair values for financial instruments are estimated by discounting projected cash flows (principal and interest) at projected replacement interest rates for each account type, while the fair value of non- financial accounts is assumed to equal their book value for all rate scenarios. An economic value simulation is a static measure utilizing balance sheet accounts at a given point in time, and the measurement can change substantially over time as the characteristics of the Company' s balance sheet evolve and interest rate and yield curve assumptions are updated. The change in economic value under different interest rate scenarios depends on the

characteristics of each class of financial instrument, including stated interest rates or spreads relative to current or projected market- level interest rates or spreads, the likelihood of principal prepayments, whether contractual interest rates are fixed or floating, and the average remaining time to maturity. As a general rule, fixed- rate financial assets become more valuable in declining rate scenarios and less valuable in rising rate scenarios, while fixed- rate financial liabilities gain in value as interest rates rise and lose value as interest rates decline. The longer the duration of the financial instrument, the greater the impact a rate change will have on its value. In our economic value simulations, estimated prepayments are factored in for financial instruments with stated maturity dates, and decay rates for non- maturity deposits are projected based on historical patterns and management' s best estimates. The table below shows estimated changes in the Company' s EVE as of the periods indicated under different interest rate scenarios relative to a base case of current interest rates: December 31, ~~2022~~ **2023** - Balance Sheet Shock ($ in thousands)- 200 bp- 100 bpSTATIC (Base) 100 bp 200 bp 300 bp 400 bpMarket Value of Equity1, ~~366~~ **286** , ~~982~~ **790** 1, ~~410~~ **321** , ~~341~~ **286** 1, ~~397~~ **354** , ~~164~~ **363** 1, ~~366~~ **362** , ~~639~~ **597** 1, ~~316~~ **327** , ~~226~~ **813** 1, ~~248~~ **263** , ~~624~~ **361** 1, ~~165~~ **187** , ~~069~~ **080** Change in EVE from base (~~30~~ **67** , ~~182~~ **573**) ~~13, 177~~ (~~30~~ **33** , ~~525~~ **077**) **8** ~~(80~~ , **234** ~~938)~~ (~~148~~ **26** , ~~540~~ **550**) (~~232~~ **91** , ~~095~~ **002) (167, 283**) % Change (**5. 0) % (** 2. ~~2~~ **4**) % 0. ~~9~~ **6** % (2. ~~2~~ **0**) % (~~5~~ **6** . ~~8~~ **7**) % (~~10~~ **12** . **4** ~~6) % (16. 6~~) % Policy Limits (20. 0) % (10. 0) % (10. 0) % (20. 0) % (30. 0) % (40. 0) % December 31, ~~2021~~ **2022** - Balance Sheet Shock ($ in thousands)- 200 bp- 100 bpSTATIC (Base) 100 bp 200 bp 300 bp 400 bpMarket Value of ~~Equity818~~ -- **Equity1** , ~~527~~ **366, 982** 1, ~~057~~ **410** , ~~506~~ **341** 1, ~~243~~ **397** , ~~831~~ **164** 1, ~~360~~ **366** , ~~616~~ **639** 1, ~~436~~ **316** , ~~669~~ **226** 1, ~~478~~ **248** , ~~980~~ **624** 1, ~~492~~ **165** , ~~421~~ **069** Change in EVE from base (~~425, 304~~ - **30** ~~) (186~~ , ~~325~~ **182**) ~~116~~ **13** , ~~785 192~~ **177 (30** , ~~838 235~~ **525) (80** , ~~149 248~~ **938) (148** , ~~590~~ **540) (232, 095)** % Change (~~34.~~ 2 **. 2**) % ~~(15.~~ 0 ~~) % 9. 4 % 15. 5 % 18~~ . 9 % ~~20~~ **(2** . ~~0~~ **2) % (5. 8) % (10. 6) % (16. 6)** % Policy Limits (20. 0) % (10. 0) % (10. 0) % (20. 0) % (30. 0) % (40. 0) % ~~The tables show that our EVE will generally deteriorate in declining rate scenarios, but should benefit from a parallel shift upward in the yield curve.~~ We also run stress scenarios for EVE to simulate the possibility of higher loan prepayment rates, unfavorable changes in deposit rates, and higher deposit decay rates. Model results are highly sensitive to changes in assumed decay rates for non- maturity deposits, in particular. ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA Report of Independent Registered Public Accounting Firm To the Stockholders, Board of Directors and Audit Committee ~~The First Bancshares, Inc.~~ Opinion on the **Consolidated** Financial Statements We have audited the accompanying consolidated balance sheets of The First Bancshares, Inc. (the " Company ") as of December 31, **2023 and** 2022 ~~and 2021~~ , the related consolidated statements of income, comprehensive income (loss), stockholders' equity and cash flows for each of the years in the ~~two~~ **three** - year period ended December 31, ~~2022~~ **2023** , and the related notes (collectively referred to as the " financial statements "). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, **2023 and** 2022 ~~and 2021~~ , and the results of its operations and its cash flows for each of the years in the ~~two~~ **three** - year period ended December 31, ~~2022~~ **2023** , in conformity with accounting principles generally accepted in the United States of America. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company' s internal control over financial reporting as of December 31, ~~2022~~ **2023** , based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated ~~March 1~~ **February 29** , ~~2023~~ **2024** , expressed an unqualified opinion thereon ~~. Adoption of New Accounting Standard As discussed in Note B to the consolidated financial statements, the Company changed its method of accounting for the allowance for credit losses in 2021 due to the adoption of ASU No. 2016- 13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. As discussed below, the allowance for credit losses is considered a critical audit matter~~ . Basis for Opinion These financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on the Company' s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion. Critical Audit ~~Matter~~ **Matters** The critical audit matters communicated below ~~arises~~ **are matters arising** from the current- period audit of the financial statements that ~~was~~ **were** communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which ~~it~~ **they** ~~relates~~ - **relate** . The Company' s loan portfolio totaled $ ~~3~~ **5** . ~~78~~ **17** billion as of December 31, ~~2022~~ **2023** , and the allowance for credit losses on loans was $ **54** ~~38. 9~~ million. The Company' s unfunded loan commitments totaled $ ~~611~~ **866** million, with an allowance for credit loss of $ **2.** 1 ~~. 3~~ million. Together these amounts represent the allowance for credit losses (" ACL "). As more fully described in Notes B, E and Q to the Company' s consolidated financial statements, the Company estimates its exposure to expected credit losses as of the balance sheet date, for existing financial instruments held at amortized cost, and off- balance sheet exposures, such as unfunded loan commitments, letters of credit and other financial guarantees that are not unconditionally cancellable by the Company. The determination of the ACL requires management to exercise significant judgment and consider numerous subjective factors, including determining qualitative factors utilized to adjust historical loss rates, loan credit risk

grading and identifying loans requiring individual evaluation among others. As disclosed by management, different assumptions and conditions could result in a materially different amount for the estimate of the ACL. We identified the valuation of the ACL as a critical audit matter. Auditing the ACL involved a high degree of subjectivity in evaluating management' s estimates, such as evaluating management' s identification of credit quality indicators, grouping of loans determined to be similar into pools, estimating the remaining life of loans in a pool, assessment of economic conditions and other environmental factors, evaluating the adequacy of specific allowances associated with individually evaluated loans and assessing the appropriateness of loan credit risk grades. The primary procedures we performed as of December 31, ~~2022~~ **2023** , to address this critical audit matter included: • Testing the design and operating effectiveness of controls, including those related to technology, over the allowance for credit losses including: ◦ loan data completeness and accuracy, ◦ classifications of loans by loan segment, ◦ verification of historical net loss data and calculated net loss rates, ◦ the establishment of qualitative adjustments, ◦ credit ratings and risk classification of loans, ◦ establishment of specific reserves on individually evaluated loans, ◦ and management' s review and disclosure controls over the allowance for credit losses; • Testing of completeness and accuracy of the information utilized in the allowance for credit losses; • Testing the allowance for credit losses model' s computational accuracy; • Evaluating the qualitative adjustments, including assessing the basis for the adjustments and the reasonableness of the significant assumptions; • Testing the loan review function and evaluating the accuracy of loan credit ratings; • Evaluating the reasonableness of specific allowances on individually evaluated loans; • Evaluating the overall reasonableness of assumptions used by management considering the past performance of the Company ~~and evaluating trends identified within peer groups~~ ; • Evaluating the disclosures in the consolidated financial statements. As described in Note C to the Company' s consolidated financial statements, the Company consummated the acquisition of ~~Beach Bancorp~~ **Heritage Southeast Bancorporation** , Inc. and its wholly- owned subsidiary, ~~Beach~~ **Heritage** Bank, ~~on August 1, 2022,~~ resulting in goodwill of approximately $ ~~23~~ **91** . ~~3~~ **9** million being recognized on the Company' s consolidated balance sheet. As part of the acquisition, management assessed that the acquisition qualified as a business combination and all identifiable assets and liabilities acquired were valued at fair value as part of the purchase price allocation as of the acquisition date. The identification and valuation of such acquired assets and assumed liabilities requires management to exercise significant judgment. Management utilized outside vendors to assist with estimating the fair value. We identified the consummated acquisition and the valuation of acquired assets and assumed liabilities as a critical audit matter. Auditing the acquired assets and assumed liabilities and other acquisition- related considerations involved a high degree of subjectivity in evaluating management' s fair value estimates and purchase price allocations. The primary procedures we performed to address this critical audit matter included: • Obtained and read the executed Agreement and Plan of Merger documents to gain an understanding of the underlying terms of the consummated acquisition; • Testing the design and operating effectiveness of controls including: ◦ Evaluating the significant assumptions used for valuing significant assets and liabilities assumed; • Assessed management' s application of accounting guidance related to the business combination and management' s determination of whether the transaction was an acquisition of a business as defined within the ASC 805, Business Combinations, framework; • Assessed the completeness and accuracy of management' s purchase accounting model, including the balance sheet acquired and related fair value purchase price allocations made to identified assets acquired and liabilities assumed; • Obtained and evaluated significant outside vendor valuation estimates, and challenging management' s review of the appropriateness of the valuations including but not limited to, testing critical inputs, assumptions applied and valuation models utilized by the outside vendors; • Utilized internal valuation specialists to assist with testing the related fair value estimates; • Tested the completeness and accuracy of management' s calculation of total consideration paid; • Tested the accuracy of the goodwill calculation resulting from the acquisition, which was the difference between the total consideration paid and the fair value of the net assets acquired; • Read and evaluated the adequacy of the disclosures made in the notes to the Company' s consolidated financial statements. / s / FORVIS, LLP ~~(Formerly BKD, LLP)~~ We have served as the Company' s auditor since 2021. Jackson, Mississippi ~~Shareholders and the Board of Directors of The First Bancshares, Inc. We have audited the accompanying consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the year ended December 31, 2020, and the related notes (collectively referred to as the" financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on the Company' s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (" PCAOB") and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion. / s / Crowe LLP We served as the Company' s auditor from 2018 to 2021. Atlanta, Georgia March 12, 2021~~ THE FIRST BANCSHARES, INC. CONSOLIDATED BALANCE SHEETS DECEMBER 31, **2023 AND** 2022 ~~AND 2021~~ ($ in thousands except per share data) ~~20222021ASSETSCash~~ ---- **20232022ASSETSCash** and due from banks $ **224, 199 $** 67, 176 ~~$ 115, 232~~ Interest- bearing deposits with ~~banks78~~ **banks130, 948 78** , 139 ~~804, 481~~ Total cash and cash ~~equivalents145~~ **equivalents355 , 147 145** , 315 ~~919, 713~~ Securities available- for- sale, at fair value (amortized cost: $ 1, **164, 227 in 2023; $ 1,** 418, 337 in 2022 ~~; $ 1, 741, 153 in 2021~~ ; allowance for credit losses: $ 0 in both **2023 and** 2022 ~~and 2021~~) 1, **042, 365 1,** 257,

101 1, 751, 832 Securities held to maturity, net of allowance for credit losses of $ 0 (fair value: $ **615, 944- 2023; $** 642, 097- 2022 ; $ 0- 2021) **654, 539** 691, 484 — Other securities33 **securities37 , 754 33** , 944 22, 226 Total securities1, **734, 658 1,** 982, 529 1, 774, 058 Loans held for sale4 **sale2 , 914 4** , 443 7, 678 Loans, net of ACL of $ **54, 032 in 2023 and $** 38, 917 in 2022 **20225** and $ 30 , 742 in 20213 **116, 010 3** , 735, 240 2, 928, 811 Interest receivable27 **receivable33 , 300 27** , 723 23, 256 Premises and equipment143 - **equipment174 , 309 143** , 518 125, 959 Operating lease right- of- use assets7 **assets6 , 387 7** , 620 4, 095 Finance lease right- of- use assets1, **466 1,** 930 2, 394 Cash surrender value of life insurance95 **insurance134 , 249 95** , 571 87 **Goodwill272** , 420 Goodwill180 **520 180** , 254 156, 663 Other real estate owned4 **owned8 , 320 4** , 832 2, 565 Other assets132 **assets160 , 065 132** , 742 44, 802 Total assets $ **7, 999, 345 $** 6, 461, 717 $ 6, 077, 414 LIABILITIES AND STOCKHOLDERS' EQUITYDeposits: Non- interest- bearing $ 1, **849, 013 $ 1,** 630, 203 $ 1, 550, 381 Interest- bearing3 **bearing4 , 613, 859 3** , 864, 201 **Total deposits6, 462, 872 5, 494, 404 Interest payable22, 702** 3, 676, 403 Total deposits5, 494, 404 5, 226, 784 Interest payable3, 324 1, 711 Borrowed funds130 - **funds390 , 000 130** , 100 — Subordinated debentures145 **debentures123 , 386 145** , 027 144, 726 Operating lease liabilities7 **liabilities6 , 550 7** , 810 4, 192 Finance lease liabilities1, **739 1,** 918 2, 094 Allowance for credit losses on off- balance sheet credit exposures1 **exposures2 , 075 1** , 325 1, 070 Other liabilities31 **liabilities40 , 987 31** , 146 20, 665 Total liabilities5 **liabilities7 , 050, 311 5** , 815, 054 5, 401, 242 Stockholders' Equity: Common stock, par value $ 1 per share: 40 **80** , 000, 000 shares authorized; **32, 338, 983 shares issued in 2023, 40, 000, 000 shares authorized, and** 25, 275, 369 shares issued in 2022, 40, 000, 000 shares authorized and 21, 668, 644 shares issued in 2021, respectively25 - **respectively32 , 339 25** , 275 21, 669 Additional paid- in capital558 -- **capital775 , 232 558** , 833 459, 228 Retained earnings252 **earnings300, 150 252** , 623 206, 228 Accumulated other comprehensive (loss) income (**117, 576) (** 148, 957) 7, 978 Treasury stock, at cost (1, 249, 607 shares- 2022 **2023** ; 649 **1, 249** , 607 shares- 2021 **2022**) (41, 111) (18 **41** , 931 **111**) Total stockholders' equity646 **equity949 , 034 646** , 663 676, 172 Total liabilities and stockholders' equity $ **7, 999, 345 $** 6, 461, 717 $ 6, 077, 414 The accompanying notes are an integral part of these statements. **THE FIRST BANCSHARES, INC.** CONSOLIDATED STATEMENTS OF **INCOMEYEARS** INCOME YEARS ENDED DECEMBER 31, **2023,** 2022, **AND** 2021 , AND 2020 ($ in thousands, except per share amount) 202220212020INTEREST ---- **202320222021INTEREST** INCOMEInterest and fees on loans $ **294, 541 $** 157, 768 $ 151, 203 $ 157, 564 Interest and dividends on securities: Taxable interest and dividends29 - **dividends32 , 202 29** , 656 16, 685 13, 961 Tax- exempt interest11, **737 11,** 017 7, 721 6, 913 Interest on federal funds sold — — 8 Interest on deposits in banks1 **banks2 , 453 1** , 952 1, 136 902 Total interest income200 - **income340 , 933 200** , 393 176, 745 179, 348 INTEREST EXPENSEInterest on deposits13 - **deposits71 , 359 13** , 978 12, 062 19, 608 Interest on borrowed funds8 **funds20 , 249 8** , 599 7, 619 7, 056 Total interest expense22 **expense91 , 608 22** , 577 19, 681 26, 664 Net interest income177 **income249, 325 177** , 816 157, 064 152, 684 Provision for credit losses, LHFI5 **LHFI13, 750 5** , 350 (1, 456) 25, 151 Provision for credit losses, OBSC exposures255 **exposures750 255** 352 — Net interest income after provision for credit losses **234, 825** 172, 211 158, 168 127, 533 NON- INTEREST INCOMEService charges on deposit accounts8 **accounts14 , 175 8** , 668 7, 264 7, 213 Other service charges and fees1 **fees3 , 177 1** , 833 1, 508 1, 355 Interchange fees12 **fees18 , 914 12** , 702 11, 562 9, 433 Secondary market mortgage income4 **income2 , 866 4** , 303 8, 823 10, 446 Bank owned life insurance income2 **income3 , 319 2** , 101 1, 955 1, 514 BOLI death proceeds1 - **proceeds — 1** , 630 — — Gain (loss) on sale of premises **premises35** (116) (264) 443 Securities (loss) gain (**9, 716) (** 82) 143 281 Gain (loss) on sale of other real estate214 **estate6 214** (300) (537) Government awards / grants873 **grants6 , 197 873** 1, 826 968 Bargain purchase gain281 **gain — 281** 1, 300 7, 835 Other4 **Other7 , 732 4** , 554 3, 656 2, 925 Total non- interest income36 **income46 , 705 36** , 961 37, 473 41, 876 NON- INTEREST EXPENSESalaries57 - **EXPENSESalaries76 , 609 57** , 903 53, 371 50, 853 Employee benefits15 **benefits16 , 803 15** , 174 12, 485 10, 377 Occupancy12 **Occupancy17 , 381 12** , 854 12, 713 11, 282 Furniture and equipment2 **equipment3 , 987 2** , 981 2, 848 2, 551 Supplies and printing967 **printing1 , 240 967** 903 925 Professional and consulting fees3 **fees6 , 446 3** , 558 4, 035 3, 897 Marketing and public relations393 - **relations833 393** 615 512 FDIC and OCC assessments2 **assessments3 , 849 2** , 122 2, 074 1, 351 ATM expense3 **expense5 , 821 3** , 873 3, 623 3, 042 Bank communications1 **communications3 , 579 1** , 904 1, 754 2, 028 Data processing2, **771 2,** 211 1, 578 1, 137 Acquisition expense / charter conversion6 **conversion9 , 075 6** , 410 1, 607 3 **Other36** , 315 202220212020Other20 **332 20** , 133 16, 953 15, 071 Total non- interest expense130 **expense184 , 726 130** , 483 114, 559 **Continued: 202320222021Income** 106, 341 Income before income taxes $ **96, 804 $** 78, 689 $ 81, 082 $ 63, 068 Income taxes15 - **taxes21 , 347 15** , 770 16, 915 10, 563 Net income available to common stockholders $ **75, 457 $** 62, 919 $ 64, 167 $ 52, 505 Earnings per share: Basic $ 2. **41 $ 2.** 86 $ 3. 05 $ **Diluted2. 39** 2 . 53 Diluted2 . 84 3. 03 2. 52 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) ($ in thousands) 202220212020Net **202320222021Net** income $ **75, 457 $** 62, 919 $ 64, 167 $ 52, 505 Other comprehensive income (loss): Unrealized holding gain / (loss) arising during the period on available- for- sale securities **securities31 , 921** (173, 428) (23, 738) 21, 345 Net unrealized loss at time of transfer on securities available- for- sale transferred to held- to- maturity **—** (36, 838) — — Reclassification adjustment for (accretion) amortization of unrealized holdings gain / (loss) included in accumulated other comprehensive income from the transfer of securities available- for- sale to held- to- maturity97 **maturity372 — 97** — Reclassification adjustment for loss / (gains) included in net income82 **income9 , 716 82** (143) (281) Unrealized holding gain / (loss) arising during the period on available- for- sale securities **securities42 , 009** (210, 087) (23, 881) 21, 064 Income tax (expense) benefit53 -- **benefit (10, 628) 53** , 152 6, 043 (5, 337) Other comprehensive income (loss) **31, 381** (156, 935) (17, 838) 15, 727 Comprehensive income (loss) $ **106, 838 $** (94, 016) $ 46, 329 $ 68, 232 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2020, 2021 **, 2022** AND 2022 **2023** ($ in thousands except per share amount) Common StockAdditionalPaid- inCapitalRetainedEarningsAccumulatedOtherComprehensiveIncome (Loss) Treasury StockTotalSharesAmountSharesAmountBalance, January 1, 202018 **202121** , 996 **598** , 948 **993** $ 18 **21** , 997 **599** $ 409 **456** , 805 **919** $ 110 **154** , 460 **241** $ 10 **25** , 089 **816** (194 **483** , 682 **984**) $ (5 **13** , 693 **760**) $ 543 **644** , 658Net **815Net** income, 2020 **2021** — — — 52 **64** , 505 **167** — **64** — — 52 , 505Common **167Common** stock repurchased — — — — — — (

289, 302) (8,...... repurchased — — — — — — (165, 623) (5, 171) (5, 171) Other comprehensive loss — — — — (17, 838) — — (17, 838) Dividend on common stock, $. 58 per common share — — — (12, 180) — — — (12, 180) Issuance restricted stock grant93, 578 57894 94 (94) — — — — — Restricted stock grant forfeited (2, 021) (2) 2 — — — — — Compensation expense — — 3, 100 — — — — 3, 100 Repurchase 100Repurchase of restricted stock for payment of taxes (21, 906) (22) (699) — — — — (721) Balance, December 31, 202121, 668, 644 $ 21, 669 $ 459, 228 $ 206, 228 $ 7, 978 (649, 607) $ (18, 931) $ 676, 172Net 172 Net income, 2022 — — — 62, 919 — — — 62, 919 919Common --- Common stock repurchased — — — — — (600, 000) (22, 180) (22, 180) Other comprehensive loss — — — — (156, 935) — — (156, 935) Dividend on common stock, $. 74 per common share — — — (16, 524) — — — (16, 524) Issuance of common shares for BBI acquisition3, 498, 9363 - 936 3 , 49997 -- 499 97 , 970 — — — — 101, 469 469Issuance --- Issuance restricted stock grant129, 950130 950 130 (130) — — — — — Restricted stock grant forfeited (2, 500) (3) 3 — — — — — Compensation expense — — 2, 425 — — — — 2, 425 425Repurchase --- Repurchase of restricted stock for payment of taxes (19, 661) (20) (663) — — — — (683) Balance, December 31, 202225, 275, 369 $ 25, 275 $ 558, 833 $ 252, 623 $ (148, 957) (1, 249, 607) $ (41, 111) $ 646, 663 289 Net income , 302) (8 2023 — — — 75 , 067) (8 457 — — — 75 , 067) Other 457Other comprehensive income — — — — 15 31 , 727 381 — — 15 31 , 381 727Dividend --- Dividend on common stock,$. 42 90 per common share — — — (8 27 , 724 930) — — — (8 27 , 724 930) Issuance of common shares for SWG HSBI acquisition2 acquisition6 , 546 920 , 9672 4226 , 54745 920214 , 311 602 — — — — 47 221 , 858Issuance - 522Issuance restricted stock grant78 - grant167 , 18978 173167 (78 167) — — — — — Restricted stock grant forfeited (7 12 , 421 194) (7 12) 7 12 — — — — — Compensation expense — — 2, 352 302 — — — — 2, 352Repurchase 302Repurchase of restricted stock for payment of taxes (15 11 , 690 787) (16 11) (478 350) — — — — (494 361) Balance,December 31, 202021 202332 , 598 338 , 993 983 $ 21 32 , 599 339 $ 456 775 , 919 232 $ 154 300 , 241 150 $ 25 (117 , 816 576) (483 1 , 984 249,607) $ (13 41 , 760 111) $ 644 949 , 034 815Net income,2021 — — — 64 See Notes to Consolidated Financial Statements CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023, 2022 , AND 2021 AND 2020 ($ in thousands) 202220212020CASH ---- 202320222021CASH FLOWS FROM OPERATING ACTIVITIESNet income $ 75, 457 $ 62, 919 $ 64, 167 $ 52, 505 Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization12, 099 12, 173 13, 792 12, 354 FHLB stock dividends (355) (28) (27) (133) Provision for credit losses 14, 500 5, 605 (1, 104) 25, 151 Deferred income taxes940 taxes7, 006 940 1, 739 (3, 015) Restricted stock expense2, 302 2, 425 3, 100 2, 352 Increase in cash value of life insurance (3, 319) (2, 101) (1, 955) Amortization and accretion, net, related to acquisitions (4, 432) 1, 514) Amortization and accretion, net, related to acquisitions1, 706 (30) (3, 945) Bank premises and equipment loss / (gain) (35) 116 264 (443) Acquisition gain — (281) (1, 300) (7, 835) Securities loss (gain) 9, 716 82 (143) (281) Loss on sale / writedown of other real estate159 estate774 159 815 1, 352 Residential loans originated and held for sale (91, 786) (152, 776) (230, 456) (318, 969) Proceeds from sale of residential loans held for sale156 sale93, 315 156 , 011 244, 210 308, 347 Changes in: Interest receivable (1, 228) (2, 987) 3, 218 (9, 185) Other assets assets16 , 086 (45, 692) (1, 056) (5, 313) Interest payable1 payable19 , 378 1 , 613 (463) (374) Operating lease liability (1, 260) (1, 306) (1, 839) (1, 545) Other liabilities51 -- liabilities (39, 710) 51 , 449 2, 783 1, 676 Net cash provided by operating activities90 activities108 , 508 90 , 027 95, 715 51, 185 CASH FLOWS FROM INVESTING ACTIVITIES Available- for- sale securities: Sales21 Sales285 , 793 21 , 069 — 579 Maturities, prepayments , and calls197 calls132 , 919 197 , 417 229, 091 203, 670 Purchases (8, 473) (6, 500) (988, 536) (356, 755) Held- to- maturity securities: Maturities, prepayments , and calls474 calls40 —, 469 474 — Purchases — (602, 718) — — Purchases of other securities (17, 094) (11, 444) — (3, 056) Proceeds from redemption of other securities1 securities14 , 466 1 , 237 5, 276 3, 407 Net (increase) / decrease in loans (227, 896) (326, 113) 202, 194 (131, 589) Net changes to premises and equipment (3, 688) (15, 522) (7, 125) (4, 398) Bank- owned life insurance- death proceeds1 proceeds221 1 , 630 — — Purchase of bank owned life insurance — — (11, 733) (5, 683) Proceeds from sale of other real estate owned8 owned3 , 069 8 , 930 4, 562 4, 036 Proceeds from sale of land712 -- land1, 416 712 — 1, 416 Cash received in excess of cash paid for acquisition23 acquisition106 , 793 23 , 939 358, 916 29, 245 Net cash provided by (used in) investing activities activities327 , 995 (706, 889) (207, 355) (259, 128) Continued: 202220212020CASH ---- 202320222021CASH FLOWS FROM FINANCING ACTIVITIESIncrease / (decrease) in deposits (427, 481) (223, 322) 601, 575 Proceeds from 575664, 413 Net change in borrowed funds7, 600, 0432, 055, 401 — Repayment of borrowed funds105 --- funds (7 , 100 340, 143) (1, 950, 301) (114, 647) (109, 172) Dividends paid on common stock (27, 550) (16, 275) (11, 991) (8, 589) Cash paid to repurchase common stock — (22, 180) (5, 171) (8, 067) Repurchase of restricted stock for payment of taxes (361) (683) (721) (494) Principal payment on finance lease liabilities (179) (176) (187) (183) Issuance of subordinated debt, net — — 63, 725Payment --- Payment on subordinated debt issuance costs — — (59) Called / repayment of subordinated debt (31, 000) — — Net cash (used in) provided by (used in) financing activities (226, 671) (157, 536) 468, 799Net 799601, 633Net change in cash and cash equivalents equivalents209 , 832 (774, 398) 357, 159Cash 159393, 690Cash and cash equivalents at beginning of year919 year145, 315919 , 713562, 554Cash 554168, 864Cash and cash equivalents at end of year $ 355, 147 $ 145, 315 $ 919, 713 $ 562, 554Supplemental 713Supplemental disclosures: Cash paid during the year for: Interest $ 51, 101 $ 16, 932 $ 16, 368 $ 22, 476Income 368Income taxes, net of refunds7 refunds16 , 0847 , 19415, 71713, 971Non - 717Non - cash activities: Transfers of loans to other real estate2 estate6 , 6022 , 5602, 143Transfer 1433, 595Transfer of securities available- for- sale to held- to- maturity139 --- maturity — 139 , 598 — — Issuance of restricted stock grants1309478Stock -- grants16813094Stock issued in connection with SWG acquisition — — 47, 858Stock issued in connection with BBI acquisition101 --- acquisition — 101 , 469 — Stock issued in connection with HSBI acquisition221, 522 — — Dividends on restricted stock grants249189135Right --- grants380249189Right - of- use assets obtained in exchange for operating lease liabilities2 liabilities8172 , 698168Lease 6981683, 162Lease liabilities arising from BBI acquisition3 - acquisition — 3 , 390 — Lease liabilities arising from HSBI acquisition184 — — NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NOTE A- NATURE OF BUSINESS The First Bancshares, Inc. (the “ Company ”) is a bank holding company whose business is primarily conducted by its wholly-

owned subsidiary, The First Bank (the " Bank "), formerly known as The First, A National Banking Association. The Bank provides a full range of banking services in its primary market area of Mississippi, Louisiana, Alabama, Florida **,** and Georgia. The Company is regulated by the Federal Reserve Bank. Its subsidiary bank is currently subject to the regulation of the Federal Reserve Bank and the Mississippi Department of Banking and Consumer Finance, and was previously subject to the regulation of the OCC. On January 15, 2022, the Bank, then named The First, A National Banking Association, converted from a national banking association to a Mississippi state- chartered bank and changed its name to The First Bank. The First Bank is a member of the Federal Reserve System through the Federal Reserve Bank of Atlanta. The charter conversion and name change are expected to have only a minimal impact on the Bank' s clients, and deposits will continue to be insured by the Federal Deposit Insurance Corporation up to the applicable limits. The principal products produced **,** and services rendered by the Company and are as follows: Commercial Banking- The Company provides a full range of commercial banking services to corporations and other business customers. Loans are provided for a variety of general corporate purposes, including financing for commercial and industrial projects, income producing commercial real estate, owner- occupied real estate and construction and land development. The Company also provides deposit services, including checking, savings and money market accounts and certificate of deposit as well as treasury management services. Consumer Banking- The Company provides banking services to consumers, including checking, savings **,** and money market accounts as well as certificate of deposit and individual retirement accounts. In addition, the Company provides consumers with installment and real estate loans and lines of credit. Mortgage Banking- The Company provides residential mortgage banking services, including construction financing, for conventional and government insured home loans to be sold in the secondary market. NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Company and the Bank follow accounting principles generally accepted in the United States of America including, where applicable, general practices within the banking industry. Principles of Consolidation The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, acquisition accounting, intangible assets, deferred tax assets, and fair value of financial instruments. Debt Securities Investments in debt securities are accounted for as follows: Available- for- Sale Securities Debt securities classified as available- for- sale (" AFS") are those securities that are intended to be held for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available- for- sale would be based on various factors, including movements in interest rates, liquidity needs, security risk assessments, changes in the mix of assets and liabilities and other similar factors. These securities are carried at their estimated fair value, and the net unrealized gain or loss is reported as component of accumulated other comprehensive income (loss), net of tax, in stockholders' equity, until realized. Premiums and discounts are recognized in interest income using the interest method. The Company evaluates all securities quarterly to determine if any securities in a loss position require a provision for credit losses in accordance with ASC 326, Measurement of Credit Losses on Financial Instruments. Gains and losses on the sale of available- for- sale securities are determined using the adjusted cost of the specific security sold. AFS securities are placed on nonaccrual status at the time any principal to interest payments become 90 days delinquent or if full collection of interest or principal becomes uncertain. Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to AFS ~~securites~~ **securities** reversed against interest income for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~. Allowance for Credit Losses – Available- for- Sale Securities ~~On January 1, 2021, the Company adopted Accounting Standards Update (" ASU ") 2016- 13, Financial Instruments- Credit Losses (" ASC 326 "), which introduces guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities (" AFS ").~~ For AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell or is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security' s amortized cost basis is written down to fair value through income. For securities that do not meet these criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectability of a security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable is excluded from the estimate of credit losses for securities AFS. Securities to be Held- to- Maturity Debt securities classified as held- to- maturity (" HTM") are those securities for which there is a positive intent and ability to hold to maturity. These securities are carried at cost adjusted for amortization of premiums and accretion of discounts, computed by the interest method. Gain and losses on the sales are determined using the adjusted cost of the specific security sold. HTM securities are placed on nonaccrual status at the time any principal to interest payments become 90 days delinquent or if full collection of interest or principal becomes uncertain. Accrued interest for a security placed on nonaccrual is reversed against interest income. There was no accrued interest related to HTM ~~securites~~ **securities** reversed against interest income for the years

