

FIRST BANCSHARES INC /MS/  
Form 425  
October 24, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)**

**of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 24, 2017 (October 24, 2017)**

**The First Bancshares, Inc.**

(Exact name of registrant as specified in its charter)

**Mississippi**                      **33-94288**      **64-0862173**  
(State or other jurisdiction) (Commission (IRS Employer  
of incorporation)              File Number) Identification No.)

**6480 U.S. Highway 98 West, Suite A**

**Hattiesburg, Mississippi, 39402**  
(Address and Zip Code of principal executive offices)

**(601) 268-8998**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



**Item 1.01**

**Entry Into a Material Definitive Agreement**

*Agreement and Plan of Merger*

*Merger.* On October 24, 2017, The First Bancshares, Inc., a Mississippi corporation (the “Company”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Southwest Banc Shares, Inc. an Alabama corporation (“SWBS”), whereby SWBS will be merged with and into the Company (the “Merger”). Pursuant to and simultaneously with entering into the Merger Agreement, the Company’s wholly owned subsidiary bank, The First, A National Banking Association (“The First”), and SWBS’s wholly owned subsidiary bank, First Community Bank (“First Community Bank”), entered into a Plan of Bank Merger whereby First Community Bank will be merged with and into The First immediately following the merger of SWBS with and into the Company (the “Bank Merger”).

The Merger Agreement has been unanimously approved by the boards of directors of the Company and SWBS. The transaction is expected to close in the first or second quarter of 2018, subject to customary conditions discussed below.

*Merger Consideration.* Pursuant to the Merger Agreement, each outstanding share of SWBS common stock issued and outstanding immediately prior to the effective time of the Merger will be converted into the right to receive a “Pro Rata Share” (which is a ratio equal to one (1) divided by the number of shares of SWBS common stock issued and outstanding as of the closing) of (i) a number of shares of the Company’s common stock equal to \$36 million divided by the average closing price of the Company’s common stock during the ten trading days preceding the fifth business day prior to the closing date (subject to a maximum per-share price of the Company’s common stock of \$36.54 and a minimum price of \$24.36) and (ii) a cash amount equal to \$24 million (subject to downward adjustment in accordance with the terms of the Merger Agreement in the event that SWBS’s adjusted tangible common equity at closing is less than \$32 million). Each outstanding share of SWBS common stock subject to vesting restrictions shall become vested immediately prior to the effective time of the Merger and will be converted into the right to receive the same merger consideration that other SWBS shareholders are entitled to receive.

Each outstanding share of the Company’s common stock shall remain outstanding and unaffected by the Merger.

*Representations and Warranties.* The Merger Agreement contains usual and customary representations and warranties that the Company and SWBS made to each other as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the contract between the Company and SWBS and may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating certain terms. Moreover, certain of the representations and warranties are subject to a contractual standard of materiality that may be different from what may be viewed as material to shareholders, and the representations and

warranties may have been used to allocate risk between the Company and SWBS rather than establishing matters of fact.

*Covenants; No Solicitation.* Each party also has agreed to customary covenants, including, among others, covenants relating to the conduct of its business during the interim period between the execution of the Merger Agreement and the consummation of the Merger. Additionally, SWBS has agreed (i) not to initiate, solicit, induce or knowingly encourage or take any action or facilitate any alternative acquisition transaction or, subject to certain exceptions, participate in discussions or negotiations regarding, or furnish any non-public information relating to, any alternative acquisition transaction or (ii) subject to certain exceptions, not to withdraw or modify in a manner adverse to the Company, the recommendation of the SWBS board of directors that SWBS's shareholders approve the Merger Agreement and the Merger. In the event that SWBS receives a proposal with respect to an alternative acquisition transaction that the SWBS board of directors determines is superior to the Merger, the Company will have an opportunity to match the terms of such proposal, subject to certain requirements.