ended December 31, **2023,** 2022, ~~2021,~~ and ~~2020. There were no held- to- maturity securities at December 31,~~ 2021. Allowance for Credit Losses – Held- to- Maturity Securities ~~On January 1, 2021, the Company adopted Accounting Standards Update (" ASU ") 2016- 13, Financial Instruments- Credit Losses (" ASC 326 "), which introduces guidance on reporting credit losses for assets held at amortized cost basis, including HTM debt securities.~~ Management measures expected credit losses on HTM debt securities on a pooled basis. That is, for pools of such securities with common risk characteristics, the historical lifetime probability of default and severity of loss in the event of default is derived or obtained ~~form~~ **from** external sources and adjusted for the expected effects of reasonable and supportable forecasts over the expected lives of the securities. Expected credit losses on each security in the HTM portfolio that does not share common risk characteristics with any of the identified pools of debt securities are individually measured based on net realizable value, of the difference between the discounted value of the expected future cash flows, based on the original effective interest rate, and the recorded amortized cost basis of the security. Loss forecasts for HTM debt securities utilize Moody' s municipal and corporate database, based on a scenario- conditioned probability of default and loss rate platform. The core of the stressed default probabilities and loss rates is based on the methodological relationship between key macroeconomic risk factors and historical defaults over nearly 50 years. Loss forecasts for structured HTM securities utilize VeriBanc' s Estimated CAMELS Rating and the Modified Texas Ratio for each piece of underlying collateral and are applied to Intex models for the underlying assets cashflow resulting in collateral cashflow forecasts. These securities are assumed not to share similar risk characteristics due to the heterogeneous nature of the underlying collateral. As a result of this evaluation, management determined that the expected credit losses associated with these securities is not significant for financial reporting purposes and therefore, no allowance for credit losses has been recognized during the ~~year~~ **years** ended December 31, **2023 and** 2022. Accrued interest receivable is excluded from the estimate of credit losses for securities HTM. Trading Account Securities Trading account securities are those securities which are held for the purpose of selling them at a profit. There were no trading account securities at December 31, **2023 and** 2022 ~~and 2021~~. Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. There were no equity securities at December 31, **2023 and** 2022 ~~and 2021~~. Other Securities Other securities are carried at cost and are restricted in marketability. Other securities consist of investments in the FHLB, Federal Reserve Bank and First National Bankers' Bankshares, Inc. Management reviews for impairment based on the ultimate recoverability of the cost basis. Shares of FHLB, Federal Reserve Bank and First National Bankers' Bankshares, Inc. common stock are equity securities that do not have a readily determinable fair value because their ownership is restricted and lacks marketability. The common stock is carried at cost and evaluated for impairment. The Company' s investment in member bank stock is included in other securities in the accompanying consolidated balance sheets. Management reviews for impairment based on the ultimate recoverability of the cost basis. No ~~other- than- temporary~~ impairment was noted for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~. Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are amortized on the level- yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days past due. Interest accrued but not received for a security placed in nonaccrual is reversed against interest income. Loans Held for Sale (LHFS) The Bank originates fixed rate single family, residential first mortgage loans on a presold basis. The Bank issues a rate lock commitment to a customer and concurrently " locks in " with a secondary market investor under a best efforts delivery mechanism. Such loans are sold without the mortgage servicing rights being retained by the Bank. The terms of the loan are dictated by the secondary investors and are transferred within several weeks of the Bank initially funding the loan. The Bank recognizes certain origination fees and service release fees upon the sale, which are included in other income on loans in the consolidated statements of income. Between the initial funding of the loans by the Bank and the subsequent purchase by the investor, the Bank carries the loans held for sale at ~~the lower of cost or~~ fair value in the aggregate as determined by the outstanding commitments from investors. Loans Held for Investment (LHFI) LHFI that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are carried at the principal amount outstanding, net of the allowance for credit losses, unearned income, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest income on loans is recognized based on the principal balance outstanding and the stated rate of the loan and is excluded from the estimate of credit losses. Interest income is accrued in the unpaid principal balance. Loan origination fees and certain direct origination costs are deferred and recognized as an adjustment of the related loan yield using the interest method. Premiums and discounts on purchased loans not deemed purchase credit deteriorated are deferred and amortized as a level yield adjustment over the respective term of the loan. ~~The new standard under~~ **Under** ~~CECL removes the notion of impairment as previously defined under ASC 310- 10- 35 and replaces it with less prescriptive guidance under~~ ASC 326- 20- 30- 2 ~~. If~~ **, if** the Bank determines that a loan does not share risk characteristics with its other financial assets, the Bank shall evaluate the financial asset for expected credit losses on an individual basis. Factors considered by management in determining impairment include payment status, collateral values, and the probability of collecting scheduled payments of principal and interest when due. Generally, impairment is measured on a loan by loan basis using the fair value of the supporting collateral. Loans are generally placed on a nonaccrual status, and the accrual of interest on such loan is discontinued, when principal or interest is past due 90 days or when specifically determined to be impaired unless the loan is well- secured and in the process of collection. When a loan is placed on nonaccrual status, interest accrued but not received is generally reversed against interest income. If collectability is in doubt, cash receipts on nonaccrual loans are used to reduce principal rather than recorded in interest income. Past due status is determined based upon contractual terms. Loans are returned to accrual status when the obligation is brought current or has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is

no longer in doubt. Allowance for Credit Losses (ACL) The ACL represents the estimated losses for financial assets accounted for on an amortized cost basis. Expected losses are calculated using relevant information, from internal and external sources, about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environment conditions, such as changes in unemployment rates, property values, or other relevant factors. Management may selectively apply external market data to subjectively adjust the Company' s own loss history including index or peer data. Expected losses are estimated over the contractual term of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals, and modifications. Loans are charged- off against the allowance when management believes the uncollectibility of a loan balance is confirmed and recoveries are credited to the allowance when received. Expected recoveries amounts may not exceed the aggregate of amounts previously charged- off. The ACL is measured on a collective basis when similar risk characteristics exist. Generally, collectively assessed loans are grouped by call code (segments). Segmenting loans by call code will group loans that contain similar types of collateral, purposes, and are usually structured with similar terms making each loan' s risk profile very similar to the rest in that segment. Each of these segments then flows up into one of the four bands (bands), Commercial, Financial, and Agriculture, Commercial Real Estate, Consumer Real Estate, and Consumer Installment. In accordance with the guidance in ASC 326, the Company redefined its LHFI portfolio segments and related loan classes based on the level at which risk is monitored within the ACL methodology. Construction loans for 1- 4 family residential properties with a call code 1A1, and other construction, all land development and other land loans with a call code 1A2 were previously separated between the Commercial Real Estate or Consumer Real Estate bands based on loan type code. Under our ASC 326 methodology 1A1 loans are all defined as part of the Consumer Real Estate band and 1A2 loans are all defined as part of the Commercial Real Estate Band. The probability of default (" PD ") calculation analyzes the historical loan portfolio over the given lookback period to identify, by segment, loans that have defaulted. A default is defined as a loan that has moved to past due 90 days and greater, nonaccrual status, or experienced a charge- off during the period. The model observes loans over a 12- month window, detecting any events previously defined. This information is then used by the model to calculate annual iterative count- based PD rates for each segment. This process is then repeated for all dates within the historical data range. These averaged ~~PD~~ **PDs** ~~' s~~ are used for an immediate reversion back to the historical mean. The historical data used to calculate this input was captured by the Company from 2009 through the most recent quarter end. The Company utilizes reasonable and supportable forecasts of future economic conditions when estimating the ACL on loans. The model' s calculation also includes a 24- month forecasted PD based on a regression model that calculated a comparison of the Company' s historical loan data to various national economic metrics during the same periods. The results showed the Company' s past losses having a high rate of correlation to unemployment, both regionally and nationally. Using this information, along with the most recently published Wall Street Journal survey of sixty economists' forecasts predicting unemployment rates out over the next eight quarters, a corresponding future PD can be calculated for the forward- looking 24- month period. This data can also be used to predict loan losses at different levels of stress, including a baseline, adverse and severely adverse economic condition. After the forecast period, PD rates revert to the historical mean of the entire data set. The loss given default (" LGD ") calculation is based on actual losses (charge- offs, net recoveries) at a loan level experienced over the entire lookback period aggregated to get a total for each segment of loans. The aggregate loss amount is divided by the exposure at default to determine an LGD rate. Defaults occurring during the lookback period are included in the denominator, whether a loss occurred or not and exposure at default is determined by the loan balance immediately preceding the default event. If there is not a minimum of five past defaults in a loan segment, or less than 15. 0 % calculated LGD rate, or the total balance at default is less than 1 % of the balance in the respective call code as of the model run date, a proxy index is used. This index is proprietary to the Company' s ACL modeling vendor derived from loss data of other client institutions similar in organization structure to the Company. The vendor also provides a " crisis " index derived from loss data between the post- recessionary years of 2008- 2013 that the Company uses. The model then uses these inputs in a non- discounted version of discounted cash flow (" DCF ") methodology to calculate the quantitative portion of estimated losses. The model creates loan level amortization schedules that detail out the expected monthly payments for a loan including estimated prepayments and payoffs. These expected cash flows are discounted back to present value using the loan' s coupon rate instead of the effective interest rate. On a quarterly basis, the Company uses internal credit portfolio data, such as changes in portfolio volume and composition, underwriting practices, and levels of past due loans, nonaccruals and classified assets along with other external information not used in the quantitative calculation to determine if any subjective qualitative adjustments are required so that all significant risks are incorporated to form a sufficient basis to estimate credit losses. ASC 326 requires that a loan be evaluated for losses individually and reserved for separately, if the loan does not share similar risk characteristics to any other loan segments. The Company' s process for determining which loans require specific evaluation follows the standard and is two- fold. All non- performing loans, including nonaccrual loans ~~,~~ **and** loans considered to be ~~TDRs or~~ purchased credit deteriorated (" PCD "), are evaluated to determine if they meet the definition of collateral dependent under the new standard. These are loans where no more payments are expected from the borrower, and foreclosure or some other collection action is probable. Secondly, all non- performing loans that are not considered to be collateral dependent ~~,~~ but are 90 days or greater past due and / or have a balance of $ 500 thousand or greater, will be individually reviewed to determine if the loan displays similar risk characteristic to substandard loans in the related segment. **The Company adopted ASU No. 2022- 02 effective January 1, 2023. These amendments eliminate the TDR recognition and measurement guidance and enhanced disclosures for loan modifications to borrowers experiencing financial difficulty. Prior to the adoption of ASU 2022- 02,** TDRs are loans for which the contractual terms on the loan have been modified and both of the following conditions exist: (1) the borrower is experiencing financial difficulty and (2) the restructuring constitutes a

concession. Concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. The Company assesses all loan modifications to determine whether they constitute a TDR. Purchased Credit Deteriorated Loans The Company purchases individual loans and groups of loans, some of which have shown evidence of credit deterioration since origination. These PCD loans are recorded at the amount paid. It is the Company' s policy that a loan meets this definition if it is adversely risk rated as Non- Pass (Special Mention, Substandard, Doubtful or Loss) including nonaccrual ~~as well as loans identified as TDR' s~~ . An allowance for credit losses is determined using the same methodology as other loans held for investment. The initial allowance for credit losses determined on a collective basis is allocated to individual loans. The sum of the loan' s purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through provision expense. **The** ~~Upon adoption of ASC 326, the~~ Company ~~elected~~ **continues** to maintain segments of loans that were previously accounted for under ASC 310- 30 Accounting for Purchased Loans with Deteriorated Credit Quality and will continue to account for these segments as a unit of account unless the loan is collateral dependent. PCD loans that are collateral dependent will be assessed individually. Loans are only removed from the existing segments if they are written off, paid off, or sold. Upon adoption of ASC 326, the allowance for credit losses was determined for each segment and added to the band' s carrying amount to establish a new amortized cost basis. The difference between the unpaid principal balance of the segment and the new amortized cost basis is the noncredit premium or discount, which will be amortized into interest income over the remaining life of the segment. Changes to the allowance for credit losses after adoption are recorded through provision expense. Premises and Equipment Premises and equipment are stated at cost, less accumulated depreciation. The depreciation policy is to provide for depreciation over the estimated useful lives of the assets using the straight- line method. Repairs and maintenance expenditures are charged to operating expenses; major expenditures for renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any gains or losses are included in operations. Building and related components are depreciated using the straight- line method with useful lives ranging from 10 to 39 years. Furniture, fixtures **,** and equipment are depreciated using the straight- line (or accelerated) method with useful lives ranging from 3 to 10 years. Other Real Estate Owned Other real estate owned consists of properties acquired through foreclosure and ~~,~~ as held for sale property, are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operation costs after acquisition are expensed. Any write- down to fair value required at the time of foreclosure is charged to the allowance for ~~loan~~ **credit** losses. Subsequent gains or losses on other real estate are reported in other operating income or expenses. At December 31, **2023 and** 2022 ~~and 2021~~ , other real estate owned totaled $ **8. 3 million and $** 4. 8 ~~million and $ 2. 6~~ million, respectively. Goodwill and Other Intangible Assets Goodwill arises from business combinations and is determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of any net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized ~~,~~ but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Company will perform a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of the reporting unit, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements. The Commercial / Retail Bank segment of the Company is the only reporting unit for which the goodwill analysis is prepared. Intangible assets with a finite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible assets with an indefinite life on our balance sheet. The change in goodwill during the year is as follows **:** ($ in thousands) ~~: 202220212020Beginning~~ ---- **202320222021Beginning** of year $ **180, 254 $** 156, 663 $ 156, 944 ~~$ 158, 572~~ Acquired ~~goodwill23~~ -- **goodwill and provisional adjustments92, 266 23** , 591 (281) ~~(1, 628)~~ End of year $ **272, 520 $** 180, 254 $ 156, 663 ~~$ 156, 944~~ Other intangible assets consist of core deposit and acquired customer relationship intangible assets arising from whole bank and branch acquisitions and are amortized on a straight- line basis over a 10- year average life. Such assets are periodically evaluated as to the recoverability of carrying values. The definite- lived intangible assets had the following carrying values at December 31, **2023 and** 2022 ~~and 2021~~ : ($ in thousands) ~~2022GrossCarryingAmountAccumulatedAmortizationNetCarryingAmountCore~~ **2023GrossCarryingAmountAccumulatedAmortizationNetCarryingAmountCore** deposit intangibles $ ~~55~~ **99** , ~~332~~ **071** $ (~~20~~ **30** , ~~696~~ **259**) $ ~~34~~ **68** , ~~636~~ **812** ~~2021Core~~ **2022Core** deposit intangibles $ ~~45~~ **55** , ~~541~~ **332** $ (~~16~~ **20** , ~~032~~ **696**) $ ~~29~~ **34** , ~~509~~ **636** The related amortization expense of business combination related intangible assets is as follows: ($ in thousands) AmountAggregate amortization expense for the year ended December 31: ~~2020~~ **2021** $ 4 ~~, 093 20214~~ , 137 20224, 664 **20239, 563** AmountEstimated amortization expense for the year ending December 31: ~~2023 $ 5, 189 20245~~ - **2024 $ 9** , ~~159~~ **533** ~~20255~~ **20259** , ~~144~~ **518** ~~20265~~ **20269** , ~~144~~ **518** ~~20274~~ **20279** , ~~811~~ **185 20288, 193** ~~Thereafter9~~ **Thereafter22** , ~~189~~ **865** Total amortization expense $ ~~34~~ **68** , ~~636~~ **812** Cash Surrender Value of Life Insurance The Company invests in bank owned life insurance (" BOLI "). BOLI involves the purchase of life insurance by the Company on a chosen group of employees. The

Company is the owner of the policies and, accordingly, the cash surrender value of the policies is reported as an asset, and increases in cash surrender values are reported as income. Deferred Financing Costs Financing costs related to the issuance of junior subordinated debentures are being amortized over the life of the instruments and are included in other liabilities. Restricted Stock The Company accounts for stock- based compensation in accordance with ASC Topic 718, Compensation-Stock Compensation. Compensation cost is recognized for all restricted stock granted based on the weighted average fair value stock price at the grant date. Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first- in, first- out method. Income Taxes The Company and its subsidiary file consolidated income tax returns. The subsidiary provides for income taxes on a separate return basis and remits to the Company amounts determined to be payable. Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently payable plus deferred taxes related primarily to differences between the bases of assets and liabilities as measured by income tax laws and their bases as reported in the financial statements. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. ASC Topic 740, Income Taxes, provides guidance on financial statement recognition and measurement of tax positions taken, or expected to be taken, in tax returns. ASC Topic 740 requires an evaluation of tax positions to determine if the tax positions will more likely than not be sustainable upon examination by the appropriate taxing authority. The Company, at December 31, **2023 and** 2022 ~~and 2021~~ , had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Advertising Costs Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , was **$ 833 thousand,** $ 393 thousand, **and** $ 391 ~~thousand, and $ 333~~ thousand, respectively. Statements of Cash Flows Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days, federal funds sold, and collateral identified as" restricted cash" related to the Company' s back- to- back SWAP transactions. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements. Off- Balance Sheet Financial Instruments In the ordinary course of business, the subsidiary bank enters into off- balance sheet financial instruments consisting of commitments to extend credit, credit card lines and standby letters of credit. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded in the financial statements when they are funded. ACL on Off- Balance Sheet Credit (OBSC) Exposures Under ASC 326, the Company is required to estimate expected credit losses for OBSC which are not unconditionally cancellable. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit ~~,~~ unless that obligation is unconditionally cancellable by the Company. The ACL on OBSC exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. Expected credit losses related to OBSC exposures are presented as a liability. Earnings Available to Common Stockholders Per share amounts are presented in accordance with ASC Topic 260, Earnings Per Share. Under ASC Topic 260, two per share amounts are considered and presented, if applicable. Basic per share data is calculated based on the weighted- average number of common shares outstanding during the reporting period. Diluted per share data includes any dilution from securities that may be converted into common stock, such as outstanding restricted stock. There were no anti- dilutive common stock equivalents excluded in the calculations. The following tables disclose the reconciliation of the numerators and denominators of the basic and diluted computations available to common stockholders **.** ($ in thousands, except per share amount) ~~:~~ December 31, ~~2022NetIncome~~ **2023NetIncome** (Numerator) Weighted AverageShares (Denominator) Per ShareAmountBasic **per common share $ 75, 457 31, 373, 718 $ 2. 41 Effect of dilutive shares: Restricted Stock — 192, 073 $ 75, 457 31, 565, 791 $ 2. 39 December 31, 2022Basic** per common share $ 62, 919 22, 023, 595 $ 2. 86 Effect of dilutive shares: Restricted Stock — 141, 930 $ 62, 919 22, 165, 525 $ 2. 84 December 31, 2021Basic per common share $ 64, 167 21, 017, 189 $ 3. 05 Effect of dilutive shares: Restricted Stock — 149, 520 $ 64, 167 21, 166, 709 $ 3. 03 ~~December 31, 2020Basic per common share $ 52, 505 20, 718, 544 $ 2. 53 Effect of dilutive shares: Restricted Stock — 104, 106 $ 52, 505 20, 822, 650 $ 2. 52~~ The diluted per share amounts were computed by applying the treasury stock method. Mergers and Acquisitions Business combinations are accounted for under ASC 805, " Business Combinations ", using the acquisition method of accounting. The acquisition method of accounting requires an acquirer to recognize the assets acquired and the liabilities assumed at the acquisition date measured at their fair values as of that date. To determine the fair values, the Company relies on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques. Under the acquisition method of accounting, the Company identifies the acquirer and the closing date and applies applicable recognition principles and conditions. Acquisition- related costs are costs the Company incurs to ~~effect~~ **affect** a business combination. Those costs include advisory, legal, accounting, valuation, and other professional or consulting fees. Some other examples of costs to the Company include systems conversion, integration planning consultants and advertising costs. The Company accounts for acquisition- related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities is recognized in accordance with other applicable GAAP. These acquisition- related costs have been and will be included within the Consolidated Statements of Income classified within the non- interest expense caption. Derivative Financial Instruments The Company enters into interest rate swap agreements primarily to facilitate the risk management strategies of certain commercial customers. The interest rate swap agreements entered into by the Company are all entered into under what is referred to as a back- to- back interest rate swap, as such, the net positions are offsetting assets and liabilities, as well as income and expenses. All derivative instruments are recorded in the consolidated statement of financial condition at their respective fair values, as components of other assets and other liabilities. Under a back- to- back interest rate swap program, the Company enters into an interest rate swap with the customer and another offsetting swap with a counterparty. The result is two mirrored interest rate swaps, absent a credit event,

~~that~~ **which** will offset in the financial statements. These swaps are not designated as hedging instruments and are recorded at fair value in other assets and other liabilities. The change in fair value is recognized in the income statement as other income and fees. **In addition** ~~As part of the BBI acquisition~~ , the ~~Bank acquired 33 loans~~ **Company will enter into risk participation agreements that are derivative financial instruments and are recorded at fair value. These derivatives are not designated as hedges and therefore, changes in fair value are recorded directly through earnings at each reporting period. Under a risk participation- out agreement, a derivative asset, the Company participates out a portion of the credit risk associated** with ~~related~~ **the** interest rate ~~swaps~~ - **swap position executed with the commercial borrower, for a fee paid to the participating bank. Under a risk participation- in agreement, a derivative liability, the Company assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower, for a fee received from the other bank** . Entering into derivative contracts potentially exposes the Company to the risk of counterparties' failure to fulfill their legal obligations, including, but not limited to, potential amounts due or payable under each derivative contract. Notional principal amounts are often used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. The Company assesses the credit risk of its dealer counterparties by regularly monitoring publicly available credit rating information, evaluating other market indicators, and periodically reviewing detailed financials. The Company records the fair value of its interest rate swap contracts separately within other assets and other liabilities as current accounting rules do not permit the netting of customer and counterparty fair value amounts in the consolidated statement of financial condition. Investment in Limited Partnership The Company invested $ 4. 4 million in a limited partnership that provides low- income housing. The Company is not the general partner and does not have controlling ownership. The carrying value of the Company' s investment in the limited partnership was $ 1. **2 million at December 31, 2023 and $ 1.** 6 million at December 31, 2022 ~~and $ 2. 1 million at December 31, 2021~~ , net of amortization, using the proportional method and is reported in other assets on the Consolidated Balance Sheets. The Company' s maximum exposure to loss is limited to the carrying value of its investment. The Company received $ 481 thousand in low- income housing tax credits during **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ . Reclassifications Certain reclassifications have been made to the **2022 and** 2021 ~~and 2020~~ financial statements to conform with the classifications used in ~~2022~~ **2023** . These reclassifications did not impact the Company' s consolidated financial condition or results of operations. **Accounting Standards** Effect of Recently Adopted Accounting Standards In ~~November~~ **March** ~~2021~~ **2020** , **the Financial Accounting Standards Board ("** FASB **")** issued Accounting ~~Standard~~ **Standards** Update (" ASU ") No. ~~2021~~ **2020** - ~~10~~ **04** , ~~Government Assistance~~ **Reference Rate Reform** (~~Topic 832~~ **ASC 848**): " ~~Disclosures by Business Entities about Government Assistance~~ **Facilitation of the Effects of Reference Rate Reform on Financial Reporting** . " **This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform.** ~~These~~ -- **The** ~~amendments are~~ **ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference London Interbank Offer Rate (" LIBOR") or another reference rate** expected to **be discontinued. It is intended** ~~increase transparency in financial reporting by requiring business entities~~ to **help stakeholders during** ~~disclose information about certain types of government assistance they~~ - **the** ~~receive~~ **global market- wide reference rate transition period** . The Company adopted ASU ~~2021~~ **2020** - ~~10~~ **04** effective January 1, ~~2022~~ **2023** . Adoption of ASU ~~2021~~ **2020** - ~~10~~ **04** did not have a material impact ~~to~~ **on** the Company ~~'~~ **' s consolidated financial statements. In October 2021, the FASB issued ASU No. 2021- 08, Business Combination (Topic 805): " Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. " This ASU requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The amendment improves comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business combination. The Company adopted ASU 2021- 08 effective January 1, 2023. Adoption of ASU 2021- 08 did not have a material impact on the Company' s consolidated financial statements. In March 2022, FASB issued ASU No. 2022- 02," Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. " These amendments eliminate the TDR recognition and measurement guidance and instead require that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The amendments also enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. For public business entities, these amendments require that an entity disclose current period gross write- offs by year of origination for financing receivables and net investment in leases within the scope of Subtopic 326- 20. Gross write- off information must be included in the vintage disclosures required for public business entities in accordance with paragraph 326- 20- 50- 6, which requires that an entity disclose the amortized cost basis of financing receivables by credit quality indicator and class of financing receivable by year of origination. The Company adopted ASU 2022- 02 effective January 1, 2023. Adoption of ASU 2022- 02 did not have a material impact on the Company' s consolidated financial statements. In July 2023, FASB issued ASU No. 2023- 03," Presentation of Financial Statements (Topic 205), Income Statement- Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation- Stock Compensation (Topic 718): Amendments to SEC Paragraph Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 Emerging Issues Task Force (" EITF") Meeting, and Staff Accounting Bulletin Topic 6. B, Accounting Series Release 280- General Revision of Regulation S- X: Income or Loss Applicable to Common Stock." This ASU amends the FASB Accounting Standards Codification for SEC paragraphs pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6. B, Accounting Series Release 280- General Revision of Regulation S- X: Income or Loss Applicable to Common Stock. These updates were effective immediately and did not have a material impact on the Company'** s consolidated financial

statements. New Accounting Standards That Have Not Yet Been Adopted In March ~~2020~~ **2023** ~~, the Financial Accounting Standards Board (“ FASB ”) issued Accounting Standards Update (“ ASU ”) No. 2020- 04, Reference Rate Reform (ASC 848): “ Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ” This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. It is intended to help stakeholders during the global market- wide reference rate transition period. In December 2022~~ , FASB issued ASU No. ~~2022~~ **2023** - ~~06~~ **01** , **Leases** ~~Reference Rate Reform~~ (Topic ~~848~~ **842**) ~~: -~~ **-** " **Common Control Arrangements** ~~Deferral of the Sunset Date of Topic 848~~ ." ~~These amendments extend~~ **This ASU requires entities to determine whether a related party arrangement between entities under common control is a lease. If** the ~~period of time preparers~~ **arrangement is determined to be a lease,** ~~can~~ - **an** ~~utilize~~ **entity must classify and account for** the ~~reference rate reform relief~~ **lease on the same basis as an arrangement with a related party. The ASU requires all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. This** guidance **is effective for** ~~in Topic 848. To ensure~~ the ~~relief in Topic 848 covers the period of time during which~~ **Company January 1, 2024, and is not expected to have** a **material** ~~significant number of modifications may take place, the ASU defers the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The Company is assessing ASU 2020- 04 and its~~ impact on the Company ~~'~~ **'** s **consolidated** ~~transition away from LIBOR for its loan and other~~ financial ~~instruments~~ **statements** . In ~~October~~ **March** ~~2021~~ **2023** , FASB issued ASU No. ~~2021~~ **2023** - ~~08~~ **02** , ~~Business Combination~~ **Investments- Equity Method and Joint Venture** (Topic ~~805~~ **323**): ~~“~~ **"** Accounting for ~~Contract Assets and Contract Liabilities from Contracts with Customers~~ **Investments in Tax Credit Structures Using the Proportional Amortization Method** . ~~”~~ **" These amendments allow reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This guidance is effective for the Company January 1, 2024, and is not expected to have a material impact on the Company' s consolidated financial statements. In October 2023, FASB issued ASU No. 2023- 06," Disclosure Improvements: Codification Amendments in Response to the SEC' s Disclosure Update and Simplification Initiative."** This ASU **amends the ASC to incorporate certain disclosure** ~~requires~~ **requirements** ~~entities~~ **from SEC Release No. 33-10532- Disclosure Update and Simplification that was issued in 2018. The effective date for each amendment will be the date on which the SEC' s removal of that related disclosure from Regulation S- K becomes effective, with early adoption prohibited. This guidance is not expected** to ~~apply~~ **have a material impact on the Company' s consolidated financial statements. In November 2023, FASB issued ASU No. 2023- 07," Segment Reporting (** Topic ~~606~~ **280): Improvements** to ~~recognize~~ **Reportable Segment Disclosures." This ASU amends the ASC to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The key amendments: 1. Require that a public entity disclose, on** ~~and~~ - **an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported** measure ~~contract~~ **of segment profit or loss. 2. Require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the significant expenses disclosed and each reported measure of segment profit or loss. 3. Require that a public entity provide all annual disclosures about a reportable segment' s profit or loss and** assets ~~and contract liabilities~~ **currently required by FASB ASU Topic 280, Segment Reporting,** in **interim periods. 4. Clarify that if the CODM uses more than one measure of** a ~~business combination. The amendment improves comparability after~~ **segment' s profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of** ~~the~~ **those** ~~business combination~~ **additional measures of segment profit. However, at least one the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity' s consolidated financial statements. 5. Require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure (s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. 6. Require that a public entity has a single reportable segment provide all the disclosures required** by **the amendments** ~~providing consistent recognition and measurement guidance for revenue contracts with customers acquired~~ in **the ASU** ~~a business combination~~ and **all existing segment disclosures** ~~revenue contracts with customers not acquired~~ in **Topic 280** ~~a business combination~~ . This ASU is effective for ~~the Company~~ **fiscal years beginning** after December 15, ~~2022~~ **2023 , and interim periods within fiscal years beginning after December 15, 2024** . ~~The Company~~ **This guidance** is **not expected to have a material** ~~assessing ASU 2021- 08 and its~~ impact on the Company ~~'~~ **'** s consolidated financial statements. In ~~March~~ **December** ~~2022~~ **2023** , FASB issued ASU No. ~~2022~~ **2023** - ~~02~~ **09** , **" Income Taxes** ~~Financial Instruments — Credit Losses~~ (Topic ~~326~~ **740**): **Improvements to Income Tax Disclosures.** " **This ASU** ~~Troubled Debt Restructurings and Vintage Disclosures. ” These~~ amendments ~~eliminate the TDR recognition and measurement guidance and instead~~ require that **a public business entities on** an ~~entity evaluate whether~~ **annual basis (1) disclose specific categories in** the ~~modification represents~~ **rate reconciliation and (2) provide additional information for reconciling items that meet** a ~~new loan~~ **quantitative threshold (if the effect of those reconciling items is equal to** or ~~a continuation~~ **greater than 5 percent** of **the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate). The amendments require that all entities disclose on** an ~~existing loan~~ **annual basis the following information about income taxes paid: 1. The amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes. 2. The amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or**

greater than 5 percent of total income taxes paid (net of refunds received) . The amendments also ~~enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. For public business entities, these amendments~~ require that ~~an entity~~ **all entities** disclose ~~current period gross write- offs~~ **the following information: 1. Income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign. 2. Income tax expense (or benefit) from continuing operations disaggregated** by **federal (national)** ~~year of origination for financing receivables and net investment in leases within the scope of Subtopic 326- 20. Gross write- off information must be included in the vintage disclosures required for public business entities in accordance with paragraph 326- 20- 50- 6~~ , **state,** ~~which requires that an~~ **and foreign** ~~entity disclose the amortized cost basis of financing receivables by credit quality indicator and class of financing receivable by year of origination~~ . This ASU is effective for ~~the Company~~ **annual periods beginning** after December 15, ~~2022~~ **2024** . ~~The Company~~ **This guidance** is **not expected to have a material** ~~assessing ASU 2022- 02 and its~~ impact on the Company ~~'~~ **'** s consolidated financial statements. NOTE C- BUSINESS COMBINATIONS The Company accounts for its business combinations using the acquisition method. Acquisition accounting requires the total purchase price to be allocated to the estimated fair values of assets acquired and liabilities assumed, including certain intangible assets that must be recognized. Typically, this allocation results in the purchase price exceeding the fair value of net assets acquired, which is recorded as goodwill. Core deposit intangibles are a measure of the value of checking, money market and savings deposits acquired in business combinations accounted for under the acquisition method. Core deposit intangibles and other identified intangibles with finite useful lives are amortized using the straight- line method over their estimated useful lives of up to 10 years. Financial assets acquired in a business combination after January 1, 2021, are recorded in accordance with ASC 326. Loans that the Company acquires in connection with acquisitions are recorded at fair value with no carryover of the related allowance for credit losses. PCD loans that have experienced more than insignificant credit deterioration since origination are recorded at the amount paid. The ACL is determined on a collective basis and is allocated to the individual loans. The sum of the loan' s purchase price and ACL becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Non- PCD loans are acquired that have experienced no or insignificant deterioration in credit quality since origination. The difference between the fair value and outstanding balance of the non- PCD loans is recognized as an adjustment to interest income over the lives of the loan. On ~~August~~ **January** 1, ~~2022~~ **2023** , the Company completed its acquisition of **HSBI** ~~Beach Bancorp~~ , ~~Inc.~~ **pursuant to an Agreement and Plan of Merger dated July 27, 2022, by and between the Company and HSBI** (**the** " **HSBI Merger Agreement"). Upon the completion of the merger of HSBI with and into the Company, Heritage Bank, HSBI' s wholly- owned subsidiary, was merged with and into The First Bank. Under the terms of the HSBI Merger Agreement, each share of HSBI common stock was converted into the right to receive 0. 965 of share of Company common stock. The Company paid a total consideration of $ 221. 5 million to the former HSBI shareholders as consideration in the acquisition, which included 6, 920, 422 shares of the Company' s common stock, and $ 16 thousand in cash in lieu of fractional shares. The HSBI acquisition provided the opportunity for the Company to expand its operations in Georgia and the Florida panhandle. In connection with the acquisition of HSBI, the Company recorded approximately $ 91. 9 million of goodwill, of which $ 3. 2 million funded the ACL for estimated losses on the acquired PCD loans, and $ 43. 7 million core deposit intangible. Goodwill is not deductible for income taxes. The core deposit intangible will be amortized to expense over 10 years. Expenses associated with the HSBI acquisition were $ 388 thousand and $ 4. 9 million for the three months and twelve months period ended December 31, 2023, respectively. These costs included charges associated with legal and consulting expenses, which have been expensed as incurred. The following table summarizes the finalized fair values of the assets acquired and liabilities assumed including the goodwill generated from the transaction on January 1, 2023, along with valuation adjustments that have been made since initially reported. ($ in thousands) As InitiallyReportedMeasurementPeriodAdjustmentsAs AdjustedIdentifiable assets: Cash and due from banks $ 106, 973 $ (180) $ 106, 793 Investments172, 775 — 172, 775 Loans1, 155, 712 — 1, 155, 712 Core deposit intangible43, 739 — 43, 739 Personal and real property35, 963 — 35, 963 Other real estate owned857 332 1, 189 Bank owned life insurance35, 579 — 35, 579 Deferred taxes6, 761 (632) 6, 129 Interest receivable4, 349 — 4, 349 Other assets3, 103 — 3, 103 Total assets1, 565, 811 (480) 1, 565, 331 Liabilities and equity: Deposits1, 392, 432 — 1, 392, 432 Trust Preferred9, 015 — 9, 015 Other liabilities34, 271 — 34, 271 Total liabilities1, 435, 718 — 1, 435, 718 Net assets acquired130, 093 (480) 129, 613 Consideration paid221, 538 — 221, 538 Goodwill $ 91, 445 $ 480 $ 91, 925 During the fourth quarter of 2023, the Company finalized its analysis and valuation adjustments have been made to cash and due from banks, other real estate owned, and deferred taxes since initially reported. On August 1, 2022, the Company completed its acquisition of** BBI ~~")~~ , pursuant to an Agreement and Plan of Merger dated April 26, 2022 by and between the Company and BBI (the" BBI Merger Agreement"). Upon the completion of the merger of BBI with and into the Company, Beach Bank, BBI' s wholly- owned subsidiary, was merged with and into The First Bank. Under the terms of the BBI Merger Agreement, each share of BBI common stock and each share of BBI preferred stock was converted into the right to receive 0. 1711 of a share of Company common stock (the" BBI Exchange Ratio"), and all stock options awarded under the BBI equity plans were converted automatically into an option to purchase shares of Company common stock on the same terms and conditions as applicable to each such BBI option as in effect immediately prior to the effective time, with the number of shares underlying each such option and the applicable exercise price adjusted based on the BBI Exchange Ratio. The BBI merger provides the opportunity for the Company to expand its operations in the Florida panhandle and enter the Tampa market. The Company paid consideration of approximately $ 101. 5 million to the former BBI shareholders including 3, 498, 936 shares of the Company' s common stock and approximately $ 1 thousand in cash in lieu of fractional shares, and also assumed options entitling the owners thereof to purchase an additional 310, 427 shares of the Company' s common stock. In connection with the acquisition of BBI, the Company recorded approximately $ 23. ~~3~~ **7** million of

goodwill and $ 9. 8 million core deposit intangible. Goodwill is not deductible for income taxes. The core deposit intangible will be amortized to expense over 10 years. The Company also incurred $ 1. 3 million of provision for credit losses on credit marks from the loans acquired from Beach Bank. Expenses associated with the BBI acquisition were $ 3 4 . 6 0 thousand and $ 1. 4 million for the three months and twelve months period ended December 31, 2022 2023 , respectively . These costs included charges associated with legal and consulting expenses, which have been expensed as incurred. The assets acquired and liabilities assumed and consideration paid in the acquisition were recorded at their estimated fair values based on management' s best estimates using information available at the date of the acquisition and are subject to adjustment for up to one year after the closing date of the acquisition. While the fair values are not expected to be materially different from the estimates, accounting guidance provides that an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period, which will run through August 1, 2023 in respect of the acquisition, in the measurement period in which the adjustment amounts are determined. The acquirer must record in the financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of changes to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The items most susceptible to adjustment are the credit fair value adjustments on loans, core deposit intangible and the deferred income tax assets resulting from the acquisition. The following table summarizes the provisional finalized fair values of the assets acquired and liabilities assumed and including the goodwill generated from the transaction on August 1, 2022, along with valuation adjustments that have been made since initially reported. ($ in thousands) : Purchase As Initially ReportedMeasurement Period AdjustmentsAs AdjustedPurchase price: Cash and stock $ 101, 470 $ — $ 101, 470 Total purchase price101 , 470 — 101 , 470 Identifiable assets: Cash $ 23, 939 $ — $ 23, 939 Investments22, 907 (264) 22, 643 Loans485 Loans482 , 903 2, 268 485 , 171 Other real estate8, 676 797 (580) 8, 217 Bank owned life insurance10, 092 — 10, 092 Core deposit intangible9, 791 — 9, 791 Personal and real property11 property13 , 895 825 (1, 868) 11, 957 Deferred tax asset27 asset28 , 075 105 (970) 27, 135 Other assets9, 649 (414) 9, 235 Total assets608 assets610 , 517 008 (1, 828) 608, 180 Liabilities and equity: Deposits490, 588 3 490, 591 Borrowings25 , 000 — 25 , 000 Other liabilities14, 772 — 14, 772 Total liabilities530 , 360 3 530 , 363 Net assets acquired78 acquired79 , 154 648 (1, 831) 77, 817 Goodwill $ 21, 822 $ 1, 831 $ 23, 316 Cadence Bank Branches 653 During the third quarter of 2023, the Company finalized its analysis and valuation adjustments that were made to investments, loans, other real estate, personal and real property, deferred tax asset, other assets, and deposits. On December 3 03 , 2021, The First completed its acquisition of seven Cadence Bank, N. A. (" Cadence ") branches in Northeast Mississippi (the " Cadence Branches "). In connection with the acquisition of the Cadence Branches, The First assumed $ 410. 2 million in deposits, acquired $ 40. 3 million in loans at fair value, acquired certain assets associated with the Cadence Branches at their book value, and paid a deposit premium of $ 1. 0 million to Cadence. As a result of the acquisition, the Company will have an opportunity to increase its deposit base and reduce transaction costs. The Company also expects to reduce costs through economies of scale. In connection with the acquisition of the Cadence Branches, the Company recorded a $ 1. 3 6 million bargain purchase gain and $ 2. 9 million core deposit intangible. The bargain purchase gain was generated as a result of the estimated fair value of net assets acquired exceeding the merger consideration, based on provisional fair values. The bargain purchase gain is considered non- taxable for income taxes purposes. The core deposit intangible will be amortized to expense over 10 years. Expenses associated with the branch acquisition of the Cadence Branches were $ 608 81 thousand and $ 189 thousand 1. 4 million for the three months and twelve months period ended December 31, 2022 2023 and 2021, respectively . These costs included charges associated with due diligence as well as legal and consulting expenses, which have been expensed as incurred. The Company also incurred $ 370 thousand of provision for credit losses on credit marks from the loans acquired. The assets acquired and liabilities assumed and consideration paid in the acquisition of the Cadence Branches were recorded at their estimated fair values based on management' s best estimates using information available at the date of the acquisition and are subject to adjustment for up to one year after the closing date of the acquisition. While the fair values are not expected to be materially different from the estimates, accounting guidance provides that an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period, which will run through December 3, 2022 in respect of the Cadence Branches, in the measurement period in which the adjustment amounts are determined. The acquirer must record in the financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of changes to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The items most susceptible to adjustment are the credit fair value adjustments on loans, core deposit intangible and the deferred income tax assets resulting from the acquisition. The following table summarizes the provisional fair values of the assets acquired and liabilities assumed and the goodwill (bargain purchase gain) generated from the transaction : ($ in thousands) : As InitiallyReportedMeasurementPeriodAdjustmentsAs AdjustedIdentifiable assets: Cash and due from banks $ 359, 916 $ — $ 359, 916 Loans40, 262 — 40, 262 Core deposit intangible2, 890 — 2, 890 Personal and real property9, 675 — 9, 675 Other assets135 — 135 Total assets412, 878 — 412, 878 Liabilities and equity: Deposits410, 171 — 410, 171 Other liabilities407 (281) 126 Total liabilities410, 578 (281) 410, 297 Net assets acquired2, 300 281 2, 581 Consideration paid1, 000 — 1, 000 Bargain purchase gain $ (1, 300) $ (281) $ (1, 581) During the fourth quarter of 2022, the Company finalized its analysis and valuation adjustments were have been made to other liabilities since initially reported. Supplemental Pro Forma Information The following table presents certain supplemental pro forma information, for illustrative purposes only, for the years December 31, 2023 and 2022 and 2021 as if the Cadence Branches and BBI and HSBI acquisitions had occurred on January 1, 2021 2022 . The pro forma financial information is not necessarily indicative of the results of operations had the acquisitions been effective as of this date. ($ in thousands) Pro Forma for the Year EndedDecember 31, 20222021 20232022 (unaudited) (unaudited) Net interest income $ 188 249 , 480 325 $ 173 248 , 630 639 Non- interest income41 income46 , 828 43 705 58 , 902 645 Total revenue230 revenue296 , 308 217 030 307 , 532 284 Income before income taxes90 taxes105 , 619 85 879 118 , 609 465 Supplemental pro- forma earnings were adjusted to exclude acquisition costs incurred. NOTE D- SECURITIES The following

table summarizes the amortized cost, gross unrealized gains **,** and losses, and estimated fair values of AFS securities and securities HTM at December 31, **2023 and** 2022 ~~and 2021~~ : ($ in thousands) December 31, ~~2022AmortizedCostGrossUnrealizedGainsGrossUnrealizedLossesFairValueAvailable~~ **2023AmortizedCostGrossUnrealizedGainsGrossUnrealizedLossesFairValueAvailable** - for- sale: U. S **. Treasury $ 16, 985 $ — $ 310 $ 16, 675 Obligations of U. S. government agencies and sponsored entities119, 868 1 14, 946 104, 923 Tax- exempt and taxable obligations of states and municipal subdivisions486, 293 449 48, 276 438, 466 Mortgage- backed securities- residential297, 735 11 34, 430 263, 316 Mortgage- backed securities- commercial198, 944 76 20, 675 178, 345 Corporate obligations41, 347 — 3, 750 37, 597 Other3, 055 — 12 3, 043 Total available- for- sale $ 1, 164, 227 $ 537 $ 122, 399 $ 1, 042, 365 Held- to- maturity: U. S. Treasury $ 89, 688 $ — $ 2, 804 $ 86, 884 Obligations of U. S. government agencies and sponsored entities33, 659 — 1, 803 31, 856 Tax- exempt and taxable obligations of states and municipal subdivisions246, 908 9, 566 14, 697 241, 777 Mortgage- backed securities- residential141, 573 — 14, 237 127, 336 Mortgage- backed securities- commercial132, 711 — 12, 334 120, 377 Corporate obligations10, 000 — 2, 286 7, 714 Total held- to- maturity $ 654, 539 $ 9, 566 $ 48, 161 $ 615, 944 ($ in thousands) December 31, 2022AmortizedCostGrossUnrealizedGainsGrossUnrealizedLossesFairValueAvailable- for- sale: U. S.** Treasury $ 135, 752 $ — $ 11, 898 $ 123, 854 Obligations of U. S. government agencies and sponsored entities163, 054 3 18, 688 144, 369 Tax- exempt and taxable obligations of states and municipal subdivisions519, 190 598 61, 931 457, 857 Mortgage- backed securities- residential341, 272 11 42, 041 299, 242 Mortgage- backed securities- commercial215, 200 60 24, 363 190, 897 Corporate obligations43, 869 — 2, 987 40, 882 Total available- for- sale $ 1, 418, 337 $ 672 $ 161, 908 $ 1, 257, 101 Held- to- maturity: U. S. Treasury $ 109, 631 $ — $ 5, 175 $ 104, 456 Obligations of U. S. government agencies and sponsored entities33, 789 — 2, 153 31, 636 Tax- exempt and taxable obligations of states and municipal subdivisions247, 467 4, 525 13, 699 238, 293 Mortgage- backed securities- residential156, 119 — 17, 479 138, 640 Mortgage- backed securities- commercial134, 478 7 13, 798 120, 687 Corporate obligations10, 000 — 1, 615 8, 385 Total held- to- maturity $ 691, 484 $ 4, 532 $ 53, 919 $ 642, 097 ~~($ in thousands) December 31, 2021AmortizedCostGrossUnrealizedGainsGrossUnrealizedLossesFairValueAvailable- for- sale: U. S Treasury $ 135, 889 $ 83 $ 814 $ 135, 158 Obligations of U. S. government agencies and sponsored entities182, 877 1, 238 1, 094 183, 021 Tax- exempt and taxable obligations of states and municipal subdivisions698, 861 12, 452 2, 811 708, 502 Mortgage- backed securities- residential410, 269 4, 123 3, 425 410, 967 Mortgage- backed securities- commercial277, 353 2, 917 2, 939 277, 331 Corporate obligations35, 904 962 13 36, 853 Total available- for- sale $ 1, 741, 153 $ 21, 775 $ 11, 096 $ 1, 751, 832~~ The Company reassessed classification of certain investments and effective October 2022, the Company transferred $ 863 thousand of obligations of U. S. government agencies and sponsored entities, $ 1. 2 million of mortgage- backed securities- commercial, and $ 137. 5 million of tax- exempt and taxable obligations of states and municipal subdivisions from AFS to HTM securities. The securities were transferred at their amortized costs basis, net of any remaining unrealized gain or loss reported in accumulated other comprehensive income. The related unrealized loss of $ 36. 8 million included in other comprehensive income remained in other comprehensive income, to be amortized out of other comprehensive income with an offsetting entry to interest income as a yield adjustment through earnings over the remaining term of the securities. There was no allowance for credit loss associated with the AFS securities that were transferred to HTM. ACL on Securities Securities Available- for- Sale Quarterly, the Company evaluates if a security has a fair value less than its amortized cost. Once these securities are identified, in order to determine whether a decline in fair value resulted from a credit loss or other factors, the Company performs further analysis as outlined below: • Review the extent to which the fair value is less than the amortized cost and determine if the decline is indicative of credit loss or other factors. • The securities that violate the credit loss trigger above would be subjected to additional analysis. • If the Company determines that a credit loss exists, the credit portion of the allowance will be measured using the DCF analysis using the effective interest rate. The amount of credit loss the Company records will be limited to the amount by which the amortized cost exceeds the fair value. The allowance for the calculated credit loss will be monitored going forward for further credit deterioration or improvement. At December 31, **2023 and** 2022 ~~and 2021~~ , the results of the analysis did not identify any securities where the decline was indicative of credit loss factors; therefore, no DCF analysis was performed **,** and no credit loss was recognized on any of the securities AFS. Accrued interest receivable is excluded from the estimate of credit losses for securities AFS. Accrued interest receivable totaled $ ~~6~~ **5** . 2 million and $ 6. ~~8~~ **2** million at December 31, **2023 and** 2022 ~~and 2021~~ , respectively and was reported in interest receivable on the accompanying Consolidated Balance Sheet. All AFS securities were current with no securities past due or on nonaccrual as of December 31, ~~2022~~ **2023** . Securities Held to Maturity At December 31, ~~2022~~ **2023** , the potential credit loss exposure ~~was~~ **totaled $ 205 thousand and** $ 242 thousand **at December 31, 2023 and 2022, respectively** and consisted of tax- exempt and taxable obligations of states and municipal subdivisions and corporate obligations securities. After applying appropriate probability of default (" PD ") and loss given default (" LGD ") assumptions, the total amount of current expected credit losses was deemed immaterial. Therefore, no reserve was recorded for the years ended December 31, **2023 and** 2022 ~~and 2021~~ . Accrued interest receivable is excluded from the estimate of credit losses for securities held- to- maturity. Accrued interest receivable totaled $ 3. **4 million and $ 3.** 6 million ~~and $ 0~~ at December 31, **2023 and** 2022 ~~and 2021~~ , respectively and was reported in interest receivable on the accompanying Consolidated Balance Sheet. At December 31, ~~2022~~ **2023** , the Company had no securities held- to- maturity that were past due 30 days or more as to principal or interest payments. The Company had no securities held- to- maturity classified as nonaccrual for the years ended December 31, **2023 and** 2022 ~~and 2021~~ . The Company monitors the credit quality of the debt securities held- to- maturity through the use of credit ratings. The Company monitors the credit ratings on a quarterly basis. The following table summarizes the amortized cost of debt securities held- to- maturity at December 31, ~~2022~~ **2023** , aggregated by credit quality indicators. ($ in thousands) December 31, **2023December 31,** 2022Aaa **$ 431, 527** $ 467, 736 Aa1 / Aa2 / ~~Aa3110~~ **Aa3129, 751 110** , 854 A1 / A213, **902 13,** 757 BBB10, 000 **10, 000** Not ~~rated89~~ **rated69 , 359 89** , 137 Total **$ 654, 539** $ 691, 484 The amortized cost and fair value of debt securities are shown by contractual maturity.

Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. ($ in thousands) December 31, 2022Available 2023Available - for- SaleAmortizedCostFairValueWithin one year $ 48 45 , 959 559 $ 47 45 , 812 246 One to five years264 years150 , 768 246 165 143 , 806 592 Five to ten years358 years306 , 442 314 927 270 , 217 342 Beyond ten years189 years164 , 695 158 897 141 , 126 524 Mortgage- backed securities: residential341 residential297 , 273 299 735 263 , 242 316 Mortgage- backed securities: commercial215 - commercial198 , 200 190 944 178 , 898 345 Total $ 1, 418 164 , 337 227 $ 1, 257 042 , 101 365 Held- to- maturityWithin one year $ 20 39 , 262 082 $ 20 38 , 096 725 One to five years109 years72 , 905 104 333 69 , 124 387 Five to ten years47 - years54 , 428 855 43, 459 - 49, 697 Beyond ten years222 years214 , 865 215 412 210 , 091 422 Mortgage- backed securities: residential156 residential141 , 119 138 573 127 , 640 336 Mortgage- backed securities: commercial134 commercial132 , 478 711 120, 687 377 Total $ 691 654 , 484 539 $ 642 615 , 097 944 The proceeds from sales and calls of securities and the associated gains and losses are listed below: ($ in thousands) 202220212020Gross ---- 202320222021Gross gains $ 65 $ 82 $ 202 $ 289 Gross losses164 losses9 , 781 164 59 8 Realized net (loss) gain $ (9, 716) $ (82) $ 143 $ 281 The amortized costs of securities pledged as collateral, to secure public deposits and for other purposes, was $ 1. 095 billion and $ 1. 031 billion and $ 889. 5 million at December 31, 2023 and 2022 and 2021 , respectively. The following table summarizes securities in an unrealized losses position for which an allowance for credit losses has not been recorded at December 31, 2023 and 2022 and 2021. There were no held- to- maturity securities at December 31, 2021 . The securities are aggregated by major security type and length of time in a continuous unrealized loss position: 2022 2023 ($ in thousands) Less than 12 Months12 Months or LongerTotalFairValueUnrealizedLossesFairValueUnrealizedLossesFairValueUnrealizedLossesAvailable- for- sale: U. S. Treasury $ — 4, 563 $ 419 — $ 119 16 , 292 675 $ 310 11, 479 $ 123 16 , 855 675 $ 310 11, 898 Obligations of U. S. government agencies and sponsored entities34 - entities123 — 104 , 495 254 2, 293 109, 431 16, 395 143 - 14 , 685 946 104, 18 618 14 , 688 946 Tax- exempt and taxable obligations of states and municipal subdivisions275 subdivisions20 , 202 31 879 1 , 152 159 479 389 , 508 30 113 46 , 779 434 797 409 , 710 61 992 48 , 931 276 Mortgage- backed securities- residential76 residential222 2 262 , 125 4 012 34 , 970 222, 274 37, 071 298, 399 42 428 262 , 041 234 34, 430 Mortgage- backed securities- commercial50 commercial2 , 193 896 52 170, 256 20, 623 173, 152 20, 675 Corporate obligations — — 37, 597 3, 025 136 750 37 , 062 21 597 3 , 338 186 750 Other3 , 055 255 24, 363 Corporate obligations35, 142 - 12 1 — — 3 , 055 12 995 5, 739 992 40, 881 2, 987 Total available- for- sale $ 475 27 , 479 175 $ 43 1, 545 $ 980, 148 $ 120 , 854 $ 752, 306 $ 118, 054 $ 1, 227 007 , 785 323 $ 161 122 , 908 399 Held- to- maturity: U. S. Treasury $ 104, 457 $ 5, 175 $ — $ — $ 104 86 , 457 884 $ 5 2 , 175 804 $ 86, 884 $ 2, 804 Obligations of U. S. government agencies and sponsored entities31 entities747 5 31 , 636 2 109 1 , 153 798 31, 856 1, 803 Tax- exempt and taxable obligations of states and municipal subdivisions10, 472 3, 949 91, 480 10, 748 101, 952 14, 697 Mortgage- backed securities- residential — — 31 127 , 336 636 2, 153 Tax- exempt and taxable obligations of states and municipal subdivisions127, 628 13, 583 15, 303 116 142 - 14 , 931 13 237 127 , 699 336 14, 237 Mortgage- backed securities- residential138 commercial920 2 119 , 639 17 457 12 , 479 332 120, 377 12, 334 Corporate obligations — — 138 7 , 639 17 714 2 , 286 7 479 Mortgage- backed securities- commercial119 , 758 13 714 2 , 286 798 — — 119, 758 13, 798 Corporate obligations8, 385 1, 615 — — 8, 385 1, 615 Total held- to- maturity $ 530 12 , 503 139 $ 53 3 , 803 956 $ 15 463 , 303 980 $ 44 116 $ 545 , 806 205 $ 53 476 , 919 119 $ 48, 161 2021Less 2022Less than 12 Months12 Months or LongerTotal ($ in thousands) FairValueUnrealizedLossesFairValueUnrealizedLossesFairValueUnrealizedLossesU FairValueUnrealizedLossesFairValueUnrealizedLossesFairValueUnrealizedLossesAvailable - for- sale: U . S. Treasury $ 130 4 , 098 563 $ 814 419 $ 119 — $ — $ 130 , 098 292 $ 814 11, 479 $ 123, 855 $ 11, 898 Obligations of U. S. government agencies and sponsored entities121 entities34 , 402 933 5 , 254 2, 293 109, 431 161 - 16 126 , 656 1 395 143 , 094 685 18, 688 Tax- exempt and taxable obligations of states and municipal subdivisions249 subdivisions275 , 202 31, 152 159, 508 430 - 30 2 , 692 3 779 434 , 710 61 692 119 253 , 931 122 2, 811 Mortgage- backed securities: residential284 residential76 , 183 3 125 4 , 228 8 970 222 , 274 37 912 197 293 , 095 3 071 298 , 399 425 - 42, 041 Mortgage- backed securities: commercial174 commercial50 , 697 193 3, 025 136, 062 21, 338 186, 255 24, 363 Corporate obligations35, 142 1, 995 5, 739 992 40, 881 2, 987 836 3, 038 103 177, 735 2, 939 Corporate obligations6, 692 8 42 5 6, 734 13 Total available- for- sale $ 966 475 , 502 479 $ 10 43 , 511 854 $ 20 752 , 938 306 $ 585 $ 987, 440 $ 11 118 , 096 054 $ 1, 227, 785 $ 161, 908 Held- to- maturity: U. S. Treasury $ 104, 457 $ 5, 175 $ — $ — $ 104, 457 $ 5, 175 Obligations of U. S. government agencies and sponsored entities31, 636 2, 153 — — 31, 636 2, 153 Tax- exempt and taxable obligations of states and municipal subdivisions127, 628 13, 583 15, 303 116 142, 931 13, 699 Mortgage- backed securities- residential138, 639 17, 479 — — 138, 639 17, 479 Mortgage- backed securities- commercial119, 758 13, 798 — — 119, 758 13, 798 Corporate obligations8, 385 1, 615 — — 8, 385 1, 615 Total held- to- maturity $ 530, 503 $ 53, 803 $ 15, 303 $ 116 $ 545, 806 $ 53, 919 At December 31, 2022 2023 and December 31, 2021 2022 , the Company' s securities portfolio consisted of 1, 125 and 1, 265 and 304 securities, respectively, which were in an unrealized loss position. AFS securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. The unrealized losses shown above are due to increases in market rates over the yields available at the time of purchase of the underlying securities and not credit quality. The Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell the investments before recovery of their amortized cost basis. No allowance for credit losses was needed at December 31, 2023 or 2022 . The Company did not consider these investments to be other- than- temporarily impaired at December 31, 2021 . NOTE E- LOANS The Company uses four different categories to classify loans in its portfolio based on the underlying collateral securing each loan. The loans grouped together in each category have been determined to share similar risk characteristics with respect to credit quality. Those four categories are commercial, financial and agriculture, commercial real estate, consumer real estate, consumer installment; Commercial, financial and agriculture- Commercial, financial and agriculture loans include loans to business entities issued for commercial, industrial, or other business purposes. This type of commercial loan shares a similar risk characteristic in that unlike commercial real estate loans, repayment is largely dependent on cash flow generated from the operation of the business.