*Conditions to Closing.* Consummation of the Merger is subject to various customary conditions, including (i) approval of the Merger Agreement and the Merger by shareholders of SWBS; (ii) the receipt of certain regulatory approvals; (iii) no injunctions or other legal restraints preventing the consummation of the Merger; (iv) the U.S. Securities and Exchange Commission (“SEC”) having declared effective the Company’s registration statement covering the issuance of shares of the Company’s common stock in the Merger; (v) the receipt by each party of a tax opinion to the effect that the Merger will qualify as a reorganization within the meaning of 368(a) of the Internal Revenue Code of 1986, as amended; (vi) the accuracy of certain representations and warranties of the parties and compliance by the parties with their respective covenants and obligations under the Merger Agreement (subject to customary materiality qualifiers) and (vii) the absence of a material adverse effect with respect to the either the Company or SWBS. Additionally, the Company shall not be required to consummate the Merger unless SWBS’s adjusted tangible common equity at closing is not less \$32 million.

*Termination; Termination Fee.* The Merger Agreement may be terminated in certain circumstances, including: (i) by mutual written agreement of the parties, (ii) by either party if any regulatory approval required for consummation of the transactions contemplated by the Merger Agreement has been denied by final non-appealable action by the relevant governmental authority or an application for such approval has been permanently withdrawn at the request of a governmental authority, (iii) by either party if the approval of the shareholders of SWBS is not obtained, (iv) by either party in the event of a material breach by the other party of any representation, warranty or covenant contained in the Merger Agreement and such breach is not cured within thirty days, (v) by either party if the Merger is not consummated on or before February 20, 2018, subject to extension to April 21, 2018 based on obtaining regulatory approval, (vi) by the Company if SWBS’s board of directors breaches its obligations with respect to giving notice of and making a recommendation in connection with each of the SWBS shareholder meeting, (vii) by SWBS if the price of the Company’s common stock decreases in comparison to the specified ratio provided in the Merger Agreement and the Company elects not to increase the merger consideration. SWBS will pay the Company a termination fee equal to \$2.25 million in the event (i) SWBS receives a superior proposal and the Merger Agreement is terminated because the required SWBS shareholder approval is not obtained or by the Company because of SWBS’s material breach of representations, warranties or covenants and SWBS enters into a superior proposal within 12 months of such termination or (ii) the Merger Agreement is terminated by the Company because SWBS’s board of directors breaches its obligations with respect to giving notice of and making a recommendation in connection with the SWBS shareholder meeting.

### ***Voting Agreements***

In connection with entering into the Merger Agreement, certain directors and shareholders of SWBS have entered into voting agreements (the “Voting Agreements”), pursuant to which each such shareholder agreed to vote his, her or its shares of SWBS common stock in favor of approval of the Merger Agreement and transactions contemplated therein and against certain other actions, proposals, transactions or agreements that would be detrimental to the consummation of the Merger. The Voting Agreements generally prohibit the sale or transfer of the shares held by each such shareholder until the earlier of (i) termination of the Merger Agreement and (ii) receipt of the approval of the shareholders of SWBS. The Voting Agreements terminate upon the earlier of (i) the consummation of the Merger, (ii) the amendment of the Merger Agreement in any manner that materially and adversely affects any rights of the

shareholder, (iii) the termination of the Merger Agreement or (iv) three years from the date of the Voting Agreements.

### *Director Non-Compete Agreements*

In connection with entering into the Merger Agreement, each of the directors of SWBS and First Community Bank entered into a Non-Competition and Non-Disclosure Agreement with the Company, which contains provisions related to the non-disclosure of confidential information and trade secrets, non-solicitation of customers with whom such directors had material contact, non-competition within a restricted territory and non-recruitment of employees.

### **Cautionary Statements Regarding Forward-Looking Information.**

This Current Report contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. In general, forward-looking statements usually use words such as “may,” “believe,” “expect,” “anticipate,” “intend,” “will,” “should,” “plan,” “estimate,” “predict,” “continue” and “potential” or the negative of these terms or other comparable terminology including statements related to the expected timing of the closing of the Merger, the expected returns and other benefits of the Merger, to shareholders, expected improvement in operating efficiency resulting from the Merger, estimated expense reductions resulting from the transactions and the timing of achievement of such reductions, the impact on and timing of the recovery of the impact on tangible book value, and the effect of the Merger on the Company’s capital ratios. Forward-looking statements represent management’s beliefs, based upon information available at the time the statements are made, with regard to the matters addressed; they are not guarantees of future performance. Forward-looking statements are subject to numerous assumptions, risks and uncertainties that change over time and could cause actual results or financial condition to differ materially from those expressed in or implied by such statements.