Commercial real estate- Commercial real estate loans are grouped as such because repayment is mainly dependent upon either the sale of the real estate, operation of the business occupying the real estate, or refinance of the debt obligation. This includes both owner- occupied and non- owner occupied CRE secured loans, because they share similar risk characteristics related to these variables. Consumer real estate- Consumer real estate loans consist primarily of loans secured by 1- 4 family residential properties and / or residential lots. This includes loans for the purpose of constructing improvements on the residential property, as well as home equity lines of credit. Consumer installment- Installment and other loans are all loans issued to individuals that are not for any purpose related to operation of a business, and not secured by real estate. Repayment on these loans is mostly dependent on personal income, which may be impacted by general economic conditions. The composition of the loan portfolio as of December 31, 2022 **2023** and December 31, 2021 **2022** , is summarized below: ($ in thousands) December 31, 2022December **2023December** 31, 2021Loans **2022Loans** held for sale Mortgage loans held for sale $ **2, 914 $** 4, 443 $ 7, 678 Total LHFS $ **2, 914 $** 4, 443 $ 7, 678 Loans held for investment Commercial, financial **,** and agriculture (1) $ **800, 324 $** 536, 192 $ 397, 516 Commercial real estate2 **estate3 , 059, 155 2** , 135, 263 1, 683, 698 Consumer real estate1, **252, 795 1,** 058, 999 838, 654 Consumer installment43 **installment57 , 768 43** , 703 39, 685 Total loans3 **loans5 , 170, 042 3** , 774, 157 2, 959, 553 Less allowance for credit losses (**54, 032) (** 38, 917) (30, 742) Net LHFI $ **5, 116, 010 $** 3, 735, 240 $ 2, 928, 811 (1) Loan balance includes $ **386 thousand and $** 710 thousand and $ 41. 1 million in PPP loans as of December 31, **2023 and** 2022 and 2021 , respectively. Accrued interest receivable is not included in the amortized cost basis of the Company' s LHFI. At December 31, **2023 and** 2022 and 2021 , accrued interest receivable for LHFI totaled $ **24. 7 million and $** 18. 0 million and $ 16. 4 million, respectively, with no related ACL and was reported in interest receivable on the accompanying consolidated balance sheet. Nonaccrual and Past Due LHFI Past due LHFI are loans contractually past due 30 days or more as to principal or interest payments. Generally, the Company will place a delinquent loan in nonaccrual status when the loan becomes 90 days or more past due. At the time a loan is placed in nonaccrual status, all interest which has been accrued on the loan but remains unpaid is reversed and deducted from earnings as a reduction of reported interest income. No additional interest is accrued on the loan balance until the collection of both principal and interest becomes reasonably certain. The following tables presents the aging of the amortized cost basis in past due loans in addition to those loans classified as nonaccrual including PCD loans: December 31, 2022 **2023** ($ in thousands) Past Due30 to 89DaysPast Due 90Days or MoreandStill AccruingNonaccrualPCDTotalPast Due, Nonaccrualand PCDTotalLHFINonaccrualand PCDwith NoACLCommercial, financial **, and agriculture (1) $ 2, 043 $ 313 $ 353 $ 965 $ 3, 674 $ 800, 324 $ 465 Commercial real estate1, 698 630 3, 790 647 6, 765 3, 059, 155 410 Consumer real estate3, 992 220 1, 806 3, 098 9, 116 1, 252, 795 680 Consumer installment180 — 31 — 211 57, 768 — Total $ 7, 913 $ 1, 163 $ 5, 980 $ 4, 710 $ 19, 766 $ 5, 170, 042 $ 1, 555 (1) Total loan balance includes $ 386 thousand in PPP loans as of December 31, 2023. December 31, 2022 ($ in thousands) Past Due30 to 89DaysPast Due 90Days or MoreandStill AccruingNonaccrualPCDTotalPast Due, Nonaccrualand PCDTotalLHFINonaccrualand PCDwith NoACLCommercial, financial,** and agriculture (1) $ 220 $ — $ 19 $ — $ 239 $ 536, 192 $ — Commercial real estate1, 984 — 7, 445 1, 129 10, 558 2, 135, 263 4, 560 Consumer real estate3, 386 289 2, 965 1, 032 7, 672 1, 058, 999 791 Consumer installment173 — 1 — 174 43, 703 — Total $ 5, 763 $ 289 $ 10, 430 $ 2, 161 $ 18, 643 $ 3, 774, 157 $ 5, 351 (1) Total loan balance includes $ 710 thousand in PPP loans as of December 31, 2022. December 31, 2021 ($ in thousands) Past Due30 to 89DaysPast Due 90Days or MoreandStill AccruingNonaccrualPCDTotalPast Due, Nonaccrualand PCDTotalLHFINonaccrualand PCDwith NoACLCommercial, financial and agriculture (1) $ 246 $ — $ 190 $ — $ 436 $ 397, 516 $ — Commercial real estate453 — 19, 445 2, 082 21, 980 1, 683, 698 1, 661 Consumer real estate2, 140 45 3, 776 2, 512 8, 473 838, 654 1, 488 Consumer installment121 — 7 1 129 39, 685 — Total $ 2, 960 $ 45 $ 23, 418 $ 4, 595 $ 31, 018 $ 2, 959, 553 $ 3, 149 (1) Total loan balance includes $ 41. 1 million in PPP loans as of December 31, 2021. Acquired Loans In connection with the acquisitions **of BBI and HSBI** , the Company acquired loans both with and without evidence of credit quality deterioration since origination. Acquired loans are recorded at their fair value at the time of acquisition with no carryover from the acquired institution' s previously recorded allowance for credit losses. Acquired loans are accounted for under the following accounting pronouncements: ASC 326, Financial Instruments- Credit Losses. The fair value for acquired loans recorded at the time of acquisition is based upon several factors including the timing and payment of expected cash flows, as adjusted for estimated credit losses and prepayments, and then discounting these cash flows using comparable market rates. The resulting fair value adjustment is recorded in the form of premium or discount to the unpaid principal balance of each acquired loan. As it relates to acquired PCD loans, the net premium or net discount is adjusted to reflect the Company' s allowance for credit losses (" ACL") recorded for PCD loans at the time of acquisition, and the remaining fair value adjustment is accreted or amortized into interest income over the remaining life of the loan. As it relates to acquired loans not classified as PCD (" non- PCD") loans, the credit loss and yield components of the fair value adjustments are aggregated, and the resulting net premium or net discount is accreted or amortized into interest income over the average remaining life of those loans. The Company records an ACL for non- PCD loans at the time of acquisition through provision expense, and therefore, no further adjustments are made to the net premium or net discount for non- PCD loans. The estimated fair value of the non- PCD loans acquired in the BBI acquisition was $ 460. 0 million, which is net of a $ 8. 8 million discount. The gross contractual amounts receivable of the acquired non- PCD loans at acquisition was approximately $ 468. 8 million, of which $ 6. 4 million is the amount of contractual cash flows not expected to be collected. The **estimated fair value of the non- PCD acquired in the HSBI acquisition was $ 1. 091 billion, which is net of a $ 33. 7 million discount. The gross contractual amounts receivable of the acquired non- PCD loans at acquisition was approximately $ 1. 125 billion, of which $ 16. 5 million is the amount of contractual cash flows not expected to be collected. The** following table shows the carrying amount of loans acquired in the BBI **and HSBI** acquisition transaction for which there was, at the date of acquisition, more than insignificant deterioration of credit quality since origination: ($ in thousands) **BBIHSBIPurchase** Carrying AmountPurchase price of loans at acquisition $ 27, 669 **$ 52, 356** Allowance for credit losses at acquisition1, 303 **3, 176** Non- credit discount (premium) at acquisition530 **2,**

325 Par value of acquired loans at acquisition $ 29, 502 **$ 57, 857** As of December 31, **2023 and** 2022 ~~and 2021~~ , the amortized cost of the Company’ s PCD loans totaled $ **57. 8 million and $** 24. 0 ~~million and $ 8. 6~~ million, respectively, which had an estimated ACL of $ ~~1~~ **3** . 7 million and $ ~~855 thousand~~ **1. 7 million** , respectively. **Loan Modifications Occasionally** ~~Impaired LHFI Prior to the adoption of FASB ASC 326~~ , the Company **modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, and other- than- insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged- off against the allowance for credit losses. In some cases, the Company provides multiple types of concessions on one loan. Typically, one type of concession, such as term extension, is granted** ~~individually~~ - -- **initially** ~~evaluated impaired LHFI~~ **. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For loans included in the" combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: a term extension, principal forgiveness, an other- than- insignificant payment delay and / or an interest rate reduction** . The following table ~~provides a detail~~ **presents the amortized cost basis** of ~~impaired~~ loans ~~broken out according to class as of December 31, 2020. The following table does not include PCI loans. The recorded investment included in the following table represents customer balances net of any partial charge- offs recognized on the loans, net of any deferred fees and costs. Recorded investment excludes any insignificant amount of accrued interest receivable on loans 90- days or more past due and still accruing. The unpaid balance represents the recorded balance prior to any partial charge- offs. December 31, 2020RecordedInvestmentUnpaidBalanceRelatedAllowanceAverageRecordedInvestmentYTDInterestIncomeRecognizedYTD ($ in thousands) Impaired loans with no related allowance: Commercial, financial and agriculture $ — $ — $ — $ 198 $ — Commercial real estate5, 884 6, 087 — 11, 433 47 Consumer real estate712 758 — 790 5 Consumer installment23 24 — 17 — Total $ 6, 619 $ 6, 869 $ — $ 12, 438 $ 52 Impaired loans with a related allowance: Commercial, financial and agriculture $ 2, 241 $ 2, 254 $ 1, 235 $ 2, 186 $ 58 Commercial real estate17, 973 18, 248 4, 244 13, 687 36 Consumer real estate536 544 176 734 4 Consumer installment26 26 14 86 — Total $ 20, 776 $ 21, 072 $ 5, 669 $ 16, 693 $ 98 Total impaired loans: Commercial, financial and agriculture $ 2, 241 $ 2, 254 $ 1, 235 $ 2, 384 $ 58 Commercial real estate23, 857 24, 335 4, 244 25, 120 83 Consumer real estate1, 248 1, 302 176 1, 524 9 Consumer installment49 50 14 103 — Total Impaired Loans $ 27, 395 $ 27, 941 $ 5, 669 $ 29, 131 $ 150 The cash basis interest earned in the chart above is materially the same as the interest recognized during impairment for the year ended December 31, 2020. The gross interest income that would have been recorded in the period that ended if the nonaccrual loans had been current in accordance with their original terms and had been outstanding throughout the period or since origination, if held for part of twelve months for the year ended December 31, 2020, was $ 1. 5 million. The Company had no loan commitments to borrowers in nonaccrual status~~ at December 31, ~~2020~~ **2023 that were both experiencing financial difficulty and modified during 2023, by class and by type of modification** . **The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below: ($ in thousands) Term ExtensionPercentage of Total Loans Held for InvestmentCommercial real estate $ 581 0. 02 % Total $ 581 0. 02 % The Company has not committed to lend additional amounts to the borrowers included in the previous table. Debt Restructurings Prior to the Adoption of ASU 2022- 02** If the Company grants a concession to a borrower for economic or legal reasons related to a borrower’ s financial difficulties that it would not otherwise consider, the loan is classified as TDRs. As of December 31, 2022 ~~,~~ **and** 2021 ~~, and 2020~~ the Company had TDRs totaling $ 21. 8 million ~~,~~ **and** $ 24. 2 ~~million, and $ 27. 5~~ million, respectively. As of December 31, 2022, the Company had no additional amount committed on any loan classified as TDR. As of December 31, 2022 and 2021 ~~,~~ TDRs had a related ACL of $ 841 thousand and $ 4. 3 million, respectively ~~, compared to a related allowance for loan loss of $ 4. 1 million at December 31, 2020~~ . The following table presents LHFI by class modified as TDRs that occurred during the twelve months ended December 31, 2022 ~~,~~ **and** 2021 **.** ~~, and 2020~~ ($ in thousands, except for number of loans) ~~.~~ December 31, 2022Number ofLoansOutstandingRecordedInvestmentPre- ModificationOutstandingRecordedInvestmentPost- ModificationInterestIncomeRecognizedConsumer real estate1 $ 134 $ 135 $ 7 Total1 $ 134 $ 135 $ 7 December 31, 2021Commercial, financial **,** and agriculture1 $ 38 $ 37 $ 4 Commercial real estate55, 151 4, 890 230 Consumer real estate4222 187 5 Consumer installment113 1 — Total11 $ 5, 424 $ 5, 115 $ 239 ~~December 31, 2020Commercial, financial and agriculture1 $ 12 $ 9 $ 2 Commercial real estate72, 067 2, 042 40 Consumer installment11 1 — Total9 $ 2, 080 $ 2, 052 $ 42~~ The TDRs presented above increased the ACL $ 22 thousand and $ 1. 6 million and ~~increased the allowance for loan losses $ 127 thousand and~~ resulted in no charge- offs for the years ended December 31, 2022, **and** 2021 ~~, and 2020~~ , respectively. The following table presents loans by class modified as TDRs for which there was a payment default within twelve months following the modification during the year ending December 31, 2022 ~~,~~ **and** 2021 **.** ~~, and 2020~~ ($ in thousands, except for number of loans) ~~.~~ ~~202220212020Troubled~~ ---- **20222021Troubled** Debt RestructuringsThat Subsequently Defaulted: Number ofLoansRecordedInvestmentNumber ~~ofLoansRecordedInvestmentNumber~~ ofLoansRecordedInvestmentCommercial real estate — $ — — $ — ~~4 $ 1, 121~~ Consumer real estate1134 255 ~~— —~~ Total1 $ 134 2 $ 55 ~~4 $ 1, 121~~ The modifications described above included one of the following or a combination of the following: maturity date extensions, interest only payments, amortizations were extended beyond what would be available on similar type loans, and payment waiver. No interest rate concessions were given on these loans nor were any of these loans written down. A loan is considered to be in a payment default once it is 30 days contractually past due under the modified terms. The TDRs presented above increased the ACL $ 22 thousand and $ 21 thousand ~~and the allowance for loan losses $ 81 thousand and~~ resulted in no charge- offs for the years ended December 31, 2022, **and** 2021, ~~and 2020~~ respectively. The following tables represents the Company’ s TDRs at December 31, 2022 ~~and 2021~~ : December 31, 2022 ($ in thousands) CurrentLoansPast Due30- 89Past Due 90days and stillaccruing NonaccrualTotalCommercial, financial **,** and agriculture $ 49 $ — $ — $ — $ 49 Commercial real estate13, 561 — — 6, 121 19, 682 Consumer real estate1, 077 — — 929 2, 006 Consumer installment14 — — — 14 Total $ 14, 701 $ — $ — $ 7, 050 $

21, 751 Allowance for credit losses $ 350 $ — $ — $ 491 $ 841 ~~December 31, 2021 ($ in thousands) CurrentLoansPast Due30- 89Past Due 90days and stillaccruingNonaccrualTotalCommercial, financial and agriculture $ 63 $ — $ — $ 107 $ 170 Commercial real estate3, 367 — — 16, 858 20, 225 Consumer real estate1, 772 — — 1, 973 3, 745 Consumer installment18 — — — 18 Total $ 5, 220 $ — $ — $ 18, 938 $ 24, 158 Allowance for loan losses $ 90 $ — $ — $ 4, 217 $ 4, 307~~ Collateral Dependent Loans The following table presents the amortized cost basis of collateral dependent individually evaluated loans by class of loans as of December 31, **2023 and** 2022 ~~and 2021~~: **December 31, 2023 ($ in thousands) Real PropertyEquipmentMiscellaneousTotalCommercial financial, and agriculture $ — $ 496 $ 918 $ 1, 414 Commercial real estate710 — — 710 Consumer real estate778 — — 778 Total $ 1, 488 $ 496 $ 918 $ 2, 902** December 31, 2022 ($ in thousands) Real PropertyTotalCommercial real estate $ 4, 560 $ 4, 560 Consumer real estate998 998 Total $ 5, 558 $ 5, 558 ~~December 31, 2021 ($ in thousands) Real PropertyTotalCommercial real estate $ 1, 712 $ 1, 712 Consumer real estate1, 858 1, 858 Total $ 3, 570 $ 3, 570~~ A loan is collateral dependent when the borrower is experiencing financial difficulty and repayment of the loan is expected to be provided substantially through the sale of the collateral. The following provides a qualitative description by class of loan of the collateral that secures the Company' s collateral ~~–~~dependent LHFI: • Commercial, financial and agriculture – Loans within these loan classes are secured by equipment, inventory accounts, and other non- real estate collateral. • Commercial real estate – Loans within these loan classes are secured by commercial real property. • Consumer real estate- Loans within these loan classes are secured by consumer real property. • Consumer installment- Loans within these loan classes are secured by consumer goods, equipment, and non- real estate collateral. There have been no significant changes to the collateral that secures these financial assets during the period. Loan Participations The Company has loan participations, which qualify as participating interest, with other financial institutions. As of December 31, **2023, these loans totaled $ 304. 0 million, of which $ 165. 9 million had been sold to other financial institutions and $ 138. 1 million was purchased by the Company. As of December 31,** 2022, these loans totaled $ 202. 6 million, of which $ 100. 1 million had been sold to other financial institutions and $ 102. 5 ~~million was purchased by the Company. As of December 31, 2021, these loans totaled $ 118. 4 million, of which $ 77. 8 million had been sold to other financial institutions and $ 40. 6~~ million was purchased by the company. The loan participations convey proportionate ownership rights with equal priority to each participating interest holder; involving no recourse (other than ordinary representations and warranties) to, or subordination by, any participating interest holder; all cash flows are divided among the participating interest holders in proportion to each holder' s share of ownership; and no holder has the right to pledge the entire financial asset unless all participating interest holders agree. Credit Quality Indicators The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. The Company uses the following definitions for risk ratings: Pass: Loan classified as pass are deemed to possess average to superior credit quality, requiring no more than normal attention. Special Mention: Loans classified as special mention have a potential weakness that deserves management' s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Company' s credit position at some future date. Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well- defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. These above classifications were the most current available as of December 31, ~~2022~~ **2023** , and were generally updated within the prior year. The tables below present the amortized cost basis of loans by credit quality indicator and class of loans based on the most recent analysis performed at year ends December 31, **2023 and** 2022 ~~and 2021~~. Revolving loans converted to term as of year ended December 31, **2023 and** 2022 ~~and 2021~~ were not material to the total loan portfolio. **($ in thousands) Term Loans Amortized Cost Basis by Origination YearAs of December 31, 202320232022202120202019PriorRevolvingLoansTotalCommercial, financial and agriculture: Risk RatingPass $ 102, 263 $ 150, 420 $ 113, 487 $ 47, 313 $ 36, 065 $ 64, 020 $ 281, 646 $ 795, 214 Special mention — — — 141 797 3 10 951 Substandard451 330 121 185 550 1, 894 628 4, 159 Doubtful — — — — — — — — Total commercial, financial and agriculture $ 102, 714 $ 150, 750 $ 113, 608 $ 47, 639 $ 37, 412 $ 65, 917 $ 282, 284 $ 800, 324 Current period gross write offs $ 14 $ 51 $ 225 $ 139 $ 206 $ 110 $ — $ 745 Commercial real estate: Risk RatingPass $ 385, 954 $ 825, 505 $ 558, 742 $ 377, 085 $ 253, 746 $ 569, 428 $ 6, 397 $ 2, 976, 857 Special mention — 660 6, 118 3, 111 9, 545 22, 648 — 42, 082 Substandard136 7, 293 393 566 5, 427 26, 401 — 40, 216 Doubtful — — — — — — — — Total commercial real estate $ 386, 090 $ 833, 458 $ 565, 253 $ 380, 762 $ 268, 718 $ 618, 477 $ 6, 397 $ 3, 059, 155 Current period gross write offs $ — $ — $ 193 $ — $ — $ 57 $ — $ 250 Consumer real estate: Risk RatingPass $ 176, 144 $ 334, 056 $ 219, 071 $ 127, 539 $ 59, 615 $ 163, 464 $ 153, 821 $ 1, 233, 710 Special mention — 1, 081 — — 643 3, 246 412 5, 382 Substandard502 404 511 1, 559 514 6, 988 3, 225 13, 703 Doubtful — — — — — — — — Total consumer real estate $ 176, 646 $ 335, 541 $ 219, 582 $ 129, 098 $ 60, 772 $ 173, 698 $ 157, 458 $ 1, 252, 795 Current period gross write offs $ 5 $ 19 $ — $ — $ — $ 25 $ — $ 49 Consumer installment: Risk RatingPass $ 24, 482 $ 12, 408 $ 7, 316 $ 2, 919 $ 1, 213 $ 1, 195 $ 8, 156 $ 57, 689 Special mention — — — — — — — — Substandard — 8 17 42 11 — 1 79 Doubtful — — — — — — — — Total consumer installment $ 24, 482 $ 12, 416 $ 7, 333 $ 2, 961 $ 1, 224 $ 1, 195 $ 8, 157 $ 57, 768 Current period gross write offs $ 226 $ 567 $ 223 $ 179 $ 156 $ 576 $ 121 $ 2, 048 TotalPass $ 688, 843 $ 1, 322, 389 $ 898, 616 $ 554, 856 $ 350, 639 $ 798, 107 $ 450, 020 $ 5, 063, 470 Special mention — 1, 741 6, 118 3, 252 10, 985 25, 897 422 48, 415 Substandard1, 089 8, 035 1, 042 2, 352 6, 502 35, 283 3, 854 58, 157 Doubtful — — — — — — — — Total $ 689, 932 $ 1, 332, 165 $ 905, 776 $ 560, 460 $ 368, 126 $ 859, 287 $ 454, 296 $ 5, 170, 042 Current period gross write offs $ 245 $ 637 $**

641 $ 318 $ 362 $ 768 $ 121 $ 3, 092 ($ in thousands) Term Loans Amortized Cost Basis by Origination YearAs of December 31, 20222022202120202019 2018PriorRevolvingLoansTotalCommercial, financial and agriculture: Risk RatingPass $ 181, 761 $ 141, 174 $ 55, 690 $ 53, 954 $ 43, 441 $ 52, 038 $ 181 $ 528, 239 Special mention380 5, 188 1, 664 — — 412 — 7, 644 Substandard50 — — 34 33 192 — 309 Doubtful — — — — — — — — Total commercial, financial and agriculture $ 182, 191 $ 146, 362 $ 57, 354 $ 53, 988 $ 43, 474 $ 52, 642 $ 181 $ 536, 192 Commercial real estate: Risk RatingPass $ 582, 895 $ 436, 661 $ 305, 140 $ 217, 626 $ 140, 682 $ 368, 185 $ 1, 765 $ 2, 052, 954 Special mention672 1, 345 3, 938 11, 643 9, 885 16, 612 — 44, 095 Substandard50 2, 830 908 1, 694 4, 797 27, 935 — 38, 214 Doubtful — — — — — — — — Total commercial real estate $ 583, 617 $ 440, 836 $ 309, 986 $ 230, 963 $ 155, 364 $ 412, 732 $ 1, 765 $ 2, 135, 263 Consumer real estate: Risk RatingPass $ 325, 853 $ 226, 355 $ 136, 052 $ 59, 376 $ 51, 515 $ 129, 923 $ 112, 278 $ 1, 041, 352 Special mention — — — — 823 3, 846 — 4, 669 Substandard519 554 1, 481 648 1, 706 6, 894 1, 176 12, 978 Doubtful — — — — — — — — Total consumer real estate $ 326, 372 $ 226, 909 $ 137, 533 $ 60, 024 $ 54, 044 $ 140, 663 $ 113, 454 $ 1, 058, 999 Consumer installment: Risk RatingPass $ 18, 925 $ 11, 618 $ 5, 031 $ 2, 078 $ 832 $ 1, 445 $ 3, 725 $ 43, 654 Special mention — — — — — — — — Substandard4 13 24 — 3 5 — 49 Doubtful — — — — — — — — Total consumer installment $ 18, 929 $ 11, 631 $ 5, 055 $ 2, 078 $ 835 $ 1, 450 $ 3, 725 $ 43, 703 TotalPass $ 1, 109, 434 $ 815, 808 $ 501, 913 $ 333, 034 $ 236, 470 $ 551, 591 $ 117, 949 $ 3, 666, 199 Special mention1, 052 6, 533 5, 602 11, 643 10, 708 20, 870 — 56, 408 Substandard623 3, 397 2, 413 2, 376 6, 539 35, 026 1, 176 51, 550 Doubtful — — — — — — — — Total $ 1, 111, 109 $ 825, 738 $ 509, 928 $ 347, 053 $ 253, 717 $ 607, 487 $ 119, 125 $ 3, 774, 157 ~~($ in thousands) Term Loans Amortized Cost Basis by Origination YearAs of December 31, 20212021202020192018 2017PriorRevolvingLoansTotalCommercial, financial and agriculture: Risk RatingPass $ 152, 798 $ 60, 106 $ 52, 802 $ 47, 988 $ 22, 083 $ 43, 773 $ 178 $ 379, 728 Special mention — 255 749 90 481 29 — 1, 604 Substandard — — 1, 398 6, 184 360 8, 242 — 16, 184 Doubtful — — — — — — — — Total commercial, financial and agriculture $ 152, 798 $ 60, 361 $ 54, 949 $ 54, 262 $ 22, 924 $ 52, 044 $ 178 $ 397, 516 Commercial real estate: Risk RatingPass $ 402, 284 $ 313, 288 $ 207, 879 $ 177, 943 $ 134, 234 $ 332, 588 $ — $ 1, 568, 216 Special mention1, 326 2, 259 1, 782 15, 076 2, 779 15, 519 — 38, 741 Substandard3, 904 3, 189 1, 931 17, 147 18, 814 31, 756 — 76, 741 Doubtful — — — — — — — — Total commercial real estate $ 407, 514 $ 318, 736 $ 211, 592 $ 210, 166 $ 155, 827 $ 379, 863 $ — $ 1, 683, 698 Consumer real estate: Risk RatingPass $ 243, 340 $ 164, 359 $ 70, 465 $ 66, 940 $ 51, 988 $ 121, 238 $ 98, 444 $ 816, 774 Special mention — — 331 26 1, 746 1, 949 — 4, 052 Substandard444 532 1, 280 3, 410 1, 288 9, 241 1, 633 17, 828 Doubtful — — — — — — — — Total consumer real estate $ 243, 784 $ 164, 891 $ 72, 076 $ 70, 376 $ 55, 022 $ 132, 428 $ 100, 077 $ 838, 654 Consumer installment: Risk RatingPass $ 17, 980 $ 9, 245 $ 4, 222 $ 1, 645 $ 1, 088 $ 1, 758 $ 3, 697 $ 39, 635 Special mention — — — — — 1 — 1 Substandard — 26 3 5 8 7 — 49 Doubtful — — — — — — — — Total consumer installment $ 17, 980 $ 9, 271 $ 4, 225 $ 1, 650 $ 1, 097 $ 1, 765 $ 3, 697 $ 39, 685 TotalPass $ 816, 402 $ 546, 998 $ 335, 368 $ 294, 516 $ 209, 393 $ 499, 357 $ 102, 319 $ 2, 804, 353 Special mention1, 326 2, 514 2, 862 15, 192 5, 007 17, 497 — 44, 398 Substandard4, 348 3, 747 4, 612 26, 746 20, 470 49, 246 1, 633 110, 802 Doubtful — — — — — — — — Total $ 822, 076 $ 553, 259 $ 342, 842 $ 336, 454 $ 234, 870 $ 566, 100 $ 103, 952 $ 2, 959, 553~~ The ACL is a valuation account that is deducted from loans' amortized cost basis to present the net amount expected to be collected on the loans. It is comprised of a general allowance for loans that are collectively assessed in pools with similar risk characteristics and a specific allowance for individually assessed loans. The allowance is continuously monitored by management to maintain a level adequate to absorb expected **credit** losses ~~inherent~~ in the loan portfolio. The ACL represents the estimated losses for financial assets accounted for on an amortized cost basis. Expected losses are calculated using relevant information, from internal and external sources, about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan- specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environment conditions, such as changes in unemployment rates, property values, or other relevant factors. Management may selectively apply external market data to subjectively adjust the Company' s own loss history including index or peer data. Expected losses are estimated over the contractual term of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals, and modifications. Loans are charged- off against the allowance when management believes the uncollectibility of a loan balance is confirmed and recoveries are credited to the allowance when received. Expected recovery amounts may not exceed the aggregate of amounts previously charged- off. The ~~ACL is measured on a collective basis when similar risk characteristics exist. Generally, collectively assessed loans are grouped by call code (segments). Segmenting loans by call code will group loans that contain similar types of collateral, purposes, and are usually structured with similar terms making each loan' s risk profile very similar to the rest in that segment. Each of these segments then flows up into one of the four bands (bands), Commercial, Financial, and Agriculture, Commercial Real Estate, Consumer Real Estate, and Consumer Installment. In accordance with the guidance in ASC 326, the Company redefined its LHFI portfolio segments and related loan classes based on the level at which risk is monitored within the ACL methodology. Construction loans for 1- 4 family residential properties with a call code 1A1, and other construction, all land development and other land loans with a call code 1A2 were previously separated between the Commercial Real Estate or Consumer Real Estate bands based on loan type code. Under our ASC 326 methodology 1A1 loans are all defined as part of the Consumer Real Estate band and 1A2 loans are all defined as part of the Commercial Real Estate Band. The~~ PD calculation analyzes the historical loan portfolio over the given lookback period to identify, by segment, loans that have defaulted. A default is defined as a loan that has moved to past due 90 days and greater, nonaccrual status, or experienced a charge- off during the period. The model observes loans over a 12- month window, detecting any events previously defined. This information is then used by the model to calculate annual iterative count- based PD rates for each segment. This process is then repeated for all dates within the historical data range. These averaged ~~PD~~ **PDs** ~~' s~~ are used for an immediate reversion back to the historical mean. The historical data used to calculate this input was

captured by the Company from 2009 through the most recent quarter end. The LGD calculation is based on actual losses (charge- offs, net recoveries) at a loan level experienced over the entire lookback period aggregated to get a total for each segment of loans. The aggregate loss amount is divided by the exposure at default to determine an LGD rate. Defaults occurring during the lookback period are included in the denominator, whether a loss occurred or not and exposure at default is determined by the loan balance immediately preceding the default event. If there is not a minimum of five past defaults in a loan segment, or less than 15. 0 % calculated LGD rate, or the total balance at default is less than 1. 0 % of the balance in the respective call code as of the model run date, a proxy index is used. This index is proprietary to the Company' s ACL modeling vendor derived from loss data of other client institutions similar in organization structure to the Company. The vendor also provides a " crisis " index derived from loss data between the post- recessionary years of 2008- 2013 that the Company uses. The model then uses these inputs in a non- discounted version of DCF methodology to calculate the quantitative portion of estimated losses. The model creates loan level amortization schedules that detail out the expected monthly payments for a loan including estimated prepayments and payoffs. These expected cash flows are discounted back to present value using the loan' s coupon rate instead of the effective interest rate. On a quarterly basis, the Company uses internal credit portfolio data, such as changes in portfolio volume and composition, underwriting practices, and levels of past due loans, nonaccruals and classified assets along with other external information not used in the quantitative calculation to determine if any subjective qualitative adjustments are required so that all significant risks are incorporated to form a sufficient basis to estimate credit losses. The following table presents the activity in the allowance for credit losses by portfolio segment for the year years ended December 31, **2023,** 2022 **,** and **2021.** the allowance for loan losses for the year ended December 31, 2021 **2023** : December 31, 2022 ($ in thousands) Commercial, Financial andAgricultureCommercialReal EstateConsumerReal EstateConsumerInstallmentTotalAllowance for credit losses: Beginning balance $ **6, 349 $ 20, 389 $ 11, 599 $ 580 $ 38, 917 Initial allowance on PCD loans727 2, 260 182 7 3, 176 Provision for credit losses2, 164 6, 610 3, 279 1, 697 13, 750 Loans charged- off (745) (250) (49) (2, 048) (3, 092) Recoveries349 116 249 567 1, 281 Total ending allowance balance $ 8, 844 $ 29, 125 $ 15, 260 $ 803 $ 54, 032 December 31, 2022 ($ in thousands) Commercial, Financial andAgricultureCommercialReal EstateConsumerReal EstateConsumerInstallmentTotalAllowance for credit losses: Beginning balance $** 4, 873 $ 17, 552 $ 7, 889 $ 428 $ 30, 742 Initial allowance on PCD loans614 576 113 — 1, 303 Provision for credit losses688 1, 742 2, 786 134 5, 350 Loans charged- off (259) (72) (204) (683) (1, 218) Recoveries433 591 1, 015 701 2, 740 Total ending allowance balance $ 6, 349 $ 20, 389 $ 11, 599 $ 580 $ 38, 917 December 31, 2021 ($ in thousands) Commercial, Financial andAgricultureCommercialReal EstateConsumerReal EstateConsumerInstallmentTotalAllowance for credit losses: Beginning balance $ 6, 214 $ 24, 319 $ 4, 736 $ 551 $ 35, 820 Impact of ASC 326 adoption onnon- PCD loans (1, 319) (4, 607) 5, 257 (49) (718) Impact of ASC 326 adoption onPCD loans166 575 372 2 1, 115 Provision for credit losses (1) 1, 041 (100) (2, 314) (83) (1, 456) Loans charged- off (1, 662) (3, 523) (473) (555) (6, 213) Recoveries433 888 311 562 2, 194 Total ending allowance balance $ 4, 873 $ 17, 552 $ 7, 889 $ 428 $ 30, 742 (1) The negative provision of $ 1. 5 million for credit losses on the consolidated statements of income is net of a $ 370 thousand provision for credit marks in the Cadence **Bank** Branches loans acquired for the year ended December 31, 2022 **. The Company recorded a $ 13. 8 million, provision for credit losses for the year ended December 31, 2023, compared to $ 5. 4 million for the year ended December 31, 2022. The 2023 provision for credit losses increase is attributable to loan growth and the acquisition of HSBI in January 2023. Total loans were $ 5. 116 billion at December 31, 2023, compared to $ 3. 735 billion at December 31, 2022, representing an increase of $ 1. 381 billion, or 37. 0 %. During January 2023, loans totaling $ 1. 159 billion, net of purchase accounting adjustments, were acquired as part of the HSBI acquisition. The initial ACL on PCD loans recorded in March 2023, of $ 3. 2 million was related to the HSBI acquisition. In addition, the 2023 provision for credit losses includes $ 10. 7 million associated with day one post- merger accounting provision recorded for non- PCD loans and unfunded commitments acquired in the HSBI acquisition. The 2022 provision includes $ 3. 9 million associated with day one post- merger accounting provision recorded for non- PCD loans and unfunded commitments and a $ 1. 3 million initial allowance recorded on PCD loans acquired as part of the BBI merger** . The Company recorded a $ 5. 4 million, provision for credit losses for the year ended December 31, 2022, compared to $ 1. 5 million, negative provision for credit losses for the year ended December 31, 2021. The 2022 provision for credit losses includes $ 3. 9 million associated with day one post- merger accounting provision recorded for non- PCD loans and unfunded commitments. A $ 1. 3 million initial allowance was recorded on PCD loans acquired in the BBI merger. The negative provision for 2021 was composed of a $ 1. 5 million decrease in the ACL for LHFI, net of $ 370 thousand provision for credit marks on the Cadence **Bank** Branches loans acquired. The negative provision for credit losses in 2021 was primarily due to the improved macroeconomic outlook for 2021. The following table provides the ending balance in the Company' s LHFI and the ACL, broken down by portfolio segment as of December 31, **2023 and** 2022 and 2021 . The table also provides additional detail as to the amount of our loans and allowance that correspond to individual versus collective impairment evaluation **.** ($ in thousands) . **Commercial, Financial andAgricultureCommercialReal EstateConsumerReal EstateConsumerInstallmentTotalDecember 31, 2023LHFIIndividually evaluated $ 1, 414 $ 710 $ 778 $ — $ 2, 902 Collectively evaluated798, 910 3, 058, 445 1, 252, 017 57, 768 5, 167, 140 Total $ 800, 324 $ 3, 059, 155 $ 1, 252, 795 $ 57, 768 $ 5, 170, 042 Allowance for Credit Losses Individually evaluated $ 408 $ — $ — $ — $ 408 Collectively evaluated8, 436 29, 125 15, 260 803 53, 624 Total $ 8, 844 $ 29, 125 $ 15, 260 $ 803 $ 54, 032 ($ in thousands)** Commercial, Financial andAgricultureCommercialReal EstateConsumerReal EstateConsumerInstallmentTotalDecember 31, 2022LHFIIndividually evaluated $ — $ 4, 560 $ 998 $ — $ 5, 558 Collectively evaluated536, 192 2, 130, 703 1, 058, 001 43, 703 3, 768, 599 Total $ 536, 192 $ 2, 135, 263 $ 1, 058, 999 $ 43, 703 $ 3, 774, 157 Allowance for Credit Losses Individually evaluated $ — $ — $ 5 $ — $ 5 Collectively evaluated6, 349 20, 389 11, 594 580 38, 912 Total $ 6, 349 $ 20, 389 $ 11, 599 $ 580 $ 38, 917 Commercial, Financial andAgricultureCommercialReal EstateConsumerReal EstateConsumerInstallmentTotalDecember 31, 2021LHFIIndividually

~~evaluated $ — $ 1, 712 $ 1, 858 $ — $ 3, 570 Collectively evaluated397, 516 1, 681, 986 836, 796 39, 685 2, 955, 983 Total $ 397, 516 $ 1, 683, 698 $ 838, 654 $ 39, 685 $ 2, 959, 553 Allowance for Loan Losses Individually evaluated $ — $ 4 $ 2 $ — $ 6 Collectively evaluated4, 873 17, 548 7, 887 428 30, 736 Total $ 4, 873 $ 17, 552 $ 7, 889 $ 428 $ 30, 742~~ NOTE F- PREMISES AND EQUIPMENT Premises and equipment owned and utilized in the operations of the Company are stated at cost, less accumulated depreciation and amortization as follows: ($ in thousands) ~~20222021Premises~~ ---- **20232022Premises** : Land $ **48, 460 $** 40, 846 ~~$ 37, 939~~ Buildings and ~~improvements100~~ **improvements126 , 013 100** , 830 ~~89, 165 Equipment32~~ **Equipment41 , 788 32** , 486 ~~28, 978~~ Construction in ~~progress6~~ **progress1 , 808 6** , 447 ~~1~~ **218** , ~~357~~ **069** 180, 609 ~~157, 439~~ Less accumulated depreciation and ~~amortization37~~ - **amortization43 , 760 37** , 091 ~~31, 480~~ Total $ **174, 309 $** 143, 518 ~~$ 125, 959~~ The amounts charged to operating expense for depreciation were $ **7. 4 million, $** 5. 7 million, **and** $ 5. 4 million ~~and $ 4. 9 million~~ in **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. NOTE G- DEPOSITS Time deposits that meet or exceed the FDIC Insurance limit of $ 250, 000 at December 31, **2023 and** 2022 ~~and 2021~~ , were $ **292. 9 million and $** 146. 6 ~~million and $ 141. 5~~ million, respectively. At December 31, ~~2022~~ **2023** , the scheduled maturities of time deposits included in interest- bearing deposits were as follows **:** ($ in thousands) ~~: YearAmount2023~~ **YearAmount2024** $ ~~558~~ **971** , ~~195 2024119~~ **259 202559** , **867** ~~361 202518, 492 202612~~ **202613** , ~~699~~ **593** ~~20279~~ **20277** , ~~257~~ **575 202814, 935** Thereafter8, ~~391~~ **527** Total $ ~~726~~ **1** , ~~395~~ **075, 756** NOTE H- BORROWED FUNDS At December 31, **2023 and** 2022 ~~and 2021~~ , borrowed funds consisted of the following **:** ($ in thousands) ~~: 20222021FHLB~~ **20232022Bank Term Funding Program $ 390, 000 $ — FHLB** advances ~~$ —~~ 130, 100 ~~$ —~~ Total $ **390, 000 $** 130, 100 **On March 12, 2023, the Federal Reserve Board announced the Bank Term Funding Program (" BTFP"), which offers loans to banks with a term up to one year. The loans are secured by pledging the banks' U. S. treasuries, agency securities, agency securities, agency mortgage- backed securities, and any other qualifying asset. These pledged securities will be valued at par for collateral purposes. The BTFP offers up to one year fixed- rate term borrowings that are prepayable without penalty. In 2023, the Bank participated in the BTFP and had outstanding debt of** $ ~~—~~ **390. 0 million, pledged securities totaling a fair value for $ 362. 4 million at December 31, 2023. The securities pledged have a par value of $ 398. 1 million. The Bank' s BTFP borrowings, which were drawn between March 15, 2023 and December 28, 2023, bear interest rates ranging from 4. 69 % to 4. 83 % and are set to mature one year from their issuance date.** In 2022, each advance from the FHLB was payable at its maturity date, with a prepayment penalty for fixed rate advances. Interest was payable monthly at rates ranging from 4. 55 % to 4. 58 % **.** Advances due to the FHLB are collateralized by a blanket lien on first mortgage loans in the amount of the outstanding borrowings, FHLB capital stock, and amounts on deposit with the FHLB. In 2022, advances due to the FHLB were collateralized by $ 3. 651 billion in loans. Based on this collateral and holdings of FHLB stock, the Company is eligible to borrow up to a total of $ **2. 051 billion and $** 1. 679 ~~billion and $ 1. 478~~ billion at December 31, **2023 and** 2022 ~~and 2021~~ , respectively. Payments over the next five years are as follows **:** ($ in thousands) ~~: 2023 $ 130, 100~~ 2024 ~~—~~ **$ 390, 000** 2025 — 2026 — 2027 **— 2028** — NOTE I – LEASE OBLIGATIONS The Company enters into leases in the normal course of business primarily for financial centers, back **-** office operations locations and business development offices. The Company' s leases have remaining terms ranging from 1 to ~~9~~ **8** years. The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. In addition, the Company has elected to account for any non- lease components in its real estate leases as part of the associated lease component. The Company has also elected not to recognize leases with original lease terms of 12 months or less (short- term leases) on the Company' s balance sheet. Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short- term leases is recognized on a straight- line basis over the lease term ~~,~~ and is recorded in net occupancy and equipment expense in the consolidated statements of income and other comprehensive income. Right- of- use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right- of- use assets and lease liabilities are recognized at the lease commencement date and based on the estimated present value of lease payments over the lease term. The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Company' s incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors. The following table details balance sheet information, as well as weighted- average lease terms and discount rates, related to leases at December 31, **2023 and** 2022 **.** ~~and 2021~~ ($ in thousands) ~~:~~ December 31, ~~2022December~~ **2023December** 31, ~~2021Right~~ **2022Right** - of- use assets: Operating leases $ **6, 387 $** 7, 620 ~~$ 4, 095~~ Finance leases, net of accumulated depreciation1, **466 1,** 930 ~~2, 394~~ Total right- of- use assets $ **7, 853 $** 9, 550 ~~$ 6, 489~~ Lease liabilities: Operating lease $ **6, 550 $** 7, 810 ~~$ 4, 192~~ Finance lease1, **739 1,** 918 ~~2, 094~~ Total lease liabilities $ **8, 289 $** 9, 728 ~~$ 6, 286~~ Weighted average remaining lease termOperating leases7. **2 years7.** 5 ~~years4. 0~~ yearsFinance ~~leases8~~ **leases7** . 9 ~~years9~~ **years8** . 9 yearsWeighted average discount rateOperating ~~leases1~~ **leases2 . 0 % 1** . 8 ~~% 2. 4~~ % Finance leases2. 2 % 2. 2 % The table below summarizes our net lease costs **.** ($ in thousands) ~~:~~ December 31, ~~202220212020Operating~~ ---- **202320222021Operating** lease cost $ 1, **504 $ 1,** 464 $ 1, 657 ~~$ 1, 763~~ Finance lease cost: Interest on lease ~~liabilities44~~ **liabilities40** ~~7~~ **44** 7 Amortization of right- of- use464 **464** 263 ~~183~~ Net lease cost $ **2, 008 $** 1, 972 $ 1, 927 ~~$ 1, 953~~ The table below summarizes the maturity of remaining lease liabilities at December 31, ~~2022~~ **2023 .** ($ in thousands) ~~:~~ December 31, ~~2022Operating~~ **2023Operating** Leases Finance ~~Leases2023~~ **Leases2024** $ 1, ~~418~~ **144** $ ~~220 20241, 240~~ 220 20251, ~~104~~ **043** 220 ~~2026887~~ **2026945** 222 ~~2027696~~ **2027777 252 2028691** 252 Thereafter2, ~~751 986~~ **439 735** Total lease ~~payments8~~ **payments7** , ~~096 2~~ **039 1** , ~~120~~ **901** Less: Interest (~~286~~ **489**) (~~202~~ **162**) Present value of lease liabilities $ ~~7~~ **6** , ~~810~~ **550** $ 1, ~~918~~ **739** NOTE J- REGULATORY MATTERS On January 15, 2022, The First, A National Banking Association, a subsidiary of the Company, converted from a national banking association to a Mississippi state- chartered bank and changed its name to The First Bank. The First Bank is a member of the Federal Reserve System through the Federal Reserve Bank of Atlanta. The Company and its subsidiary bank are subject to regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary

actions by regulators that, if undertaken, could have a direct material effect on the Company' s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and its subsidiary bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off- balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgment by regulators about components, risk weightings, and other related factors. To ensure capital adequacy, quantitative measures have been established by regulators, and these require the Company and its subsidiary bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined) to risk- weighted assets (as defined), Tier 1 capital to adjusted total assets (leverage) and common equity Tier 1. Management believes, as of December 31, 2022 **2023**, that the Company met all capital adequacy requirements to which they are subject. Under Basel III requirements, a financial institution is considered to be well- capitalized if it has a total risk- based capital ratio of 10 % or more, has a Tier 1 risk- based capital ratio of 8 % or more, has a common equity Tier 1 of 6. 5 %, and has a Tier 1 leverage capital ratio of 5 % or more. The actual capital amounts and ratios, excluding unrealized losses, at December 31, **2023 and** 2022 and 2021 are presented in the following table. No amount was deducted from capital for interest- rate risk exposure **.** ($ in thousands) : December 31, 2022Company **2023Company** (Consolidated) Subsidiary The First AmountRatio AmountRatio Total risk- based $ **892, 310 15. 0 % $ 875, 071 14. 8 % Common equity Tier 1715, 858 12. 1 % 821, 246 13. 8 % Tier 1 risk- based740, 113 12. 5 % 821, 246 13. 8 % Tier 1 leverage740, 113 9. 7 % 821, 246 10. 7 % December 31, 2022AmountRatio AmountRatioTotal risk- based $** 753, 708 16. 7 % $ 739, 616 16. 4 % Common equity Tier 1570, 660 12. 7 % 701, 099 15. 6 % Tier 1 risk- based586, 068 13. 0 % 701, 099 15. 6 % Tier 1 leverage586, 068 9. 3 % 701, 099 11. 1 % December 31, 2021AmountRatio AmountRatioTotal risk- based $ 662, 658 18. 6 % $ 618, 472 17. 4 % Common equity Tier 1488, 290 13. 7 % 588, 334 16. 6 % Tier 1 risk- based503, 644 14. 1 % 588, 334 16. 6 % Tier 1 leverage503, 644 9. 2 % 588, 334 10. 8 % The minimum amounts of capital and ratios, not including Accumulated Other Comprehensive Income, as established by banking regulators at December 31, **2023, and** 2022 , and 2021 , were as follows **:** ($ in thousands) : December 31, 2022Company **2023Company** (Consolidated) Subsidiary The First AmountRatio AmountRatio Total risk- based $ **475, 183 8. 0 % $ 474, 679 8. 0 % Common equity Tier 1267, 291 4. 5 % 267, 007 4. 5 % Tier 1 risk- based356, 387 6. 0 % 356, 009 6. 0 % Tier 1 leverage237, 592 4. 0 % 237, 339 4. 0 % December 31, 2022AmountRatio AmountRatioTotal risk- based $** 360, 597 8. 0 % $ 360, 071 8. 0 % Common equity Tier 1202, 836 4. 5 % 202, 540 4. 5 % Tier 1 risk- based270, 447 6. 0 % 270, 053 6. 0 % Tier 1 leverage180, 298 4. 0 % 180, 035 4. 0 % December 31, 2021AmountRatio AmountRatioTotal risk- based $ 285, 049 8. 0 % $ 284, 209 8. 0 % Common equity Tier 1160, 340 4. 5 % 159, 868 4. 5 % Tier 1 risk- based213, 787 6. 0 % 213, 157 6. 0 % Tier 1 leverage142, 524 4. 0 % 142, 105 4. 0 % The principal sources of funds to the Company to pay dividends are the dividends received from the Bank. Consequently, dividends are dependent upon The First' s earnings, capital needs, regulatory policies, as well as statutory and regulatory limitations. Federal Reserve regulations limit dividends, stock repurchases and discretionary bonuses to executive officers if the Company' s regulatory capital is below the level of regulatory minimums plus the applicable capital conservation buffer. Federal and state banking laws and regulations restrict the amount of dividends and loans a bank may make to its parent company. Approval by the Company' s regulators is required if the total of all dividends declared in any calendar year exceed the total of its net income for that year combined with its retained net income of the preceding two years. In 2022 **2023**, the Bank had available $ 172 **147** . 0 **3** million to pay dividends. NOTE K- INCOME TAXES The components of income tax expense are as follows **:** ($ in thousands) : Years Ended December 31, 202220212020Current ---- **202320222021Current** : Federal $ **11, 754 $** 12, 071 $ 12, 546 $ 11, 270 State2 **, 587 2** , 759 2, 630 2, 308 Deferred **7, 006** 940 1, 739 (3, 015) Total income tax expense $ **21, 347 $** 15, 770 $ 16, 915 $ 10, 563 The Company' s income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows **:** ($ in thousands) : Years Ended December 31, 202220212020Amount ---- **202320222021Amount** % Amount % Amount % Income taxes at statutory rate $ **20, 289 21 % $** 16, 525 21 % $ 17, 027 21 % $ 13, 244 21 % Tax- exempt income, net (**1, 696) (** 2 **) % (2** , 369) (3) % (1, 692) (2) % **Nondeductible expenses144** (1, 868) (2) % Bargain purchase gain — — % **391** — — % (1, 645) (3) % Nondeductible expenses391 — % 29 — % 188 — % State income tax, net of federal tax effect2 **effect3 , 064 4 % 2** , 251 3 % 2, 299 3 % 1, 600 3 % Federal tax credits, net (715) (1) % (715) (1) % (715) (1) % Other, **net261** net (313) — % (33 **313**) — % (241 **33**) **—** (1) % $ **21, 347 22 % $** 15, 770 17 **20** % $ 16, 915 **21** 17 % $ 10, 563 17 % The components of deferred income taxes included in the consolidated financial statements were as follows **:** ($ in thousands) : December 31, 20222021Deferred ---- **20232022Deferred** tax assets: Allowance for loan **credit** losses $ **13, 276 $** 9, 581 $ 7, 566 Net operating loss carryover24 **carryover27 , 256 24** , 531 2, 109 Nonaccrual loan interest600 -- **interest826 600** 1, 447 Other real estate894 **estate1** 247 **, 092 894** Deferred compensation1, **161 1,** 205 1, 267 Loan purchase accounting2 **accounting6 , 438 2** , 554 966 Unrealized loss on available- for- sale securities48 **securities38 , 776 48** , 738 — Lease liability2, **037 2,** 395 1, 547 Other3 **Other5 , 014 3** , 299 2 **95** , 421 **876** 93, 797 17, 570 Deferred tax liabilities: Unrealized gain on available- for- sale securities — (2, 702) Securities (**560) (** 627) (778) Premises and equipment (**9, 017) (** 6, 588) (7, 637) Core deposit intangible (**16, 094) (** 7, 628) (6, 255) Goodwill (2, **651) (2,** 388) (2, 121) Right- of- use asset (**1, 929) (** 2, 517) **Other** (1, 702 **461**) Other (596) (485 **31, 712**) (20, 344) (21, 680) Net deferred tax asset / (liability), included in other assets / (liabilities) $ **64, 164 $** 73, 453 $ (4, 110) With the acquisition of Baldwin Bancshares, Inc. in 2013, BCB Holding Company, Inc. in 2014, Gulf Coast Community Bank in 2017, Sunshine Financial, Inc. in 2018, and FPB Financial Corp. in 2019, SWG in 2020, and BBI in 2022 **, and HSBI in 2023,** the Company assumed federal tax net operating loss carryovers. $ 200 **228** . 2 **9** million of net operating losses remain available to the Company and begin to expire in 2026. The Company expects to fully utilize the net operating losses. The Company follows the guidance of ASC Topic 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure **,** and transition. As of December 31, 2022 **2023**, the Company had no uncertain tax positions that it believes should be recognized in

the financial statements. The tax years still subject to examination by taxing authorities are years subsequent to ~~2018~~ **2019** . NOTE L- EMPLOYEE BENEFITS The Company and the Bank provide a deferred compensation arrangement (401k plan) whereby employees contribute a percentage of their compensation. For employee contributions of six percent or less, the Company and its subsidiary bank provide a 50 % matching contribution. Contributions totaled $ 1. **5 million in 2023, $ 1.** 2 million in 2022, **and** $ 1. 1 million in 2021 ~~, and $ 990 thousand in 2020~~ . The Company sponsors an Employee Stock Ownership Plan (ESOP) for employees who have completed one year of service for the Company and attained age 21. Employees become fully vested after five years of service. Contributions to the plan are at the discretion of the Board of Directors. At December 31, ~~2022~~ **2023** , the ESOP held 5, 728 shares valued at $ ~~183~~ **168** thousand of Company common stock and had no debt obligation. All shares held by the plan were considered outstanding for net income per share purposes. Total ESOP expense was $ **24 thousand for 2023, $** 33 thousand for 2022, **and** $ 3 thousand for 2021 ~~, and $ 26 thousand for 2020~~ . In 2014, the Company established a Supplemental Executive Retirement Plan (" SERP ") for three active key executives. During 2016, the Company established a SERP for eight additional active key executives. Pursuant to the SERP, these officers are entitled to receive 180 equal monthly payments commencing at the later of obtaining age 65 or separation from service. The costs of such benefits, assuming a retirement date at age 65, are accrued by the Company and included in other liabilities in the Consolidated Balance Sheets. The SERP balance at December 31, **2023 and** 2022 ~~and 2021~~ was $ **4. 6 million and $** 3 ~~. 7 million and $ 2~~ . 7 million, respectively. The Company accrued to expense **$ 951 thousand for 2023,** $ 945 thousand for 2022, **and** $ 945 thousand for 2021 ~~, and $ 676 thousand for 2020~~ for future benefits payable under the SERP. The SERP is an unfunded plan and is considered a general contractual obligation of the Company. Upon the acquisition of Iberville Bank, Southwest Banc Shares, Inc., FMB Banking Corporation, and SWG, the Bank assumed deferred compensation agreements with directors and employees. At December 31, ~~2022~~ **2023** , the total liability of the deferred compensation agreements was $ ~~833~~ **763** thousand, $ 1. 1 million, $ 2. ~~8~~ **6** million, and $ ~~353~~ **273** thousand, respectively. Deferred compensation expense totaled $ ~~21~~ **24** thousand, $ ~~46~~ **152** thousand, $ ~~190~~ **112** thousand, and $ 19 thousand, respectively for ~~2022~~ **2023** . NOTE M- STOCK PLANS In 2007, the Company adopted the 2007 Stock Incentive Plan. The 2007 Plan provided for the issuance of up to 315, 000 shares of Company Common Stock, $ 1. 00 par value per share. In 2015, the Company adopted an amendment to the 2007 Stock Incentive Plan which provided for the issuance of an additional 300, 000 shares of Company Common Stock, $ 1. 00 par value per share, for a total of 615, 000 shares. In 2021, the Company adopted an amendment to the 2007 Stock Incentive Plan which provided for the issuance of an additional 500, 000 shares of Company Common Stock, $ 1. 00 par value per share, for a total of 1, 115, 000 shares. Shares issued under the 2007 Plan may consist in whole or in part of authorized but unissued shares or treasury shares. Total shares issuable under the plan are ~~384~~ **239** , ~~955~~ **964** at year- end ~~2022~~ **2023** , **and 167, 173** and 129, 950 ~~and 93, 578~~ shares were issued in **2023 and** 2022 ~~and 2021~~ , respectively. A summary of changes in the Company' s nonvested shares for the year follows: Nonvested sharesSharesWeighted- AverageGrant- DateFair ValueNonvested at January 1, ~~2022314~~ **2023364** , **056 $** ~~310~~ - **31** ~~$ 30~~ . ~~58~~ **88** ~~Granted129~~ **Granted167** , ~~950~~ **173** Vested (~~77~~ **54** , ~~704~~ **094**) Forfeited (~~2~~ **12** , ~~500~~ **194**) Nonvested at December 31, ~~2022364~~ - **2023464** , ~~056~~ **941** $ 31. ~~88~~ **08** As of December 31, ~~2022~~ **2023** , there was $ ~~6~~ **8** . ~~6~~ **5** million of total unrecognized compensation cost related to nonvested shares granted under the Plan. The costs ~~is~~ **are** expected to be recognized over the remaining term of the vesting period (approximately 5 years). The total fair value of shares vested during the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ was **$ 1. 7 million,** $ 2. 5 million, **and** $ 3. 2 million ~~, and $ 3. 2 million~~ . Compensation cost in the amount of **$ 2. 3 million was recognized for the year ended December 31, 2023,** $ 2. 4 million was recognized for the year ended December 31, 2022 ~~,~~ **and** $ 3. 1 million ~~was recognized~~ for the year ended December 31, 2021 ~~and $ 2. 4 million for the year ended December 31, 2020~~ . Shares of restricted stock granted to employees under this stock plan are subject to restrictions as to the vesting period. The restricted stock award becomes 100 % vested on the earliest of 1) the vesting period provided the Grantee has not incurred a termination of employment prior to that date, 2) the Grantee' s retirement, or 3) the Grantee' s death. During this period, the holder is entitled to full voting rights and dividends. The dividends are held by the Company and only paid if and when the grants are vested. The 2007 Plan also contains a double trigger change- in- control provision pursuant to which unvested shares of stock granted through the plan will be accelerated upon a change in control if the executive is terminated without cause as a result of the transaction (as long as the shares granted remain part of the Company or are transferred into the shares of the new company). In 2022, as part of the BBI acquisition, the Company assumed outstanding options previously granted by BBI under the BBI 2018 Stock Option Plan (" legacy BBI options"). In connection with the assumption of the legacy BBI options, the Company reserved for issuance 310, 427 shares of common stock to be issued upon exercise of such options. These options had a weighted average exercise price of $ 29. 23 and were fully vested upon acquisition. NOTE N- SUBORDINATED DEBT On June 30, 2006, the......, at December 31, 2021. NOTE O- TREASURY STOCK Shares held in treasury totaled 1, 249, 607 at December 31, ~~2022~~ **2023** , ~~649~~ **1, 249** , 607 at December 31, ~~2021~~ **2022** and ~~483~~ **649** , ~~984~~ **607** at December 31, 2020. On May 7, 2020...... the Company announced the renewal of the 2021 Repurchase Program that previously expired on December...... expiration date of December 31, 2022 . NOTE P- RELATED PARTY TRANSACTIONS In the normal course of business, the Bank makes loans to its directors and executive officers and to companies in which they have a significant ownership interest. Such loans amounted to approximately $ **23. 7 million and $** 28. 3 ~~million and $ 21. 9~~ million at December 31, **2023 and** 2022 ~~and 2021~~ , respectively. The activity in loans to current directors, executive officers, and their affiliates during the year ended December 31, ~~2022~~ **2023** , is summarized as follows **:** ($ in thousands) ~~:~~ Loans outstanding at beginning of year $ ~~21~~ **28** , ~~855~~ **338** Advances / new ~~loans7~~ **loans725** ~~, 487~~ Removed / payments (~~1~~ **5** , ~~004~~ **383**) Loans outstanding at end of year $ ~~28~~ **23** , ~~338~~ **680** Deposits from principal officers, directors, and their affiliates at year- end **2023 and** 2022 ~~and 2021~~ were $ **15. 6 million and $** 16 ~~. 8 million and $ 14~~ . 8 million. NOTE Q- COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS OF CREDIT RISK In the normal course of business, there are outstanding various commitments and contingent liabilities, such as guaranties, commitments to extend credit, overdraft protection, etc., which are not reflected in the accompanying financial statements. Commitments to

extend credit and letters of credit include some exposure to credit loss in the event of nonperformance of the customer. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit policies and procedures for such commitments are the same as those used for lending activities. Because these instruments have fixed maturity dates and because a number expire without being drawn upon, they generally do not present any significant liquidity risk. No significant losses on commitments were incurred during the two years ended December 31, **2023 and** 2022, nor are any significant losses as a result of these transactions anticipated. The contractual amounts of financial instruments with off- balance- sheet risk at year- end were as follows: 20222021 **20232022** ($ in thousands) Fixed RateVariable RateFixed RateVariable RateCommitments to make loans $ **34, 380 $ 50, 226 $** 43, 227 $ 15, 758 $ 80, 760 $ 23, 946 Unused lines of credit243 - **credit231 , 335 605, 646 243** , 043 404, 025 213, 332 309, 791 Standby letters of credit4 **credit15 , 573 13, 114 4** , 260 9, 909 2, 586 9, 737 Commitments to make loans are generally made for periods of 90 days or less. The fixed rate loan commitments have interest rates ranging from 1. 0 % to 18. 0 % and maturities ranging from 1 year to 30 years. ALLOWANCE FOR CREDIT LOSSES (" ACL ") ON OFF BALANCE SHEET CREDIT (" OBSC ") Exposures The Company adopted ASC 326, effective January 1, 2021, which requires the Company to estimate expected credit losses for OBSC exposures which are not unconditionally cancellable. The Company maintains a separate ACL on OBSC exposures, including unfunded commitments and letters of credit, which is included on the accompanying consolidated balance sheet for the years ended December 31, **2023 and** 2022 and 2021 . The ACL on OBSC exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. Changes in the ACL on OBSC exposures were as follows for the presented periods: ($ in thousands) 20222021Balance **202320222021Balance** at beginning of period $ 1, **325 $ 1,** 070 $ — Adoption of ASU 326 **—** — 718Credit loss expense related to OBSC exposures255352Balance **exposures750255352Balance** at end of period **$ 2, 075** $ 1, 325 $ 1, 070 Adjustments to the ACL on OBSC exposures are recorded to provision for credit losses OBSC exposures. The Company recorded $ **750 thousand, $** 255 thousand **,** and $ 352 thousand to the provision for credit losses OBSC exposures for the years ended December 31, **2023,** 2022 **,** and 2021 , respectively **. The increase in the ACL on OBSC exposures for the year ended December 31, 2023 compared to the same period in 2022 was due to the day one provision for unfunded commitments related to the HSBI acquisition and an increase in unfunded commitments** . No credit loss estimate is reported for OBSC exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation on the arrangement. The Company currently has 87 **110** full **-** service banking and financial service offices, one motor bank facility and two **five** loan production offices across Mississippi, Alabama, Florida, Georgia **,** and Louisiana. Management closely monitors its credit concentrations and attempts to diversify the portfolio within its primary market area. As of December 31, 2022 **2023** , management does not consider there to be any significant credit concentrations within the loan portfolio. Although the Bank' s loan portfolio, as well as existing commitments, reflects the diversity of its primary market area, a substantial portion of a borrower' s ability to repay a loan is dependent upon the economic stability of the area. In the normal course of business, the Company and its subsidiary are subject to pending and threatened legal actions. Although the Company is not able to predict the outcome of such actions, after reviewing pending and threatened actions with counsel, management believes that based on the information currently available the outcome of such actions, individually or in the aggregate, will not have a material adverse effect on the Company' s consolidated financial statements. NOTE R- FAIR VALUES OF ASSETS AND LIABILITIES The Company follows the guidance of ASC Topic 820, Fair Value Measurements and Disclosures, that **which** establishes a framework for measuring fair value and expands disclosures about fair value measurements. The guidance defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In accordance with the guidance, the Company groups its financial assets and financial liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded **,** and the reliability of the assumptions used to determine fair value. These levels are: Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities which use observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities. Level 3: Significant unobservable inputs that reflect a company' s own assumptions about the assumptions that market participants would use in pricing an asset or liability. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value: Cash and Cash Equivalents – For such short- term instruments, the carrying amount is a reasonable estimate of fair value. Debt Securities- The fair value of available- for- sale securities is determined by various valuation methodologies. Where quoted market prices are available in an active market, securities are classified within Level 1. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include obligations of U. S. government corporations and agencies, obligations of states and political subdivisions, mortgage- backed securities **,** and collateralized mortgage obligations. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using the discounted cash flow or other market indicators (Level 3). Loans – The fair value of loans was estimated by discounting the expected future cash flows using the current interest rates at which similar loans would be made for the same remaining maturities, in accordance with the exit