Factors that could cause or contribute to such differences include, but are not limited to (1) the risk that the cost savings and any revenue synergies from the Merger may not be realized or take longer than anticipated to be realized, (2) disruption from the Merger with customers, suppliers, employee or other business partners relationships, (3) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, (4) the risk of successful integration of SWBS’s business into the Company, (5) the failure to obtain the necessary approvals by the shareholders of SWBS, (6) the amount of the costs, fees, expenses and charges related to the Merger, (7) the ability by the Company to obtain required governmental approvals of the Merger, (8) reputational risk and the reaction of each of the companies’ customers, suppliers, employees or other business partners to the Merger, (9) the failure of the closing conditions in the Merger Agreement to be satisfied, or any unexpected delay in closing of the Merger, (10) the risk that the integration of SWBS’s operations into the operations of the Company will be materially delayed or will be more costly or difficult than expected, (11) the possibility that the Merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events, (12) the dilution caused by the Company’s issuance of additional shares of its common stock in the merger transaction, and (13) general competitive, economic, political and market conditions. Additional factors which could affect the forward looking statements can be found in the cautionary language included under the headings “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in the Company’s Annual Reports on Form 10-K for the year ended December 31, 2016, and other documents subsequently filed by the Company with the

SEC. Consequently, no forward-looking statement can be guaranteed. Neither the Company nor SWBS undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For any forward-looking statements made in this Current Report on Form 8-K, the exhibits hereto or any related documents, the Company and SWBS claim protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

### **Additional Information About the Merger and Where to Find It**

In connection with the proposed Merger, the Company will file with the SEC a registration statement on Form S-4 that will include a proxy statement of SWBS and a prospectus of the Company, as well as other relevant documents concerning the proposed transaction. **WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE REGISTRATION STATEMENT ON FORM S-4, THE PROXY STATEMENT/PROSPECTUS INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4 AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED MERGER BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANT, SWBS AND THE PROPOSED MERGER.** The proxy statement/prospectus will be sent to the shareholders of SWBS seeking the required shareholder approvals. Investors and security holders will be able to obtain free copies of the registration statement on Form S-4 and the related proxy statement/prospectus, when filed, as well as other documents filed with the SEC by the Company through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). Documents filed with the SEC by the Company will also be available free of charge by directing a written request to The First Bancshares, Inc., 6480 U.S. Highway 98 West, Hattiesburg, Mississippi 39402 Attn: Corporate Secretary, Chandra Kidd. The Company's telephone number is (601) 268-899.

### **Participants in the Transaction**

The Company, SWBS and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of SWBS in connection with the proposed transaction. Certain information regarding the interests of these participants and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the proxy statement/prospectus regarding the proposed transaction when it becomes available. Additional information about the Company and its directors and officers may be found in the definitive proxy statement of the Company relating to its 2017 Annual Meeting of Stockholders filed with the SEC on April 12, 2017. The definitive proxy statement can be obtained free of charge from the sources described above.

### **Item 8.01 Other Events**

On October 24, 2017, the Company issued a press release announcing the execution of the Merger Agreement and related information, a copy of which is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference herein.

On October 24, 2017, the Company commenced an underwritten public offering of shares of its common stock and began making presentations to investors using the investor presentation attached to this Current Report on Form 8-K as Exhibit 99.2 and incorporated herein by reference.

**Item 9.01**

**Financial Statements and Exhibits**

(d) EXHIBITS

99.1 Press Release dated October 24, 2017.

99.2 Investor Presentation dated October 24, 2017

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE FIRST BANCSHARES, INC.

By: /s/ Donna T. (Dee Dee) Lowery  
Name: Donna T. (Dee Dee) Lowery  
Title: Chief Financial Officer

Date: October 24, 2017