price notion as defined by FASB ASC 820, Fair Value Measurement (" ASC 820"). Expected future cash flows were projected based on contractual cash flows, adjusted for estimated prepayments and as a result of the adoption of ASU 2016- 01, which also included credit risk and other market factors to calculate the exit price fair value in accordance with ASC 820. Loans Held for Sale- Loans held for sale are carried at the lower of cost or fair value in the aggregate as determined by the outstanding commitments from investors. As, such we classify those loans subjected to nonrecurring fair value adjustments as Level 2 of the fair value hierarchy. Interest Rate Swaps- The Company offers interest rate swaps to certain commercial loan customers to allow them to hedge the risk of rising interest rates on their variable rate loans. The Company originates a variable rate loan and enters into a variable to fixed interest rate swap with the customer. The Company also enters into an offsetting swap with a correspondent bank. These back- to- back agreements are intended to offset each other and allow the Company to originate a variable rate loan, while providing the contract or fixed interest payments for the customer. Due to **In addition, the Company will enter into risk participation agreements (" RPA"). Under an RPA- in agreement, a derivative liability, the Company assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower, for a fee received from the** the **other** observable nature **bank. Under an RPA- out agreement, a derivative asset, the Company participates out a portion of the credit risk associated with the interest rate swap position executed with the commercial borrower, for a fee paid to the participating bank. RPAs are derivative financial instruments recorded at fair value. Although we have determined that a majority** of the inputs used **to** in deriving the fair value **our** of these derivative **derivatives fall** contracts, the valuation of interest rates swaps is classified within Level 2 of the fair value hierarchy **, the credit assumptions associated with our risk participation agreements utilize Level 3 inputs** . Accrued Interest Receivable – The carrying amount of accrued interest receivable approximates fair value and is classified as level 2 for accrued interest receivable related to investments securities and Level 3 for accrued interest receivable related to loans. Deposits – The fair values of demand deposits are, as required by ASC Topic 825, equal to the carrying value of such deposits. Demand deposits include non- interest- bearing demand deposits, savings accounts, NOW accounts, and money market demand accounts. The fair value of variable rate term deposits, those repricing within six months or less, approximates the carrying value of these deposits. Discounted cash flows have been used to value fixed rate term deposits and variable rate term deposits repricing after six months. The discount rate used is based on interest rates currently being offered on comparable deposits as to amount and term. Short- Term Borrowings – The carrying value of any federal funds purchased and other short- term borrowings approximates their fair values. FHLB and Other Borrowings – The fair value of the fixed rate borrowings is estimated using discounted cash flows, based on current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount of any variable rate borrowing approximates its fair value. Subordinated Debentures – Fair values are determined based on the current market value of like instruments of a similar maturity and structure. Accrued Interest Payable – The carrying amount of accrued interest payable approximates fair value resulting in a Level 2 classification. Off- Balance Sheet Instruments – Fair values of off- balance sheet financial instruments are based on fees charged to enter into similar agreements. However, commitments to extend credit do not represent a significant value until such commitments are funded or closed. Management has determined that these instruments do not have a distinguishable fair value and no fair value has been assigned. The following table presents the Company' s securities that are measured at fair value on a recurring basis and the level within the hierarchy in which the fair value measurements fell as of December 31, **2023 and** 2022 and 2021 : December 31, 2022Fair **2023Fair** Value Measurements ($ in thousands) Fair ValueQuoted Prices inActive MarketsForIdentical Assets (Level 1) SignificantOtherObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) Assets: Available- for- saleU. S. Treasury $ **16, 675 $ 16, 675 $ — $ — Obligations of U. S. government agencies and sponsored entities104, 923 — 104, 923 — Municipal securities438, 466 — 420, 283 18, 183 Mortgage- backed Securities441, 661 — 441, 661 — Corporate obligations37, 597 — 37, 567 30 Other3, 043 — 3, 043 — Total investment securities available- for- sale $ 1, 042, 365 $ 16, 675 $ 1, 007, 477 $ 18, 213 Loans held for sale2, 914 — 2, 914 — Interest rate swaps $ 12, 170 $ — $ 12, 129 $ 41 Liabilities: Interest rate swaps $ 12, 175 $ — $ 12, 129 $ 46 December 31, 2022Fair Value Measurements ($ in thousands) Fair ValueQuoted Prices inActive MarketsForIdentical Assets (Level 1) SignificantOtherObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) Assets: Available- for- saleU. S. Treasury $** 123, 854 $ 123, 854 $ — $ — Obligations of U. S. government agencies and sponsored entities144, 369 — 144, 369 — Municipal securities457, 857 — 442, 740 15, 117 Mortgage- backed Securities490 **securities490** , 139 — 490, 139 — Corporate obligations40, 882 — 40, 851 31 Total investment securities available- for- sale $ 1, 257, 101 $ 123, 854 $ 1, 118, 099 $ 15, 148 Loans held for sale4 - **sale $ 4** , 443 **$** — **$** 4, 443 **$** — Interest rate swaps $ 12, 825 $ — $ 12, 825 $ — Liabilities: Interest rate swaps $ 12, 825 $ — $ 12, 825 $ — December 31, 2021Fair Value Measurements ($ in thousands) Fair ValueQuoted Prices inActive MarketsForIdentical Assets (Level 1) SignificantOtherObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) Assets: Available- for- saleU. S. Treasury $ 135, 158 $ 135, 158 $ — $ — Obligations of U. S. government agencies and sponsored entities183, 021 — 183, 021 — Municipal securities708, 502 — 688, 379 20, 123 Mortgage- backed securities688, 298 — 688, 298 — Corporate obligations36, 853 — 36, 810 43 Total investment securities available- for- sale $ 1, 751, 832 $ 135, 158 $ 1, 596, 508 $ 20, 166 Loans held for sale $ 7, 678 $ — $ 7, 678 $ — The following is a reconciliation of activity for assets measured at fair value based on significant unobservable (Level 3) information: Bank- Issued TrustPreferred Securities ($ in thousands) 20222021Balance **20232022Balance** , January 1 $ **31 $** 43 $ 235 Paydowns (**1) (** 12) **Balance, December 31 $ 30 $ 31 Municipal Securities** (**$ in thousands) 20232022Balance, January 1 $** 215 - **15, 117 $ 20, 123 Maturities, calls and paydowns (2, 639**) Gain included in income **(2, 328) Transfer from level 2 to level 36, 085** — 27 Unrealized (loss) **gain** included in comprehensive income — (4 **380) (2, 678**) Balance, December 31 $ 31 **18, 183** $ 43 Municipal Securities **15, 117 Interest Rate Swaps- Risk Participations** ($ in thousands) 20222021Balance **2023Balance** , January 1 $ 20, 123 $ 20, 126 Purchases — **RPA-** 6, 019 Maturities, calls and paydowns (2, 328) (5, 457) Unrealized (loss) gain included in comprehensive income (**46** 2, 678) (565) **RPA- out41** Balance , **at** December 31 $ **(5)** 15, 117 $ 20, 123 The following methods and

assumptions were used to estimate the fair values of the Company' s assets measured at fair value on a recurring basis at December 31, **2023 and** 2022 ~~and 2021~~. The following tables present quantitative information about recurring Level 3 fair value measurements **:** ($ in thousands) ~~:~~ **Bank- Issued** Trust Preferred SecuritiesFair ValueValuation TechniqueSignificant UnobservableInputsRange of InputsDecember 31, **2023 $ 30 Discounted cash flowDiscount rate7. 81 %- 7. 89 % December 31,** 2022 $ 31 Discounted cash flowDiscount rate6. 98 %- 7. 19 ~~% December 31, 2021 $ 43 Discounted cash flowDiscount rate2. 35 %- 2. 47~~ % Municipal SecuritiesFair ValueValuation TechniqueSignificant Unobservable InputsRange of InputsDecember 31, **2023 $ 18, 183Discounted cash flowDiscount rate2. 34 %- 5. 50 % December 31,** 2022 $ 15, 117Discounted cash flowDiscount rate3. 00 %- 4. 00 % ~~December~~ **Interest Rate Swaps- Risk ParticipationsFair ValueValuation TechniqueSignificant Unobservable InputsRange of InputsDecember** 31, ~~2021~~ **2023** $ **(5) Credit Value AdjustmentCredit Spread225 bps** ~~20, 123Discounted cash flowDiscount rate0. 50 %~~ - ~~1. 90~~ **300 bpsRecovery Rate70** % Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a non-recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. Loans for which it is probable that the Company will not collect all principal and interest due according to contractual terms are measured for impairment. If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income date available for similar loans and collateral underlying such loans. Such adjustments, if any, result in a Level 3 classification of the inputs for determining fair value. The Company adjusts the appraisal for cost associated with litigation and collections. Non- real estate collateral may be valued using an appraisal, net book value per the borrower' s financial statements, or aging reports, adjusted or discounted based on management' s expertise and knowledge of the client and client' s business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment. Other real estate owned consists of properties obtained through foreclosure. The adjustment at the time of foreclosure is recorded through the allowance for ~~loan~~ **credit** losses. Fair value of other real estate owned is based on current independent appraisals of the collateral less costs to sell when acquired, establishing a new costs basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals, which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach with data from comparable properties. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments, if any, result in a Level 3 classification of the inputs for determining fair value. In the determination of fair value subsequent to foreclosure, management also considers other factors or recent developments, such as changes in market conditions from the time of valuation and anticipated sales values considering plans for disposition, which could result in an adjustment to lower the collateral value estimates indicated in the appraisals. The Company adjust the appraisal 10 percent for carrying costs. Periodic revaluations are classified as Level 3 in the fair value hierarchy since assumptions are used that may not be observable in the market. Due to the subjective nature of establishing the fair value when the asset is acquired, the actual fair value of the other real estate owned or foreclosed asset could differ from the original estimate. If it is determined the fair value declines subsequent to foreclosure, a valuation allowance is recorded through other income. Operating costs associated with the assets after acquisition are also recorded as non- interest expense. Gains and losses on the disposition of other real estate owned and foreclosed assets are netted and recorded in other income. Other real estate measured at fair value on a non- recurring basis at December 31, ~~2022~~ **2023**, amounted to $ ~~4.~~ 8 **. 3** million. Other real estate owned is classified within Level 3 of the fair value hierarchy. The following table presents the fair value measurement of assets and liabilities measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements were reported at December 31, **2023 and** 2022 ~~and 2021~~: Fair Value Measurements Using ($ in thousands) Fair ValueQuoted Prices inActive MarketsForIdentical Assets (Level 1) SignificantOtherObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) December 31, **2023Collateral dependent loans $ 2, 494 $ — $ — $ 2, 494 Other real estate owned8, 320 — — 8, 320 December 31,** 2022Collateral dependent loans $ 5, 552 $ — $ — $ 5, 552 Other real estate owned4, 832 — — 4, 832 ~~December 31, 2021Collateral dependent loans $ 3, 564 $ — $ — $ 3, 564 Other real estate owned2, 565 — — 2, 565~~ Estimated fair values for the Company' s financial instruments are as follows, as of the dated noted: Fair Value MeasurementsDecember 31, ~~2022CarryingAmountEstimatedFair~~ **2023CarryingAmountEstimatedFair** ValueQuotedPrices (Level 1) SignificantOther ObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) ($ in thousands) Financial Instruments: Assets: Cash and cash equivalents $ **355, 147 $ 355, 147 $ 355, 147 $ — $ — Securities available- for- sale1, 042, 365 1, 042, 365 16, 675 1, 007, 477 18, 213 Securities held- to- maturity654, 539 615, 944 — 615, 944 — Loans held for sale2, 914 2, 914 — 2, 914 — Loans, net5, 116, 010 4, 877, 935 — — 4, 877, 935 Accrued interest receivable33, 300 33, 300 — 8, 632 24, 668 Interest rate swaps12, 170 12, 170 — 12, 129 41 Liabilities: Non- interest- bearing deposits $ 1, 849, 013 $ 1, 849, 013 $ — $ 1, 849, 013 $ — Interest- bearing deposits4, 613, 859 4, 430, 227 — 4, 430, 227 — Subordinated debentures123, 386 109, 426 — — 109, 426 FHLB and other borrowings390, 000 390, 000 — 390, 000 — Accrued interest payable22, 702 22, 702 — 22, 702 — Interest rate swaps12, 175 12, 175 — 12, 129 46 Fair Value MeasurementsDecember 31, 2022CarryingAmountEstimatedFair ValueQuotedPrices (Level 1) SignificantOther ObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) ($ in thousands) Financial Instruments: Assets: Cash and cash equivalents $** 145, 315 $ 145, 315 $ 145, 315 $ — $ — Securities available- for- sale1, 257, 101 1, 257, 101 123, 854 1, 118, 099 15, 148 Securities held- to- maturity691, 484 642, 097 — 642, 097 — Loans held for sale4, 443 4, 443 — 4, 443 — Loans, net3, 735, 240 3, 681, 313 — — 3, 681, 313 Accrued interest receivable27, 723 27, 723 — 9, 757 17, 966 Interest rate swaps12, 825 12,

825 — 12, 825 — Liabilities: Non- interest- bearing deposits $ 1, 630, 203 $ 1, 630, 203 $ — $ 1, 630, 203 $ — Interest- bearing deposits3, 864, 201 3, 505, 990 — 3, 505, 990 — Subordinated debentures145, 027 133, 816 — — 133, 816 FHLB and other borrowings130, 100 130, 100 — 130, 100 — Accrued interest payable3, 324 3, 324 — 3, 324 — Interest rate swaps12, 825 12, 825 — 12, 825 — Fair Value MeasurementsDecember 31, 2021CarryingAmountEstimatedFair ValueQuotedPrices (Level 1) SignificantOther ObservableInputs (Level 2) SignificantUnobservableInputs (Level 3) ($ in thousands) Financial Instruments: Assets: Cash and cash equivalents $ 919, 713 $ 919, 713 $ 919, 713 $ — $ — Securities available- for- sale1, 751, 832 1, 751, 832 135, 158 1, 596, 508 20, 166 Loans held for sale7, 678 7, 678 — 7, 678 — Loans, net2, 928, 811 2, 956, 278 — — 2, 956, 278 Accrued interest receivable23, 256 23, 256 — 6, 838 16, 418 Liabilities: Non- interest- bearing deposits $ 756, 118 $ 756, 118 $ — $ 756, 118 $ — Interest- bearing deposits4, 470, 666 4, 431, 771 — 4, 431, 771 — Subordinated debentures144, 726 156, 952 — — 156, 952 Accrued interest payable1, 711 1, 711 — 1, 711 — NOTE S- REVENUE FROM CONTRACTS WITH CUSTOMERS All of the Company' s revenue from contracts with customers within the scope of ASC 606 is recognized within non- interest income. The guidance does not apply to revenue associated with financial instruments, including loans and investment securities that are accounted for under other GAAP, which comprise a significant portion of our revenue stream. A description of the Company' s revenue streams accounted for under ASC 606 is as follows: Service Charges on Deposit Accounts: The Company earns fees from deposit customers for transaction- based, account maintenance, and overdraft services. Transaction- based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed at the point in the time the Company fulfills the customer' s request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer' s account balance. Interchange Income: The Company earns interchange fees from debit and credit card holder transaction conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided by the cardholder. Gains / Losses on Sales of OREO: The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether the collectability of the transaction prices is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present. All of the Company' s revenue from contracts with customers in the scope of ASC 606 is recognized within non- interest income. The following table presents the Company' s sources of non- interest income for December 31, **2023,** 2022, **and** 2021 , and 2020 . Items outside the scope of ASC 606 are noted as such. **($ in thousands)** Year Ended December 31, 2022Revenue **2023Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalRevenue** by Operating SegmentsCommercial **SegmentsNon- interest incomeService charges on depositsOverdraft fees $ 8, 154 $ — $ — $ 8, 154 Other6, 021 — — 6, 021 Interchange income18, 914 — — 18, 914 Investment brokerage fees1, 623 — — 1, 623 Net gains on OREO6 — — 6 Net losses on sales of securities (1) (9, 716) — — (9, 716) Gain on premises and equipment35 — — 35 Gain on sale of loans1, 512 — — 1, 512 Other10, 307 2, 866 6, 983 20, 156 Total non- interest income $ 36, 856 $ 2, 866 $ 6, 983 $ 46, 705 ($ in thousands) Year Ended December 31, 2022Commercial** / RetailBankMortgageBankingDivisionHoldingCompanyTotal **RetailBankMortgageBankingDivisionHoldingCompanyTotalRevenue by Operating SegmentsNon** ($ in thousands) Non- interest incomeService charges on depositsOverdraft fees $ 4, 023 $ 93 $ — $ 4, 116 Other8, 679 — — 8, 679 Interchange income12, 702 — — 12, 702 Investment brokerage fees1, 566 — — 1, 566 Net gains on OREO214 — — 214 Net losses on sales of securities (1) (82) — — (82) Gain on acquisition281 --- **acquisition (1) 281** — — 281 Loss on premises and equipment (116) — — (116) Other2, 724 4, 210 2, 667 9, 601 Total non- interest income $ 29, 991 $ 4, 303 $ 2, 667 $ 36, 961 **($ in thousands)** Year Ended December 31, 2021Revenue **2021Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalRevenue** by Operating **SegmentsNon** SegmentsCommercial / RetailBankMortgageBankingDivisionHoldingCompanyTotal ($ in thousands) Non- interest incomeService charges on depositsOverdraft fees $ 3, 122 $ — $ — $ 3, 122 Other4, 140 2 — 4, 142 Interchange income11, 562 — — 11, 562 Investment brokerage fees1, 349 — — 1, 349 Net (losses) on OREO (300) — — (300) Net gains on sales of securities (1) 143 — — 143 Gain on acquisition **(1)** 1, 300 — — 1, 300 Loss on premises and equipment (264) — — (264) Other7, 487 8, 821 111 16, 419 Total non- interest income $ 28, 539 $ 8, 823 $ 111 $ 37, 473 Year Ended December 31, 2020Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalRevenue by Operating Segments ($ in thousands) Non- interest incomeService charges on depositsOverdraft fees $ 3, 218 $ — $ — $ 3, 218 Other3, 993 2 — 3, 995 Interchange income9, 433 — — 9, 433 Investment brokerage fees932 — — 932 Net gains (losses) on OREO (537) — — (537) Net gains on sales of securities (1) 281 — — 281 Gain on acquisition7, 835 — — 7, 835 Gain on premises and equipment443 — — 443 Other4, 940 10, 444 892 16, 276 Total non- interest income $ 30, 538 $ 10, 446 $ 892 $ 41, 876 (1) Not within scope of ASC 606. NOTE T- PARENT COMPANY FINANCIAL INFORMATION The balance sheets, statements of income and cash flows for The First Bancshares, Inc. (parent company only) follows: Condensed Balance Sheets December 31, ($ in thousands) 20222021Assets **20232022Assets** : Cash and cash equivalents $ **13, 485 $** 9, 843 $ 34, 731 Investment in subsidiary bank778 **bank1, 056, 369 778** , 885 776, 215 Investments in statutory trusts496 **trusts806** 496 Bank owned life insurance333 **insurance348 333 Other3, 275** 3, 818 Other3, 962 6 **$ 1** , 187 **074, 283** $ 793, 519 $ 821, 447 Liabilities and Stockholders' Equity: Subordinated debentures $ **123, 386 $** 145, 027 $ 144, 726 Borrowed funds — — Other1, **863 1,** 830 549 Stockholders' equity646 **equity949 , 034 646** , 663 676 **$ 1** , 172 **074, 283** $ 793, 519 $ 821, 447 Condensed Statements of Income Years Ended December 31, ($ in thousands) 202220212020Income ---- **202320222021Income** : Interest and dividends $ **36 $** 17 $ 10 $ 20 Dividend income16 -

income65 , 000 16 , 000 — 18, 526 Other2 Other6 , 983 2 , 667 111 892 72, 019 18, 684 121 19, 438 Expenses: Interest on borrowed funds7, 970 7, 492 7, 375 5 Legal and professional1 , 136 593 Legal and professional593 941 1, 014 Other7 Other6 , 266 7 , 498 4, 828 4 15 , 361 372 15, 583 13, 144 10, 968 Income (loss) before income taxes and equity in undistributed income of subsidiary3 subsidiary56 , 647 3 , 101 (13, 023) 8, 470 Income tax benefit3 benefit2 , 005 3 , 263 3, 295 2, 545 Income (loss) before equity in undistributed income of subsidiary6 subsidiary58 , 652 6 , 364 (9, 728) 11, 015 Equity in undistributed income of subsidiary56 subsidiary16 , 805 56 , 555 73, 895 41, 490 Net income $ 75, 457 $ 62, 919 $ 64, 167 $ 52, 505 Condensed Statements of Cash Flows Years Ended December 31, ($ in thousands) 202220212020Cash ---- 202320222021Cash flows from operating activities: Net income $ 75, 457 $ 62, 919 $ 64, 167 $ 52, 505 Adjustments to reconcile net income to net cash used in operating activities: Equity in undistributed income of Subsidiary (16, 805) (56, 555) (73, 895) (41, 490) Restricted stock expense2, 302 2, 425 3, 100 2, 352 Other, net6 net9 , 263 6 , 255 (3, 343) 329 Net cash (used in) provided by (used in) operating activities15 activities70 , 217 15 , 044 (9, 970) 13, 696 Cash flows from investing activities: Investment in bank — (1, 300) — — Other, net290 net — 290 — 1, 726 Net cash (used in) provided by investing activities — (1, 010) — 1, 726 Cash flows from financing activities: Dividends paid on common stock (27, 550) (16, 275) (11, 991) (8, 589) Repurchase of restricted stock for payment of taxes (361) (683) (721) (494) Common stock repurchased — (22, 180) (5, 171) (8, 067) Repayment of borrowed funds — — (4, 647) Called / repayment (707) Issuance of subordinated debt (31, 000) — — 63, 725 Other, net216 — net (7, 664) 216 — Net cash (used in) provided by financing activities (66, 575) (38, 922) (22, 530) 45, 868 Net increase (decrease) increase in cash and cash equivalents equivalents3 , 642 (24, 888) (32, 500) 61, 290 Cash and cash equivalents at beginning of year34 year9, 843 34 , 731 67, 231 5, 941 Cash and cash equivalents at end of year $ 13, 485 $ 9, 843 $ 34, 731 $ 67, 231 NOTE U- OPERATING SEGMENTS The Company is considered to have three principal business segments in 2023, 2022, and 2021 , and 2020 , the Commercial / Retail Bank, the Mortgage Banking Division, and the Holding Company. ($ in thousands) Year Ended December 31, 2022 2023Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalInterest income $ 340, 566 $ 331 $ 36 $ 340, 933 Interest expense83, 497 141 7, 970 91, 608 Net interest income (loss) 257, 069 190 (7, 934) 249, 325 Provision (credit) for credit losses14, 500 — — 14, 500 Net interest income (loss) after provision for loan losses242, 569 190 (7, 934) 234, 825 Non- interest income36, 856 2, 866 6, 983 46, 705 Non- interest expense172, 133 5, 191 7, 402 184, 726 Income (loss) before income taxes107, 292 (2, 135) (8, 353) 96, 804 Income tax (benefit) expense23, 892 (540) (2, 005) 21, 347 Net income (loss) $ 83, 400 $ (1, 595) $ (6, 348) $ 75, 457 Total Assets $ 7, 971, 373 $ 10, 058 $ 17, 914 $ 7, 999, 345 Net Loans5, 114, 434 4, 490 — 5, 118, 924 ($ in thousands) Year Ended December 31, Commercial 2022Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalInterest income $ 199, 937 $ 439 $ 17 $ 200, 393 Interest expense14, 979 106 7, 492 22, 577 Net interest income (loss) 184, 958 333 (7, 475) 177, 816 Provision (credit) for credit loan losses5, 605 — — 5, 605 Net interest income (loss) after provision for loan losses179, 353 333 (7, 475) 172, 211 Non- interest income29, 991 4, 303 2, 667 36, 961 Non- interest expense116, 899 5, 493 8, 091 130, 483 Income (loss) before income taxes92, 445 (857) (12, 899) 78, 689 Income tax (benefit) expense19, 250 (217) (3, 263) 15, 770 Net income (loss) $ 73, 195 $ (640) $ (9, 636) $ 62, 919 Total Assets $ 6, 428, 889 $ 18, 194 $ 14, 634 $ 6, 461, 717 Net Loans3, 734, 659 5, 024 — 3, 739, 683 ($ in thousands) Year Ended December 31, 2021 ($ in thousands) Commercial 2021Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalInterest income $ 176, 153 $ 582 $ 10 $ 176, 745 Interest expense12, 166 140 7, 375 19, 681 Net interest income (loss) 163, 987 442 (7, 365) 157, 064 Provision (credit) for loan losses (1, 104) — — (1, 104) Net interest income (loss) after provision for loan losses165, 091 442 (7, 365) 158, 168 Non- interest income28, 539 8, 823 111 37, 473 Non- interest expense103, 430 5, 361 5, 768 114, 559 Income (loss) before income taxes90, 200 3, 904 (13, 022) 81, 082 Income tax (benefit) expense19, 222 988 (3, 295) 16, 915 Net income (loss) $ 70, 978 $ 2, 916 $ (9, 727) $ 64, 167 Total Assets $ 6, 015, 664 $ 16, 519 $ 45, 231 $ 6, 077, 414 Net Loans2, 929, 995 6, 494 — 2, 936, 489 Year Ended December 31, 2020 ($ in thousands) Commercial / RetailBankMortgageBankingDivisionHoldingCompanyTotalInterest income $ 178, 462 $ 866 $ 20 $ 179, 348 Interest expense20, 801 270 5, 593 26, 664 Net interest income (loss) 157, 661 596 (5, 573) 152, 684 Provision (credit) for loan losses25, 076 75 — 25, 151 Net interest income (loss) after provision for loan losses132, 585 521 (5, 573) 127, 533 Non- interest income30, 538 10, 446 892 41, 876 Non- interest expense95, 370 5, 596 5, 375 106, 341 Income (loss) before income taxes67, 753 5, 371 (10, 056) 63, 068 Income tax (benefit) expense11, 749 1, 359 (2, 545) 10, 563 Net income (loss) $ 56, 004 $ 4, 012 $ (7, 511) $ 52, 505 Total Assets $ 5, 044, 647 $ 33, 525 $ 74, 588 $ 5, 152, 760 Net Loans3, 099, 675 9, 615 — 3, 109, 290 NOTE V- SUMMARY OF QUARTERLY RESULTS OF OPERATIONS AND PER SHARE AMOUNTS (UNAUDITED) ($ in thousands, except per share amounts) March 31June 30Sept. 30Dec. 312022Total 312023Total interest income $ 80, 338 $ 86, 194 $ 85, 681 $ 88, 720 Total interest expense15, 412 20, 164 24, 977 31, 055 Net interest income $ 64, 926 $ 66, 030 $ 60, 704 $ 57, 665 Provision for credit losses11, 000 1, 250 1, 000 1, 250 Net interest income after provision for credit losses53, 926 64, 780 59, 704 56, 415 Total non- interest income12, 612 12, 423 19, 324 2, 346 Total non- interest expense45, 670 46, 899 47, 724 44, 433 Income tax expense4, 597 6, 525 6, 944 3, 281 Net income available to common stockholders $ 16, 271 $ 23, 779 $ 24, 360 $ 11, 047 Per common share: Net income, basic $ 0. 52 $ 0. 76 $ 0. 78 $ 0. 35 Net income, diluted0. 52 0. 75 0. 77 0. 35 Cash dividends declared0. 21 0. 22 0. 23 0. 24 2022Total interest income $ 42, 741 $ 45, 847 $ 53, 874 $ 57, 931 Total interest expense4, 102 3, 746 4, 726 10, 003 Net interest income $ 38, 639 $ 42, 101 $ 49, 148 $ 47, 928 Provision for credit losses — 600 4, 300 705 Net interest income after provision for credit losses38, 639 41, 501 44, 848 47, 223 Total non- interest income11, 157 8, 664 9, 022 8, 118 Total non- interest expense28, 590 30, 955 35, 903 35, 035 Income tax expense4, 377 3, 457 3, 924 4, 012 Net income available to common stockholders $ 16, 829 $ 15, 753 $ 14, 043 $ 16, 294 Per common share: Net income, basic $ 0. 81 $ 0. 77 $ 0. 61 $ 0. 68 Net income, diluted0. 81 0. 76 0. 61 0. 67 Cash dividends declared0. 17 0. 18 0. 19 0. 20 2021Total 2021 Total interest income $ 45, 187 $ 43, 238 $ 44, 435 $ 43, 885 Total interest expense5, 958 5, 188 4, 407 4, 128 Net interest income $ 39, 229 $ 38, 050 $ 40, 028 $ 39, 757 Provision for credit loan losses — — — (1, 104) Net interest income after provision for credit

loan losses39, 229 38, 050 40, 028 40, 861 Total non- interest income9, 472 8, 822 9, 586 9, 593 Total non- interest expense27, 264 27, 452 29, 053 30, 790 Income tax expense4, 793 3, 820 4, 429 3, 873 Net income available to common stockholders $ 16, 644 $ 15, 600 $ 16, 132 $ 15, 791 Per common share: Net income, basic $ 0. 79 $ 0. 74 $ 0. 77 $ 0. 75 Net income, diluted0. 79 0. 74 0. 76 0. 75 Cash dividends declared0. 13 0. 14 0. 15 0. 16 ~~2020 Total interest income $ 41, 598 $ 45, 799 $ 46, 338 $ 45, 613 Total interest expense7, 533 6, 619 6, 365 6, 147 Net interest income $ 34, 065 $ 39, 180 $ 39, 973 $ 39, 466 Provision for loan losses7, 102 7, 606 6, 921 3, 522 Net interest income after provision for loan losses26, 963 31, 574 33, 052 35, 944 Total non- interest income6, 474 15, 680 8, 794 10, 928 Total non- interest expense23, 439 28, 070 26, 936 27, 896 Income tax expense1, 687 2, 241 2, 993 3, 642 Net income available to common stockholders $ 8, 311 $ 16, 943 $ 11, 917 $ 15, 334 Per common share: Net income, basic $ 0. 44 $ 0. 79 $ 0. 56 $ 0. 72 Net income, diluted0. 44 0. 79 0. 55 0. 72 Cash dividends declared0. 10 0. 10 0. 10 0. 12~~ NOTE W- DERIVATIVE FINANCIAL INSTRUMENTS **The Company enters into interest rate swap agreements primarily to facilitate the risk management strategies of certain commercial customers. The interest rate swap agreements entered into by the Company are all entered into under what is referred to as a back- to- back interest rate swap, as such, the net positions are offsetting assets and liabilities, as well as income and expenses and risk participation. All derivative instruments are recorded in the consolidated statement of financial condition at their respective fair values, as components of other assets and other liabilities. Risk participation agreements are derivative financial instruments and are recorded at fair value. These derivatives are not designated as hedges and therefore, changes in fair value are recorded directly through earnings at each reporting period. Under a risk participation- out agreement, a derivative asset, the Company participates out a portion of the credit risk associated with the interest rate swap position executed with the commercial borrower, for a fee paid to the participating bank. Under a risk participation- in agreement, a derivative liability, the Company assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower, for a fee received from the other bank. The Company has two risk participation- in swaps and one risk participation- out swap at December 31, 2023.** The following table provides outstanding interest rate swaps at December 31, ~~2022~~ **2023 and** ~~. ($ in thousands)~~ December 31, **2022. ($ in thousands) December 31, 2023December 31,** 2022Notional amount **$ 493, 290** $ 328, 756 Weighted average pay ~~rate4~~ **rate5 . 2 % 4** . 6 % Weighted average receive ~~rate4~~ **rate5 . 2 % 4** . 3 % Weighted average maturity in ~~years6~~ **years5 . 396** . 11 The following table provides the fair value of interest rate swap contracts at December 31, **2023 and December 31,** 2022 included in other assets and other liabilities. ($ in thousands) December 31, **2023December 31,** 2022Derivative **AssetsDerivative LiabilitiesDerivative** AssetsDerivative LiabilitiesInterest rate swap contracts $ **12, 170 12, 175** 12, 825 12, 825 The Company also enters into a collateral agreement with the counterparty requiring the Company to post cash or cash equivalent collateral to mitigate the credit risk in the transaction. At December 31, **2023 and December 31,** 2022, the Company had $ 500 thousand of collateral posted with its counterparties, which is included in the consolidated statement of financial condition as cash and cash equivalents as" restricted cash". The Company also receives a swap spread to compensate it for the credit exposure it takes on the customer- facing portion of the transaction and this upfront cash payment from the counterparty is recorded in other income, net of any transaction execution expenses, in the consolidated statement of operations. For the year ended December 31, **2023 and December 31,** 2022, net swap spread income included in other income was $ **1. 3 million and $** 193 thousand ~~. NOTE X – SUBSEQUENT EVENTS / OTHER On January 1~~ , **respectively** ~~2023, the Company completed the acquisition of HSBI, and immediately thereafter merged with and into the Company. The Company paid a total consideration of approximately $ 221. 5 million to the former HSBI shareholders as consideration in the acquisition, which included approximately 6, 920, 909 shares of the Company' s common stock, and approximately $ 16 thousand in cash in lieu of fractional shares. At December 31, 2022, HSBI had approximately $ 1. 579 billion in assets, $ 1. 191 billion in loans, and $ 1. 394 billion in deposits. The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the HSBI acquisition. Due to the recent closing, management remains in the early stages of reviewing the estimated fair values and evaluating the assumed tax positions of the HSBI acquisition. The Company expects to finalize its analysis of the HSBI acquired assets and assumed liabilities in this transaction within one year of the acquisition~~ . ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None. ITEM 9A. CONTROLS AND PROCEDURES Evaluation of Disclosure Controls and Procedures The Company’ s management, under the supervision of and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company’ s disclosure controls and procedures as defined in Rules 13a- 15 (e) and 15d- 15 (e) under the Securities Exchange Act of 1934, as amended (the “ Exchange Act ”) as of December 31, ~~2022~~ **2023** . Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company’ s disclosure controls and procedures were effective as of the end of the period covered by this report. No changes were made to the Company’ s internal controls over financial reporting (as defined in Rule 13a- 15 (f) under the Securities Exchange Act of 1934) during the last fiscal quarter that materially affected or are reasonably likely to materially affect, the Company’ s internal control over financial reporting. Management’ s Report on Internal Control over Financial Reporting Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rule 13a- 15 (f) or 15d- 15 (f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect

misstatements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Company' s management, under the supervision of and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, ~~2022~~ **2023** based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control- Integrated Framework (2013). Based on that assessment, our management believes that, as of December 31, ~~2022~~ **2023** , the Company' s internal control over financial reporting was effective based on those criteria. As permitted by SEC guidance, management has excluded the operations of the ~~BBI~~ **HSBI** acquisition from the scope of management' s report on internal control over financial reporting. ~~BBI~~ **HSBI** was acquired during the year ended December 31, ~~2022~~ **2023** . For the year ended December 31, ~~2022~~ **2023** , ~~BBI~~ **HSBI** represented approximately ~~9~~ **19** . ~~4~~ **6** % of total consolidated assets. This Annual Report on Form 10- K contains an audit report of FORVIS, LLP, our independent registered public accounting firm, regarding internal control over financial reporting for the fiscal year ended December 31, ~~2022~~ **2023** pursuant to the rules of the SEC. Their report appears in the section captioned " Report of Independent Registered Public Accounting Firm " included in Part II. Item 8 – Financial Statements and Supplementary Data of this report. Opinion on the Internal Control over Financial Reporting We have audited The First Bancshares, Inc.' s (the " Company ") internal control over financial reporting as of December 31, ~~2022~~ **2023** , based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, ~~2022~~ **2023** , based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (" PCAOB "), the consolidated financial statements of the Company as of December 31, **2023 and** 2022 ~~and 2021~~ and for each of the years in the ~~two~~ **three** - year period ended December 31, ~~2022~~ **2023** , and our report dated ~~March 1~~ **February 29** , ~~2023~~ **2024** expressed an unqualified opinion on those consolidated financial statements. The Company' s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management' s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company' s internal control over financial reporting based on our audit. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. As described in Management' s Annual Report on Internal Control over Financial Reporting, the scope of management' s assessment of internal control over financial reporting as of December 31, ~~2022~~ **2023** , has excluded ~~Beach Bancorp~~ **Heritage Southeast Bancorporation** , Inc. **which was** acquired ~~on August 1~~ **during the year ended December 31** , ~~2022~~ **2023** . We have also excluded ~~Beach Bancorp~~ **Heritage Southeast Bancorporation** , Inc. from the scope of our audit of internal control over financial reporting. ~~Beach Bancorp~~ **Heritage Southeast Bancorporation** , Inc. represented approximately ~~9~~ **22** . 4 **percent of consolidated revenues for the year ended December 31, 2023, and approximately 19. 6** percent of consolidated total assets as of December 31, ~~2022~~ **2023** . Definitions and Limitations of Internal Control over Financial Reporting A company' s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles. A company' s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company' s assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. ITEM 9B. OTHER INFORMATION **SERP Amendments On November 16, 2023, the Board approved amendments to the Supplemental Executive Retirement Plan Agreement dated January 1, 2020 with M. Ray (Hoppy) Cole, Jr. (the" Cole 2020 SERP Amendment") and the Supplemental Executive Retirement Plan Agreement dated January 1, 2021 with Donna T. (Dee Dee) Lowery (the" 2021 Lowery SERP Amendment"). The 2020 Cole SERP Amendment and the 2021 Lowery SERP Amendment were executed on February 26, 2024. The material terms of the agreements are summarized below. Mr. Cole' s 2020 SERP, as amended. Mr. Cole' s 2020 SERP, as amended, provides for a lifetime benefit equal to 50 % of" compensation" (as defined in the 2020 SERP), less any amounts payable under his 2014 SERP, which will be payable in equal monthly installments upon Mr. Cole' s separation from service following attainment of age 65 while in the employment of the Bank (except in the case of Mr. Cole' s death, in which case the death benefit will be paid in a lump sum). • If Mr. Cole separates from service prior to age 65, other than by reason of his death or a termination for cause other than in connection with a change in control, then he will receive an annual benefit**

equal to the" early termination benefit" (as defined in the 2020 SERP). • If Mr. Cole separates from service following a change in control prior to age 65, then he will receive 100 % of the" change in control benefit" (as defined in the 2020 SERP). • In the event of Mr. Cole' s death, his beneficiary will receive a lump sum payment equal to 50 % of Mr. Cole' s compensation multiplied by a factor of 17, less any amounts already paid under the 2021 or 2014 SERPs, plus an additional lump sum death benefit payment determined by Mr. Cole' s age at death. Ms. Lowery' s 2021 SERP. Ms. Lowery' s 2021 SERP, as amended, provides for a lifetime benefit equal to 50 % of" compensation" (as defined in the 2021 SERP), less any amounts payable under her 2014 SERP, which will be payable in equal monthly installments upon Ms. Lowery' s separation from service following attainment of age 65 while in the employment of the Bank (except in the case of Ms. Lowery' s death, in which case the death will be paid in a lump sum). • If Ms. Lowery separates from service prior to age 65, other than by reason of her death or a termination for cause other than in connection with a change in control, then she will receive an annual benefit equal to the" early termination benefit" (as defined in the 2021 SERP). • If Ms. Lowery separates from service following a change in control prior to age 65, then she will receive 100 % of the" change in control benefit" (as defined in the 2021 SERP). • In the event of Ms. Lowery' s death, her beneficiary will receive a lump sum payment equal to 50 % of Ms. Lowery' s compensation multiplied by a factor of 21, less any amounts already paid under the 2021 or 2014 SERPs. On November 16, 2023, the Board also approved amendments to the Supplemental Executive Retirement Plan Agreement dated May 15, 2014 with Mr. Cole (the" 2014 Cole SERP Amendment") and the Supplemental Executive Retirement Plan Agreement dated May 19, 2014 with Ms. Lowery (the" 2014 Lowery SERP Amendment"), to remove the death benefit provided under each agreement. The 2014 Cole SERP Amendment and the 2014 Lowery SERP Amendment were executed on February 26, 2024. The summary provided herein is qualified in its entirety by reference to the full text of the 2020 Cole SERP Amendment, the 2021 Lowery SERP Amendment, the 2014 Cole SERP Amendment and the 2014 Lowery SERP Amendment, which are attached hereto as Exhibits 10. 13, 10. 17, 10. 11 and 10. 15, respectively. Rule 10b5- 1 Trading Arrangements During the quarter ended December 31, 2023, none of the Company' s directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5- (c) or any" non- Rule 10b5- 1 trading arrangement. PART III ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE Information required by this item is set forth in our definitive proxy materials regarding our Annual Meeting of Shareholders to be held May ~~25~~ 23 , ~~2023~~ 2024 , which proxy materials will be filed with the SEC on or about April ~~12~~ 10 , ~~2023~~ 2024 . ITEM 11. EXECUTIVE COMPENSATION ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES PART IV ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES (a) The following documents are filed as part of this Report: 1. The following consolidated financial statements of The First Bancshares, Inc. and subsidiaries are incorporated as part of this Report under Item 8 – Financial Statements and Supplementary Data. Consolidated balance sheets – December 31, ~~2022~~ 2023 and ~~2021Consolidated~~ 2022Consolidated statements of income – Years ended December 31, 2023, 2022, ~~2021,~~ and ~~2020Consolidated~~ 2021Consolidated statements of other comprehensive income (loss) – Years ended December 31, 2023, 2022, ~~2021,~~ and ~~2020Consolidated~~ 2021Consolidated statements of changes in stockholders' equity – Years ended December 31, 2023, 2022 ~~, 2021~~ and ~~2020Consolidated~~ 2021Consolidated statements of cash flows – Years ended December 31, 2023, 2022, ~~2021,~~ and ~~2020Notes~~ 2021Notes to consolidated financial statements – December 31, 2023, 2022, and 2021 ~~, and 2020~~ 2. Consolidated Financial Statement Schedules: All schedules have been omitted, as the required information is either inapplicable or included in the Notes to Consolidated Financial Statements. 3. Exhibits required to be filed by Item 601 of Regulation S- K, by Item 15 (b) are listed below. (b) Exhibits: All other financial statements and schedules are omitted as the required information is inapplicable or the required information is presented in the consolidated financial statements or related notes. (a) 3. Exhibits: Exhibit No. Description of Exhibit2. 1Agreement and Plan of Merger, dated October 12, 2016, by and among The First Bancshares, Inc., The First, A National Banking Association, and Gulf Coast Community Bank (incorporated herein by reference to Exhibit 1. 2 to the Company' s Current Report on Form 8- K filed on October 14, 2016). 2. ~~2Stock Purchase Agreement~~ 2Agreement and Plan of Merger ~~, dated October 12, 2016,~~ by and between The First Bancshares, Inc. and ~~A~~ Southwest Banc Shares, Inc . , dated October 24, 2017 ~~Wilbert' s Sons Lumber and Shingle Co.~~ (incorporated herein by reference to Exhibit 10. 1 ~~2018 (incorporated by reference to Exhibit 2.1 of the Company' s Registration Statement on Form S- 4 filed on September 13,2018).2.5Agreement and Plan of Merger by and between The First Bancshares,Inc.and FPB Financial Corp.,dated November 6,2018~~ (incorporated herein by reference to Exhibit 2.1 to the Company' s Quarterly Report on Form 10- Q filed on November 6,2018).2. ~~6Agreement~~ 7Agreement and Plan of Merger by and between The First Bancshares,Inc.and First Florida Bancshares,Inc.,dated July 22,2019 (incorporated herein by reference to Exhibit 2.1 to the Company' s Quarterly Report on Form 8- K filed on July 23,2019).2.8Agreement and Plan of Merger by and between The First Bancshares,Inc.and Southwest Georgia Financial Corp.,dated December 18,2019 (incorporated herein by reference to Exhibit 2.1 to the Company' s Quarterly Report on Form 8- K filed on December 18,2019).2. ~~7Agreement~~ 9Agreement and Plan of Merger,dated as of April 26,2022,by and between The ~~First~~ Fist Bancshares,Inc.and Beach Bancorp,Inc. ~~(incorporated~~ . 1 to the Company' s Current Report on Form 8- K filed on ~~October 14~~ July 29 , 2016). ~~2~~ 3 . ~~3Agreement~~ 2Amendment to Amended and ~~Plan~~ Restated Articles of Incorporation of ~~Merger by and between~~ The First Bancshares, Inc. ~~and Southwest Banc Shares, Inc., dated October 24, 2017~~ (incorporated herein by reference to Exhibit 3. 2 to the Company' s Current Report on Form 10 - Q filed on August 9, 2018). 3. 3Amendment to Amended and Restated Articles of Incorporation of The First Bancshares, Inc. (incorporated herein by reference to 3 . 1 to the Company' s Current Report on Form 8- K filed on May 26, 2023. 3. 4Amended and Restated Bylaws of The First Bancshares, Inc., effective as of March 17, 2016

(incorporated herein by reference to Exhibit 3. 2 to the Company' s Current Report on Form 8- K filed on March 18, 2016). 3. 5Amendment No. 1 to the Amended and Restated Bylaws of The First Bancshares, Inc. effective as of May 7, 2020 (incorporated by reference to Exhibit 3. 4 to the Company' s Quarterly Report on Form 10- Q filed on November 9 May 11 , 2017 2020) . 2. 4Agreement and Plan of Merger by and between The First Bancshares, Inc. and Sunshine Financial, Inc., dated December 6, 2017 (incorporated herein by reference to Exhibit 2 . 4 . to the Company' s Annual Report on Form 1Form 10- K filed on March 16, 2018). 2. 5Agreement and Plan of Certificate of Common Stock Merger by and between The First Bancshares, Inc. and FMB Banking Corporation, dated July 23, 2018 (incorporated by reference to Exhibit 2 4 . 1 of 3 to the Company' s Registration Statement No. 333- 220491 on Form S- 4 3 filed on September 13 15 , 2018 2017). 2 4 . 2Form 6Agreement and Plan of Merger by and between Global Subordinated Note for The First Bancshares, Inc. 5 and FPB Financial Corp . , dated November 6, 875 % Fixed- to- Floating Rate Subordinated Notes Due 2018 2028 (incorporated herein by reference to Exhibit....... and Beach Bancorp, Inc. (incorporated by reference to Exhibit 4 2. 1 of the Company' s Current Report on Form 8- K filed on May 2, 2022). 2. 10Agreement and Plan of Merger, dated as of July 27, 2022, by and between The First Bancshares, Inc. and Heritage Southeast Bancorporation, Inc. (incorporated by reference to Exhibit 2. 1 of the Company' s Current Report on Form 8- K filed on August 1, 2022). 3. 1Amended and Restated Articles of Incorporation of The First Bancshares, Inc. (incorporated herein by reference to Exhibit 3 . 1 to the Company' s Current Report on Form 8- K filed on July 29 May 1 , 2016 2018). 3 4 . 3Form 2Amendment to Amended and Restated Articles of Incorporation of Global Subordinated Note for The First Bancshares, Inc. 6. 4 % Fixed- to- Floating Rate Subordinated Notes Due 2023 (incorporated herein by reference to Exhibit 4 3. 2 to the Company' s Current Report on Form 10- Q filed on August 9, 2018). 3. 3Amended and Restated Bylaws of The First Bancshares, Inc., effective as of March 17, 2016 (incorporated herein by reference to Exhibit 3 . 2 to the Company' s Current Report on Form 8- K filed on May March 18, 2016). 3. 4Amendment No. 1 to the Amended , 2018). 4. 4Indenture by and between Restated Bylaws of The First Bancshares, Inc. effective as of May 7 and U. S. Bank National Association, dated September 25 , 2020 (incorporated by reference to Exhibit 3. 4 to the Company' s Quarterly Report on Form 10- Q filed on May 11, 2020). 4. 1Form of Certificate of Common Stock (incorporated by reference to Exhibit 4. 3 to the Company' s Registration Statement No. 333- 220491 on Form S- 3 filed on September 15, 2017). 4. 2Form of Global Subordinated Note for The First Bancshares, Inc. 5. 875 % Fixed- to- Floating Rate Subordinated Notes Due 2028 (incorporated by reference to Exhibit 4 . 1 to of the Company' s Current Report on Form 8- K filed on May 1 September 25 , 2018 2020). 4. 3Form 5Form of Global Subordinated Note for The First Bancshares, Inc. 6. 4 . 25 % Fixed- to- Floating Rate Subordinated Notes Due 2023 - 2030 (incorporated by reference to Exhibit 4. 2 to of the Company' s Current Report on Form 8- K filed on May 1, 2018). 4. 4Indenture by and between The First Bancshares, Inc. and U. S. Bank National Association, dated September 25, 2020). (incorporated by reference to Exhibit 4. 1 of the Company' s Current Report on Form 8- K filed on September 25, 2020). 4. 5Form of Global Subordinated Note for The First Bancshares, Inc. 4. 25 % Fixed- to- Floating Rate Subordinated Notes Due 2030 (incorporated by reference to Exhibit 4. 2 of the Company' s Current Report on Form 8- K filed on September 25, 2020). 4. 6Description of Securities * . 10. 1Note Purchase Agreement between the Company and the several purchasers of the Subordinated Notes, dated April 30, 2018 (incorporated herein by reference to Exhibit 10. 1 to The Company' s Current Report on Form 8- K filed on May 1, 2018). 10. 2Subordinated Note Purchase Agreement between the Company and the several purchasers of the Subordinated Notes, dated April 30, 2018 (incorporated herein by reference to Exhibit 10. 2 to The Company' s Current Report on Form 8- K filed on May 1, 2018). 10. 3Loan Agreement, dated as of December 5, 2016, by and between the Company, as Borrower, and First Tennessee Bank National Association, as Lender (incorporated herein by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on December 9, 2016). 10. 4Employment Agreement dated May 31, 2011, between The First, A National Banking Association, and M. Ray Cole, Jr. (incorporated herein by reference to Exhibit 10. 5 of The First Bancshares' Annual Report on Form 10- K filed on March 29, 2012). 10. 5Amendment to Employment Agreement dated January 16, 2020, between The First, A National Banking Association, and M. Ray Cole, Jr. (incorporated herein by reference to Exhibit 10. 3 to The First Bancshares Quarterly Report on Form 10- Q filed on May 11, 2020). 10. 6Employment Agreement, dated as of October 17, 2019, by and between The First, A National Banking Association and Donna T. (Dee Dee) Lowery (incorporated herein by reference to Exhibit 10. 1 to the Company' s Current Report on Form 8- K filed on October 21, 2019). 10. 7Amendment to Employment Agreement dated January 16, 2020, between The First, A National Banking Association, and Donna T. (Dee Dee) Lowery (incorporated herein by reference to Exhibit 10. 3 to The First Bancshares Quarterly Report on Form 10- Q filed on May 11, 2020). 10. 8The First Bancshares, Inc. 2007 Stock Incentive Plan (incorporated herein by reference to Exhibit 4. 3 to The First Bancshares' Registration Statement No. 333- 171996 on Form S- 8 filed on February 1, 2011). 10. 9Amendment to 2007 Stock Incentive Plan effective May 28, 2015 (incorporated herein by reference to Exhibit 10. 6 to The First Bancshares Annual Report on Form 10- K filed on March 30, 2016). 10. 10Supplemental Executive Retirement Agreement between The First, A National Banking Association and M. Ray (Hoppy) Cole, Jr., as amended (incorporated herein by reference to Exhibit 10. 9 to The First Bancshares Annual Report on Form 10- K filed on March 16, 2017). 10. 11Amendment to Supplemental Executive Retirement Agreement dated February 26, 2024 between The First Bank and Milton R. Cole, Jr. * 10. 11Supplemental 12Supplemental Executive Retirement Agreement effective January 1, 2020 between The First, A National Banking Association and Milton R. Cole, Jr. (incorporated herein by reference to Exhibit 10. 3 to The First Bancshares Quarterly Report on Form 10- Q filed on May 11, 2020). 10. 13Amendment to Supplemental Executive Retirement Agreement dated February 26, 2024 between The First Bank and Milton R. Cole, Jr. * 10. 12Supplemental 14Supplemental Executive Retirement Agreement between The First, A National Banking Association and Donna T. Lowery, as amended (incorporated herein by reference to Exhibit 10. 10 to The First Bancshares Annual Report on Form 10- K filed on March 16, 2017). 10. 15Amendment to Supplemental Executive Retirement Agreement dated February 26, 2024 between The First Bank and Donna T. Lowery * 10. 13Supplemental 16Supplemental Executive Retirement Agreement between The First, A National Banking Association and Donna T. Lowery

(incorporated by reference to Exhibit 10. 13 of the Company' s Annual Report in Form 10- K filed in March 12, 2021). 10. **17Amendment to Supplemental Executive Retirement Agreement dated February 26, 2024 between The First Bank and Donna T. Lowery * 10.** ~~14Form~~ **18Form** of Supplemental Executive Retirement Agreements for Executives of The First, A National Banking Association (incorporated herein by reference to Exhibit 10. 11 to The First Bancshares Annual Report on Form 10- K filed on March 16, 2017). 10. ~~15Form~~ **19Form** of Stock Incentive Agreement for Restricted Stock Award pursuant to The First Bancshares, Inc. 2007 Stock Incentive Plan (incorporated herein by reference to Exhibit 10. 12 to the Company' s Annual Report on Form 10- K filed on March 16, 2018). 10. ~~16Amendment~~ **20Amendment** to Stock Incentive Agreement for Outstanding Shares of Restricted Stock, dated as of October 15, 2019 (incorporated by reference to Exhibit 10. 2 of the Company' s Current Report on Form 8- K filed on October 21, 2019). 10. ~~17Subordinated~~ - **21Subordinated** Note Purchase Agreement between The First Bancshares, Inc. and the several purchasers of the Subordinated Notes, dated September 25, 2020 (incorporated by reference to Exhibit 10. 1 of the Company' s Current Report on Form 8- K filed on September 25, 2020). 10. ~~18Registration~~ **22Registration** Rights Agreement between The First Bancshares, Inc. and the several purchasers of the Subordinated Notes, dated September 25, 2020 (incorporated by reference to Exhibit 10. 2 of the Company' s Current Report on Form 8- K filed on September 25, 2020). 10. ~~19Beach~~ **23Beach** Community Bank 2018 Stock Option Plan (incorporated by reference to Exhibit 99. 1 of The First Bancshares' Registration Statement No. 333- 266436 on Form S- 8 filed on August 1, 2022). 21. 1Subsidiaries of The First Bancshares, Inc. * 23. 1Consent of FORVIS, LLP ~~(Formerly BKD, LLP.) * 23. 2Consent of Crowe LLP~~ . * 31. 1Rule 13a- 14 (a) / 15d- 14 (a) Certification of the Chief Executive Officer. * 31. 2Rule 13a- 14 (a) / 15d- 14 (a) Certification of the Chief Financial Officer. * 32. 1Section 1350 Certifications. * *** 97. 1Clawback Policy.** * 101. INSXBRL Instance Document101. SCHXBRL Taxonomy Extension Schema Document. 101. CALXBRL Taxonomy Extension Calculation Linkbase Document. 101. DEFXBRL Taxonomy Extension Definition Linkbase Document. 101. LABXBRL Taxonomy Extension Label Linkbase Document. 101. PREXBRL Taxonomy Extension Presentation Linkbase Document. 104Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) * Filed herewith. * * Furnished herewith. Denotes management contract or compensatory plan or arrangement. ITEM 16. FORM 10- K SUMMARY SIGNATURES In accordance with Section 13 or 15 (d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. THE FIRST BANCSHARES, INC. Date: ~~March 1~~ **February 29** , ~~2023By~~ **2024By** : / s / M. Ray (Hoppy) Cole, Jr. M. Ray (Hoppy) Cole, Jr. Chief Executive Officer and President (Principal Executive Officer), Chairman of the BoardDate: ~~March 1~~ **February 29** , ~~2023By~~ **2024By** : / s / Dee Dee LoweryDee Dee LoweryExecutive VP and Chief Financial Officer (Principal Financial and Principal Accounting Officer) POWER OF ATTORNEY KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints M. Ray (Hoppy) Cole, Jr. and Donna T. (Dee Dee) Lowery, with full power to act without the other, his or her true and lawful attorney- in- fact and agent, with full and several powers of substitution and resubsititution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10- K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys- in- fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully as to all intents and purposes as each of the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys- in- fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. SIGNATURESCAPACITIESDATE / s / E. Ricky Gibson ~~DirectorMarch 01~~ **DirectorFebruary 29** , ~~2023~~ **2024** ~~/ s / Rodney D. BennettDirectorMarch 01, 2023~~ / s / David W. **BomboyDirectorFebruary 29** ~~Bomboy DirectorMarch 01~~ , ~~2023~~ **2024** / s / Jonathan A. ~~LevyDirectorMarch~~ **LevyDirectorFebruary** ~~01~~ **29** , ~~2023~~ **2024** / s / Charles R. **LightseyDirectorFebruary 29** ~~Lightsey DirectorMarch 01~~ , ~~2023~~ **2024** / s / Fred **McMurryDirectorFebruary 29** ~~McMurry DirectorMarch 01~~ , ~~2023~~ **2024** / s / Thomas E. **MitchellDirectorFebruary 29** ~~Mitchell DirectorMarch 01~~ , ~~2023~~ **2024** / s / Renee ~~MooreDirectorMarch~~ **MooreDirectorFebruary** ~~01~~ **29** , ~~2023~~ **2024** / s / Ted E. ~~Parker~~ **ParkerLead DirectorFebruary 29** ~~Lead DirectorMarch 01~~ , ~~2023~~ **2024** / s / J. Douglas **SeidenburgDirectorFebruary 29** ~~Seidenburg DirectorMarch 01~~ , ~~2023~~ **2024** / s / Andrew D. **StetelmanDirectorFebruary 29** ~~Stetelman DirectorMarch 01~~ , ~~2023~~ **2024 / s / Valencia M. WilliamsonDirectorFebruary 29, 2024** / s / M. Ray (Hoppy) Cole, Jr. CEO, President, Director, and Chairman ~~ofMarch 01~~ **ofFebruary 29** , ~~2023the~~ **2024the** Board (Principal Executive Officer) / s / Donna T. (Dee Dee) Lowery Executive VP & Chief Financial ~~OfficerMarch 01~~ **OfficerFebruary 29** , ~~2023~~ **2024** (Principal Financial and Accounting Officer) ~~Exhibit 4~~ **EXHIBIT 10** . ~~6 DESCRIPTION OF CAPITAL STOCK~~ **11 SECOND AMENDMENT TO THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT BETWEEN THE FIRST BANK MILTON R, COLE, JR. DATED MAY 15, 2014 THIS SECOND AMENDMENT (the " Amendment ") is adopted this 1st day of January 2024, by and between** The **First** ~~following description summarizes the terms of our common stock and preferred stock but does not purport to be complete, and it is qualified in its entirety by reference to the applicable provisions of federal law governing bank~~ **Bank** ~~holding companies~~ , ~~Mississippi law~~ **formerly The First, A National Banking Association (the " Bank ")** and ~~our~~ **Milton R. Cole, Jr. (the " Executive "). The Bank and the Executive are** ~~articles~~ -- **parties to a certain Supplemental Executive Retirement Plan Agreement dated May 15** ~~of incorporation and bylaws. Our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws~~ , **2014 (** as amended, ~~are incorporated by reference as exhibits to our Annual Report on Form 10- K for~~ the **" Agreement ")** ~~year ended December 31, 2022 of which this Exhibit 4~~ . ~~6~~ **The Bank** is **changing** ~~a part. Authorized. The Company has 40, 000, 000 shares of authorized common stock, $ 1. 00 par value. As of February 22, 2023, there~~ -- **the** ~~were 31~~ **benefits the Bank provides its senior leaders. In connection with that change** , ~~063, 780 shares of common stock issued~~ **the Bank and the Executive now wish to** ~~and~~ **amend** ~~outstanding. Voting Rights; Cumulative Voting. Pursuant to~~ the **Agreement to remove** ~~Mississippi Business Corporation Act (" MBCA ") and~~ the **Agreement** ~~Amended and Restated Bylaws of the~~

~~Company, each outstanding share of the Company~~ ' s ~~common stock~~ **death benefit which** is **now** ~~entitled to one vote on each matter submitted to a vote. Holders of the Company' s common stock do not have cumulative voting rights. Article 2. 6 of the Company' s Amended and Restated Bylaws provides~~ **provided** ~~that unless otherwise required by MBCA or the articles of incorporation, all classes or series of Company shares entitled~~ to **the Executive** ~~vote generally on a matter shall for that purpose be considered a single voting group. Classified Board of Directors. Under~~ **under another agreement. Now** ~~Article 10 of the Amended and Restated Articles of Incorporation of the Company~~ , **therefore** ~~as amended~~ , ~~the board of directors of the Company is divided into three~~ -- **the Bank** ~~classes — Class I, Class II,~~ and ~~Class III as nearly equal in numbers of directors as possible. Article 3. 2 of the bylaws establishes a minimum of nine directors, and a maximum of 25 directors. At present there~~ -- **the Executive** ~~are~~ **agree** ~~a total of ten directors divided~~ as follows: **Article 2, Table C, shall be removed in its entirety and** ~~three~~ -- **the Bank will have no further death benefit obligation to** ~~Class I directors, four Class II directors, and three~~ -- **the** ~~Class III directors~~ **Executive or the Beneficiary under the Agreement** . The ~~terms of~~ **Bank and** the **Executive intend that** ~~Class I directors will expire at~~ the ~~2023 Annual Shareholders' Meeting~~ **Agreement and this Amendment comply with the provisions of Code Section 409A to prevent the inclusion in gross income of any amounts deferred hereunder in a taxable year prior to the year in which amounts are actually paid** . The ~~terms of~~ **Agreement and this Amendment shall be construed, administered and governed in a manner that affects such intent, and** the **neither** ~~Class II directors will expire at~~ the **Bank nor the Executive shall take any action that would be inconsistent therewith. IN WITNESS WHEREOF, the Executive and a duly authorized representative of the Bank have signed this Amendment.**

ExecutiveBank____By: ____Title: ____________________________________ EXHIBIT 10. 13 FIRST AMENDMENT TO THE DATED JANUARY 1, 2020 THIS FIRST AMENDMENT (the " Amendment ") is adopted this 1st day of January 2024 **, by** ~~Annual Shareholders' Meeting. The terms of the Class III directors will expire at the 2022 Annual Shareholders' Meeting. Dividends. The Company is a legal entity separate~~ and **between** ~~distinct from~~ The First **Bank, formerly** ~~. There are various restrictions that limit the ability of~~ The First **, A National Banking Association (the " Bank ") and Milton R. Cole, Jr. (the " Executive "). The Bank and the Executive are parties** to **a certain Supplemental Executive Retirement Plan Agreement dated January 1, 2020 (the " Agreement "). The Bank and the Executive now wish to amend the Agreement to increase the Executive' s benefit. Article 2, Table A, shall be amended to read as follows: Distribution EventBenefitTiming of DistributionsSeparation from Service after age 65Annual Benefit equal to (i) 50 % of Compensation less (ii) any benefits paid under the 2014 SERPPayment of annual benefit is made in equal monthly installment and begins the first day of the month following Separation from ServiceDuration: Lifetime Benefit Article 2, Table B, shall be amended to read as follows: Distribution EventBenefitTiming of DistributionsSeparation from Service prior to age 65, other than following a Change in ControlAnnual Benefit Equal to the Early Termination BenefitPayment of annual benefit is made in equal monthly installment and begins the first day of the month following the Executive' s 65th birthdayDuration: Lifetime BenefitSeparation from Service (i) prior to age 65 and (ii) following a Change in ControlAnnual Benefit equal to the Change in Control BenefitPayment of annual benefit is made in equal monthly installment and begins the first day of the month following the Executive' s 65th birthdayDuration: Lifetime Benefit The following Table C shall be added to Article 2, immediately following Table B: Distribution EventBenefitTiming of DistributionsDeath Prior to Separation from Service50 % of Projected Compensation multiplied by 17, plus $ 500, 000, plus the benefit amount shown on Schedule BPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive' s deathSeparation from Service after age 65 followed by Executive' s death50 % of Compensation multiplied by 17, plus the benefit amount shown on Schedule B, less the sum of payments previously made under (i) this Agreement and (ii) the 2014 SERPPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive' s deathDeath (i) after Separation from Service prior to age 65, other than a Separation from Service following a Change in Control and (ii) before age 8250 % of Projected Compensation multiplied by the Vested Percentage multiplied by 17, less the sum of payments previously made under (i) this Agreement and (ii) the 2014 SERPPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive' s deathDeath (i) after Separation from Service prior to age 65 and following a Change in Control and (ii) before age 8250 % of Projected Compensation multiplied by 17, less the sum of payments previously made under (i) this Agreement and (ii) the 2014 SERPPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive' s deathNotwithstanding any of the forgoing, the death benefit under this Table C multiplied by one minus the Bank' s marginal tax rate, cannot exceed the Bank' s Death Proceeds The following Sections shall be added to the Agreement immediately following Section 3. 9: 3. 10 " Bank' s Death Proceeds " means (i) the total death benefits received by the Bank on life** ~~finance~~ - **insurance policies on the life of the Executive** , ~~pay dividends~~ **minus (ii) the cash surrender value of those same policies immediately prior to the Executive' s death and minus (iii) the benefit paid to the Executive' s beneficiaries under the Endorsement Split Dollar Insurance Agreement between the Executive and the Bank dated September 15, 2005. 3. 11 " Change in Control Benefit " means (i) 50 % of Projected Compensation less (ii) $ 164, 110 until the Executive reaches age 80, and 50 % of Projected Compensation thereafter. 3. 12 " Compensation " means the average of the highest three (3) amounts of base salary and bonus paid to the Executive by the Bank in any year of the Executive' s employment. 3. 13 " Early Termination Benefit " means (i) 50 % of Projected Compensation multiplied by the Vested Percentage less (ii) the Projected Annualized 2014 SERP Benefit until the Executive reaches age 80, and 50 % of Projected Compensation multiplied by the Vested Percentage thereafter. 3. 14 " Projected Annualized 2014 SERP Benefit " means the projected annuitized benefit from the 2014 SERP. This projected benefit is the annual benefit amount which would fully amortize the lump sum benefit from the 2014 SERP, with interest credited on that amount at the discount rate used by the Bank to determine the Accrued Liability Balance at the time of Separation from Service,**

from the date of Separation from Service until the completion of the assumed 180 monthly installments beginning at age 65. 3. 15 " Projected Compensation " means Compensation increased by five percent (5 %) annually from Separation from Service, Change in Control or ~~otherwise supply funds to~~ the ~~Company~~ Executive' s death until the date the Executive would have reached age sixty- five (65). 3. 16 " 2014 SERP " means the Supplemental Executive Retirement Plan Agreement between the Bank and the Executive dated May 15, 2014, as amended. 3. 17 " Vested Percentage " means 1. 205 % per completed month of service from the Effective Date of the Agreement and continuing until a Separation from Service occurs, not to exceed 100 %, as shown on Schedule A. Date of Separation from ServiceVested PercentageJanuary 1, 2024 to January 31, 202457. 840 % February 1, 2024 to February 29 202459. 045 % March 1, 2024 to March 31, 202460. 250 % April 1, 2024 to April 30, 202461. 455 % May 1, 2024 to May 31, 202462. 660 % June 1, 2024 to June 30, 202463. 865 % July 1, 2024 to July 31, 202465. 070 % August 1, 2024 to August 31, 202466. 275 % September 1, 2024 to September 30, 202467. 480 % October 1, 2024 to October 31, 202468. 685 % November 1, 2024 to November 30, 202469. 890 % December 1, 2024 to December 31, 202471. 095 % January 1, 2025 to January 31, 202572. 300 % February 1, 2025 to February 28, 202573. 505 % March 1, 2025 to March 31, 202574. 710 % April 1, 2025 to April 30, 202575. 915 % May 1, 2025 to May 31, 202577. 120 % June 1, 2025 to June 30, 202578. 325 % July 1, 2025 to July 31, 202579. 530 % August 1, 2025 to August 31, 202580. 735 % September 1, 2025 to September 30, 202581. 940 % October 1, 2025 to October 31, 202583. 145 % November 1, 2025 to November 30, 202584. 350 % December 1, 2025 to December 31, 202585. 555 % January 1, 2026 to January 31, 202686. 760 % February 1, 2026 to February 28, 202687. 965 % March 1, 2026 to March 31, 202689. 170 % April 1, 2026 to April 30, 202690. 375 % May 1, 2026 to May 31, 202691. 580 % June 1, 2026 to June 30, 202692. 785 % July 1, 2026 to July 31, 202693. 990 % August 1, 2026 to August 31, 202695. 195 % September 1, 2026 to September 30, 202696. 400 % October 1, 2026 to October 31, 202697. 605 % November 1, 2026 to November 14, 202698. 810 % On or After November 15, 2026100 % Executive' s age at deathBenefit Amount64 or younger $ 065 or 66 $ 450, 00067 or 68 $ 400, 00069 or 70 $ 350, 00071 or 72 $ 300, 00073 or 74 $ 250, 00075 or 76 $ 200, 00077 or 78 $ 150, 00079 or 80 $ 100, 00081 or older $ 50, 000 EXHIBIT 10. 15 SECOND AMENDMENT TO THE BETWEEN THE FIRST BANK DONNA T. LOWERY DATED MAY 19, 2014 THIS SECOND AMENDMENT (~~other-~~ - the ~~affiliates~~ " Amendment ") is adopted this 1st day of January 2024, by and between The First Bank, formerly The First, A National Banking Association (the " Bank ") and Donna T. Lowery (the " Executive "). The Bank and the Executive are parties to a certain Supplemental Executive Retirement Plan Agreement dated May 19, 2014 (as amended, the " Agreement "). The Bank is changing the benefits the Bank provides its senior leaders . In ~~addition, subsidiary banks of holding companies are subject to certain restrictions under Sections 23A and 23B of the Federal Reserve Act on any extension of credit to the bank holding company or any of its subsidiaries, on investments in the stock or other securities thereof and on the taking of such stock or securities as collateral for loans to any borrower. Further, a bank holding company and its subsidiaries are prohibited from engaging in certain tie- in arrangements in~~ connection with that change ~~extensions of credit~~ , ~~leases or sales of property, or furnishing of services. The principal source of funds from~~ the Bank and the Executive now wish to amend the Agreement to remove the Agreement' s death benefit which ~~the Company pays cash dividends are the dividends received from its~~ - is ~~bank subsidiary~~ now provided to the Executive under another agreement. EXHIBIT 10. 17 FIRST AMENDMENT TO THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT DONNA T. LOWERY DATED JANUARY 1 , 2021 THIS FIRST AMENDMENT (the " Amendment ") is adopted this 1st day of January 2024, by and between The First Bank ~~. Consequently~~ , formerly ~~dividends are dependent upon~~ The First , A National Banking Association (the " Bank ") and Donna T. Lowery (the " Executive "). The Bank and the Executive are parties to a certain Supplemental Executive Retirement Plan Agreement dated January 1, 2021 (the " Agreement "). The Bank and the Executive now wish to amend the Agreement to increase the Executive ' s benefit ~~earnings, capital needs, and regulatory policies, as well as statutory and regulatory limitations~~ . Distribution EventBenefitTiming ~~Federal and state banking laws and regulations restrict the amount~~ of DistributionsDeath Prior ~~dividends and loans a bank may make~~ to Separation from Service50 % of Projected Compensation multiplied by 21Payment of lump sum benefit to the Beneficiary ~~its~~ - is made within 60 days following ~~parent company. The Company and The First are subject to various general regulatory policies and requirements relating to~~ the Executive ~~payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal bank regulatory authority may prohibit the payment of dividends where it has determined that the payment of dividends would be an unsafe or unsound practice. The Federal Reserve has indicated that paying dividends that deplete a bank~~ ' s deathSeparation from Service after age 65 followed by Executive ~~capital base to an inadequate level would be an unsound and unsafe banking practice. The Federal Reserve has indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings. Further, under Mississippi law, The First must obtain the non- objection of the Commissioner of the Mississippi Department of Banking and Consumer Finance prior to paying any dividend to the Company. Preemptive Rights; Liquidation. The Company~~ ' s death50 % ~~common stock does not carry any preemptive rights enabling a holder to subscribe for or receive shares~~ of Compensation multiplied by 21, less the ~~Company~~ sum of payments previously made under (i) this Agreement and (ii) the 2014 SERPPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive ' s ~~common stock. In~~ deathDeath (i) after Separation from Service prior to age 65, ~~the~~ other ~~event~~ than a Separation from Service following a Change in Control and (ii) before age 8250 % of ~~liquidation, holders of~~ Projected Compensation multiplied by the ~~Company~~ Vested Percentage multiplied by 21, less the sum of payments previously made under (i) this Agreement and (ii) the 2014 SERPPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive ' s deathDeath (i) ~~common stock are entitled to share in the distribution of assets remaining~~ after ~~payment of debts~~ Separation from Service prior to age 65 and ~~expenses~~ following a Change in Control and ~~after required~~ (ii) before age 8250 % of Projected Compensation multiplied by 21, less the sum of payments ~~to holders of~~ previously made under (i) this

Agreement and (ii) the ~~Company~~ **2014 SERPPayment of lump sum benefit to the Beneficiary is made within 60 days following the Executive** ' s **deathNotwithstanding** ~~preferred stock, if~~ any **of** ~~such shares are outstanding. There are no redemption or sinking fund provisions applicable to~~ the ~~Company~~ **forgoing, the death benefit under this Table C multiplied by one minus the Bank** ' s ~~common stock. Preferred Stock Under~~ **marginal tax rate, cannot exceed** the **Bank** ~~terms of the Company~~ ' s **Death Proceeds 3. 11 " Change in Control Benefit " means (i) 50 % of Projected Compensation less (ii) $ 89, 140 until the Executive reaches age 80, and 50 % of Projected Compensation thereafter. 3. 16 " 2014 SERP " means the Supplemental Executive Retirement Plan Agreement between the Bank and the Executive dated May 19, 2014, as** ~~Amended~~ **amended** ~~and Restated Articles~~ **. 3. 17 " Vested Percentage " means. 7752 % per completed month** of ~~Incorporation,~~ **service from** the **Effective Date** ~~Company has authorized the issuance~~ of ~~up~~ **the Agreement and continuing until a Separation from Service occurs, not** to **exceed** ~~10~~ **100 %** , ~~000, 000 shares~~ **as shown on Schedule A. Date** of **Separation from ServiceVested PercentageJanuary** ~~preferred stock, par value $~~ 1 ~~. 00 per share~~ , ~~any part~~ **2024 to January 31, 202427. 9072 % February 1, 2024 to February 29 202428. 6824 % March 1, 2024 to March 31, 202429. 4576 % April 1, 2024 to April 30, 202430. 2328 % May 1, 2024 to May 31, 202431. 0080 % June 1, 2024 to June 30, 202431. 7832 % July 1, 2024 to July 31, 202432. 5584 % August 1, 2024 to August 31, 202433. 3336 % September 1, 2024 to September 30, 202434. 1088 % October 1, 2024 to October 31, 202434. 8840 % November 1, 2024 to November 30, 202435. 6592 % December 1, 2024 to December 31, 202436. 4344 % January 1, 2025 to January 31, 202537. 2096 % February 1, 2025 to February 28, 202537. 9848 % March 1, 2025 to March 31, 202538. 7600 % April 1, 2025 to April 30, 202539. 5352 % May 1, 2025 to May 31, 202540. 3104 % June 1, 2025 to June 30, 202541. 0856 % July 1, 2025 to July 31, 202541. 8608 % August 1, 2025 to August 31, 202542. 6360 % September 1, 2025 to September 30, 202543. 4112 % October 1, 2025 to October 31, 202544. 1864 % November 1, 2025 to November 30, 202544. 9616 % December 1, 2025 to December 31, 202545. 7368 % January 1, 2026 to January 31, 202646. 5120 % February 1, 2026 to February 28, 202647. 2872 % March 1, 2026 to March 31, 202648. 0624 % April 1, 2026 to April 30, 202648. 8376 % May 1, 2026 to May 31, 202649. 6128 % June 1, 2026 to June 30, 202650. 3880 % July 1, 2026 to July 31, 202651. 1632 % August 1, 2026 to August 31, 202651. 9384 % September 1, 2026 to September 30, 202652. 7136 % October 1, 2026 to October 31, 202653. 4888 % November 1, 2026 to November 30, 202654. 2640 % December 1, 2026 to December 31, 202655. 0392 % January 1, 2027 to January 31, 202755. 8144 % February 1, 2027 to February 28, 202756. 5896 % March 1, 2027 to March 31, 202757. 3648 % April 1, 2027 to April 30, 202758. 1400 % May 1, 2027 to May 31, 202758. 9152 % June 1, 2027 to June 30, 202759. 6904 % July 1, 2027 to July 31, 202760. 4656 % August 1, 2027 to August 31, 202761. 2408 % September 1, 2027 to September 30, 202762. 0160 % October 1, 2027 to October 31, 202762. 7912 % November 1, 2027 to November 30, 202763. 5664 % December 1, 2027 to December 31, 202764. 3416 % January 1, 2028 to January 31, 202865. 1168 % February 1, 2028 to February 29, 202865. 8920 % March 1, 2028 to March 31, 202866. 6672 % April 1, 2028 to April 30, 202867. 4424 % May 1, 2028 to May 31, 202868. 2176 % June 1, 2028 to June 30, 202868. 9928 % July 1, 2028 to July 31, 202869. 7680 % August 1, 2028 to August 31, 202870. 5432 % September 1, 2028 to September 30, 202871. 3184 % October 1, 2028 to October 31, 202872. 0936 % November 1, 2028 to November 30, 202872. 8688 % December 1, 2028 to December 31, 202873. 6440 % January 1, 2029 to January 31, 202974. 4192 % February 1, 2029 to February 28, 202975. 1944 % March 1, 2029 to March 31, 202975. 9696 % April 1, 2029 to April 30, 202976. 7448 % May 1, 2029 to May 31, 202977. 5200 % June 1, 2029 to June 30, 202978. 2952 % July 1, 2029 to July 31, 202979. 0704 % August 1, 2029 to August 31, 202979. 8456 % September 1, 2029 to September 30, 202980. 6208 % October 1, 2029 to October 31, 202981. 3960 % November 1, 2029 to November 30, 202982. 1712 % December 1, 2029 to December 31, 202982. 9464 % January 1, 2030 to January 31, 203083. 7216 % February 1, 2030 to February 28, 203084. 4968 % March 1, 2030 to March 31, 203085. 2720 % April 1, 2030 to April 30, 203086. 0472 % May 1, 2030 to May 31, 203086. 8224 % June 1, 2030 to June 30, 203087. 5976 % July 1, 2030 to July 31, 203088. 3728 % August 1, 2030 to August 31, 203089. 1480 % September 1, 2030 to September 30, 203089. 9232 % October 1, 2030 to October 31, 203090. 6984 % November 1, 2030 to November 30, 203091. 4736 % December 1, 2030 to December 31, 203092. 2488 % January 1, 2031 to January 31, 203193. 0240 % February 1, 2031 to February 28, 203193. 7992 % March 1, 2031 to March 31, 203194. 5744 % April 1, 2031 to April 30, 203195. 3496 % May 1, 2031 to May 31, 203196. 1248 % June 1, 2031 to June 30, 203196. 9000 % July 1, 2031 to July 31, 203197. 6752 % August 1, 2031 to August 31, 203198. 4504 % September 1, 2031 to September 7, 203199. 2256 % On** or **After September 8** ~~all of which shares may be established and designated from time to time by the Company' s board of directors by filing an amendment to the articles of incorporation~~ , **2031100** ~~which is effective without shareholder action, in accordance with the appropriate provisions of the MBCA. The Amended and Restated Articles of Incorporation of the Company authorize the Company' s board of directors to establish one or more series of preferred stock, and to establish such preferences, limitations and relative rights as may be applicable to each series of preferred stock. The issuance of preferred stock and the determination of the terms of preferred stock by the board, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of the Company' s common stock. Anti- Takeover Provisions Supermajority Voting Requirements; Business Combinations or Control Share Acquisition. The MBCA states that in the absence of a greater requirement in the articles of incorporation, a sale, lease, exchange, or other disposition of all, or substantially all, of a corporation' s property requires approval by a majority of the shares entitled to vote on the transaction. The Amended and Restated Articles of Incorporation of the Company do not provide for a greater than majority vote on such a transaction. The Amended and Restated Articles of Incorporation of the Company include a " control share acquisition " provision requiring any person who plans to acquire a control block of stock (generally defined as more than 10~~ % ~~of all voting power) to obtain approval by the majority vote of disinterested shareholders or the affirmative vote of 75 % of eligible members of the board of directors (excluding any director who is proposing or who is a member of a group proposing a control share acquisition) in order to vote the control shares. If a control share acquisition is~~

made without first obtaining this approval, all stock beneficially owned by the acquiring person in excess of 10 % will be considered " excess stock " and will not be entitled to vote. Any person who proposes to make or has made a control share acquisition may deliver a statement to the Company describing the person' s background and the control share acquisition and requesting a special meeting of shareholders of the Company to decide whether to grant voting rights to the shares acquired in the control share acquisition. The acquiring person must pay the expenses of this meeting. If no request is made, the voting rights to be accorded the shares acquired in the control share acquisition shall be presented to the next special or annual meeting of the shareholders. If the acquiring person does not deliver his or her statement to the Company, it may elect to repurchase the acquiring person' s shares at fair market value. Control shares acquired in a control share acquisition are not subject to redemption after an acquiring person' s statement has been filed unless the shares are not accorded full voting rights by the shareholders. Removal of Directors. Article 11 of the Amended and Restated Articles of Incorporation of the Company provide that no director of the Company may be removed except by the shareholders for cause; provided that directors elected by a particular voting group may be removed only by the shareholders in that voting group for cause. Article 3. 3 of the Company' s Bylaws provide further that removal action may only be taken at a shareholders' meeting for which notice of the removal action has been given. A removed director' s successor may be elected at the same meeting to serve the unexpired term. Vacancies in the Board of Directors. Under the Company' s Amended and Restated Bylaws, any vacancy may be filled for the unexpired term by the affirmative vote of a majority of the remaining directors, provided that, if the vacant office was held by a director elected by a particular voting group, only the shares of that voting group or the remaining directors elected by that voting group shall be entitled to fill the vacancy; provided further, that if the vacant office was held by a director elected by a particular voting group, the other remaining directors or director (elected by another voting group or groups) may fill the vacancy during an interim period before the shareholders of the vacated director' s voting group act to fill the vacancy. Amendment of the Articles of Incorporation or Bylaws. Under the MBCA, the board of directors has the power to amend or repeal the bylaws of a Mississippi corporation such as the Company, unless such power is expressly reserved for the shareholders. Article 10 of the Company' s Amended and Restated Bylaws provides that the bylaws may be amended, altered, or repealed by the board of directors, except with regard to the provisions establishing the number of directors and process for removal of directors, which may only be amended by the affirmative vote of holders of outstanding shares entitled to more than 80 % of the votes eligible to be cast on the alteration, amendment, or repeal. Under the MBCA, amendments to the articles of incorporation that result in dissenters' rights require the affirmative vote of a majority of the outstanding shares entitled to vote on the amendment. Otherwise, the articles of incorporation may be amended by a majority vote of the shares present at a meeting where a quorum is present. Special Meetings of Shareholders. Under the Company' s Amended and Restated Bylaws, special meetings of the shareholders, for any purpose or purposes, may be called by the chairman of the board of directors, the chief executive officer, or the board of directors, or within 75 days of a written request of shareholders holding in the aggregate 10 % or more of the total voting power entitled to vote on an issue. Such a request must state the purpose or purposes of the proposed special meeting. Shareholder Proposals and Nominations. The Company' s Amended and Restated Bylaws provide procedures that must be followed to properly nominate candidates for election as directors. Director nominations, other than those made by or at the direction of the board of directors, may be made by any shareholder by delivering written notice to the corporate secretary of the Company not less than 50 nor more than 90 days prior to the meeting at which directors are to be elected, provided that the Company has mailed the first notice of the meeting at least 60 days prior to the meeting date. If the Company has not given such notice, shareholder nominations must be submitted within ten days following the earlier of (i) the date that notice of the date of the meeting was first mailed to the shareholders or (ii) the day on which public disclosure of such date was made. The Company' s Amended and Restated Bylaws also require information to be supplied about both the shareholder making such nomination or proposal and the person nominated. Limitations on Directors' and Officers' Liability. Article 7 of the Amended and Restated Articles of Incorporation of the Company provides that no director of the Company shall be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director, except for any appropriation in violation of fiduciary duties of any business opportunity; for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law; under Section 79- 4- 8. 33 of the MBCA; or for any transaction from which the director derived an improper personal benefit. Article 8 of the Company' s Amended and Restated Bylaws also provides for indemnification of directors and officers. EXHIBIT 21. 1 SUBSIDIARIES OF (a Mississippi state- chartered bank) (Delaware statutory trust) FMB' S Capital Trust 1 **(Connecticut statutory trust)** HF Air, LLC **EXHIBIT 23. 1** Consent of Independent Registered Public Accounting Firm We consent to the incorporation by reference in the Registration Statement on Form S- 3 (Registration No. 333- 220491 **,** and No. 333- 248425 **and 333- 274150**) and on Form S- 8 (Registration No. 333- 171996, 333- 248426 and 333- 266436) of The First Bancshares, Inc. (the Company) of our report dated March 1 **February 29** , 2023 **2024** , on our audit of the consolidated financial statements of the Company as of December 31, **2023 and** 2022 and 2021 , and for each of the years in the two **three** - year period ended December 31, 2022 **2023** , which report is included in this annual report on Form 10- K. We also consent to the incorporation by reference of our report dated March 1 **February 29** , 2023 **2024** , on our audit of the internal control over financial reporting of the Company as of December 31, 2022 **2023** , which report is included in this annual report on Form 10- K. / s / FORVIS, LLP (Formerly BKD, LLP) CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM We consent to the incorporation by reference in the Registration Statements on Form S- 3 (No. 333- 220491 and No. 333- 248425) and Form S- 8 (No. 333- 171996, No. 333- 248426 and No. 333- 266436) of our report dated March 12, 2021 on the consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the year ended December 31, 2020 appearing in this Annual Report on Form 10- K of The First Bancshares, Inc. for the year ended December 31, 2022. EXHIBIT 31. 1 CERTIFICATIONS I, M. Ray (Hoppy) Cole, Jr., certify that: 1. I have reviewed this annual report on Form 10- K of The First Bancshares, Inc.; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the

statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15 (e) and 15d- 15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a- 15 (f) and 15d- 15 (f)) for the registrant and have: a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and 5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions): a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting. Date: ~~March 1~~ **February 29** , ~~2023~~ **2024** / s / M. Ray (Hoppy) Cole, Jr. M. Ray (Hoppy) Cole, Jr. Chief Executive Officer EXHIBIT 31. 2 I, Donna T. (Dee Dee) Lowery, certify that: Date: ~~March 1~~ **February 29** , ~~2023~~ **2024** / s / Donna T. (Dee Dee) LoweryDonna T. (Dee Dee) LoweryChief Financial Officer EXHIBIT 32. 1 In connection with the Annual Report on Form 10- K of The First Bancshares, Inc. (the " Company ") for the year ending December 31, ~~2022~~ **2023** , as filed with the Securities and Exchange Commission on the date hereof (the " Report "), M. Ray (Hoppy) Cole, Jr., as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U. S. C. § 1350, as adopted pursuant to § 906 of the Sarbanes- Oxley Act of 2002, that, to the best of his knowledge: The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 (15 U. S. C. 78m or 78o (d)) and the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company. In connection with the Annual Report on Form 10- K of The First Bancshares, Inc. (the " Company ") for the year ending December 31, ~~2022~~ **2023** , as filed with the Securities and Exchange Commission on the date hereof (the " Report "), Dee Dee Lowery, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U. S. C. § 1350, as adopted pursuant to § 906 of the Sarbanes- Oxley Act of 2002, that, to the best of her knowledge: The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 (15 U. S. C. 78m or 78o (d)) and that information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer. **EXHIBIT 97. 1 INCENTIVE COMPENSATION RECOVERY POLICY 1. 0 General1. 1 The First Bancshares, Inc. (the " Company ") has adopted this Incentive Compensation Recovery Policy (the " Policy ") in accordance with the applicable listing standards of The Nasdaq Stock Market (" Nasdaq ") and Rule 10D- 1 under the Securities Exchange Act of 1934, as amended (the " Exchange Act "). To the extent this Policy is in any manner deemed inconsistent with such listing standards, this Policy shall be treated as retroactively amended to be compliant with such listing standards. 1. 2 Each Executive Officer (as defined herein) shall be required to sign and return to the Company the Acknowledgement Form attached hereto as Appendix B. 1. 3 The effective date of this Policy is October 2, 2023 (the " Effective Date "). 2. 0 DefinitionsThe following words and phrases shall have the following meanings for purposes of this Policy: 2. 1 Accounting Restatement. An " Accounting Restatement " means any accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a " Big R " restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a " little r " restatement). 2. 2 Board. The " Board " means the Board of Directors of the Company. 2. 3 Compensation Committee. The " Compensation Committee " means the Compensation Committee of the Board. 2. 4 Erroneously Awarded Compensation. " Erroneously Awarded Compensation " is the amount of Incentive- Based Compensation Received that exceeds the amount of Incentive- Based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid. For Incentive- Based Compensation based on stock price or total stockholder return (TSR), where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount shall be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive- Based Compensation was Received; and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq. 2. 5 Executive Officer. " Executive Officer " means the current or former officers identified as executive officers by the Company in the Company' s filings with the SEC pursuant to Item 401 (b) of Regulation S- K and the officers required to file reports under Section 16 of the Exchange Act. 2. 6 Financial Reporting Measure. A " Financial Reporting Measure " is any measure that is determined and**

presented in accordance with the accounting principles used in preparing the Company' s financial statements, and any measure that is derived wholly or in part from such measure. Stock price and TSR (and any measures that are derived wholly or in part from stock price or TSR) are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the Company' s financial statements or included in a filing with the SEC. 2. 7 Incentive- Based Compensation. The term " Incentive- Based Compensation " means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Please refer to Appendix A to this Policy for a list of examples of Incentive- Based Compensation. 2. 8 Received. Incentive- Based Compensation is deemed " Received " in the Company' s fiscal period during which the Financial Reporting Measure specified in the Incentive- Based Compensation award is attained, even if the payment or grant of the Incentive- Based Compensation occurs after the end of that period. 2. 9 SEC. " SEC " means the United States Securities and Exchange Commission. 3. 0 Statement of Policy3. 1 In the event that the Company is required to prepare an Accounting Restatement, the Company will recover reasonably promptly the amount of all Erroneously Awarded Compensation Received by a person: i. After beginning service as an Executive Officer; ii. Who served as an Executive Officer at any time during the performance period for that Incentive- Based Compensation; iii. While the Company has a listed class of securities listed on Nasdaq; andiv. During the three completed fiscal years immediately preceding the date that the Company is required to prepare the Accounting Restatement and any transition period (that results from a change in the Company' s fiscal year) within or immediately following those three completed fiscal years. For purposes of this Policy, a transition period between the last day of the Company' s previous fiscal year and the first day of its new fiscal year that comprises a period of nine to twelve months would be deemed a completed fiscal year. 3. 2 Notwithstanding the foregoing, this Policy shall only apply to Incentive- Based Compensation Received on or after the Effective Date. 3. 3 The Company' s obligation to recover Erroneously Awarded Compensation pursuant to this Policy is not dependent on when the restated financial statements are filed. 3. 4 For purposes of determining the relevant recovery period under this Policy, the date that the Company is required to prepare an Accounting Restatement is the earliest to occur of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. 4. 0 Certain Exceptions4. 1 The Company must recover Erroneously Awarded Compensation in compliance with this Policy except to the extent that the conditions of paragraphs (i), (ii) or (iii) in this Section 4. 1 are met, and the Compensation Committee, or in the absence of such a committee, a majority of the independent directors serving on the Board, has determined that recovery would be impracticable. i. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt (s) to recover, and provide that documentation to Nasdaq. ii. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impractical to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq. iii. Recovery would likely cause an otherwise tax- qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U. S. C. 401 (a) (13) or 26 U. S. C. 411 (a) and regulations thereunder. 5. 0 No Indemnification5. 1 The Company shall not indemnify any Executive Officer or former Executive Officer against the loss of Erroneously Awarded Compensation pursuant to this Policy. 6. 0 Public Disclosures6. 1 The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the U. S. Federal securities laws, including the disclosure required by the applicable SEC filings. 7. 0 Application to Other Persons7. 1 In addition to the Executive Officers and former Executive Officers, this Policy shall apply to any other employee of the Company or its subsidiaries designated by the Compensation Committee or the Board as a person covered by this Policy by notice to the employee (" Other Covered Person "). 7. 2 Unless otherwise determined by the Compensation Committee or the Board, this Policy shall apply to an Other Covered Person as if such individual was an Executive Officer during the relevant periods described in Section 3. 0. 7. 3 The Compensation Committee or the Board may, in its discretion, limit recovery of Erroneously Awarded Compensation from an Other Covered Person to situations in which an Accounting Restatement was caused or contributed to by the Other Covered Person' s fraud, willful misconduct or gross negligence. 7. 4 In addition, the Compensation Committee or the Board shall have discretion as to (i) whether to seek to recover Erroneously Awarded Compensation from an Other Covered Person, (ii) the amount of the Erroneously Awarded Compensation to be recovered from an Other Covered Person, and (iii) the method of recovering any such Erroneously Awarded Compensation from an Other Covered Person. In exercising such discretion, the Compensation Committee or the Board may take into account such considerations as it deems appropriate, including whether the assertion of a claim may violate applicable law or prejudice the interests of the Company in any related proceeding or investigation. 8. 0 Interpretation; Enforcement8. 1 The Compensation Committee shall have full authority to interpret and enforce this Policy to the fullest extent permitted by law. 8. 2 The Compensation Committee shall determine, in its sole discretion, the appropriate means to seek recovery of any Erroneously Awarded Compensation, which may include, without limitation: (i) requiring cash reimbursement; (ii) seeking recovery or forfeiture of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity- based awards; (iii) offsetting the amount to be recouped from any compensation otherwise owed by the Company to the Executive Officer; (iv) canceling outstanding vested or unvested equity awards; or (v) taking any other remedial and recovery action permitted

by law, as determined by the Compensation Committee. 8. 3 The Compensation Committee shall determine the repayment schedule for any Erroneously Awarded Compensation in a manner that complies with the " reasonably promptly " requirement set forth in Section 3. 1 hereof. Such determination shall be consistent with any applicable legal guidance, by the SEC, judicial opinion or otherwise. The determination with respect to " reasonably promptly " recovery may vary from case to case and the Compensation Committee is authorized to adopt additional rules to further describe what repayment schedules satisfies this requirement. 8. 4 To the extent an Executive Officer, former Executive Officer or Other Covered Person refuses to pay to the Company any Erroneously Awarded Compensation, the Company shall have the right to sue for repayment or, to the extent legally permitted, to enforce such person' s obligation to make payment by withholding unpaid or future compensation. 8. 5 Any determination by the Compensation Committee or the Board with respect to this Policy shall be final, conclusive, and binding on all interested parties. 9. 0 Non- Exclusivity9. 1 Nothing in this Policy shall be viewed as limiting the right of the Company or the Compensation Committee to pursue recoupment under or as provided by the Company' s plans, awards, policies or agreements or the applicable provisions of any law, rule or regulation (including, without limitation, Section 304 of the Sarbanes- Oxley Act of 2002). 10. 0 Policy Controls10. 1 If the requirement to recover Erroneously Awarded Compensation is triggered under this Policy, then, in the event of any actual or alleged conflict between the provisions of this Policy and a similar clause or provision in any of the Company' s plans, awards, policies or agreements, this Policy shall be controlling and determinative; provided that, if such other plan, award, policy or agreement provides that a greater amount of compensation shall be subject to clawback, the provisions of such other plan, award, policy or agreement shall apply to the amount in excess of the amount subject to clawback under this Policy. 11. 0 Amendment11. 1 The Compensation Committee may amend this Policy, provided that any such amendment does not cause this Policy to violate applicable listing standards of Nasdaq or Rule 10D- 1 under the Exchange Act. APPENDIX A Examples of Incentive- Based Compensation Examples of compensation that constitutes Incentive- Based Compensation for purposes of this Policy include, but are not limited to, the following: • Non- equity incentive plan awards earned based wholly or in part on satisfying a Financial Reporting Measure performance goal. • Bonuses paid from a " bonus pool, " the size of which is determined based wholly or in part on satisfying a Financial Reporting Measure performance goal. • Other cash awards based wholly or in part on satisfying a Financial Reporting Measure performance goal. • Restricted stock, restricted stock units, performance share units, stock options, and stock appreciation rights that are granted or become vested based wholly or in part on satisfying a Financial Reporting Measure performance goal. • Proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based wholly or in part on satisfying a Financial Reporting Measure performance goal. Examples of compensation that does not constitute Incentive- Based Compensation for purposes of this Policy include the following: • Salary or salary increases for which the increase is not contingent upon achieving any Financial Reporting Measure performance goal. • Bonuses paid solely at the discretion of the Compensation Committee or Board that are not paid from a bonus pool, the size of which is determined based wholly or in part on satisfying a Financial Reporting Measure performance goal. • Bonuses paid solely upon satisfying one or more subjective standards (e. g., demonstrated leadership) and / or completion of a specified employment period. • Non- equity incentive plan awards earned solely upon satisfying one or more strategic measures (e. g., consummating a merger or divestiture) or operational measures (e. g., opening a specified number of stores, completion of a project, or increase in market share). • Equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period and / or attaining one or more non- Financial Reporting Measures. APPENDIX B ACKNOWLEDGEMENT OF INCENTIVE COMPENSATION RECOVERY POLICY By my signature below, I acknowledge and agree that: • I have received and reviewed The First Bancshares, Inc. Incentive Compensation Recovery Policy (the " Policy ") and am fully bound by and subject to the terms of the Policy; and • I will abide by all of the terms of the Policy during and after my employment with the Company, including, without limitation, by promptly repaying or returning to the Company any Erroneously Awarded Compensation (as defined in the Policy) to the extent required by, and in a manner consistent with, the Policy. Signature: ________________________________Name (printed): ________________________________Date: ________________________________ If you have specific questions regarding this Policy please contact [●]