

FIRST FEDERAL BANCSHARES

FOR
IMMEDIATE
RELEASE

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FIRST FEDERAL BANCSHARES OF ARKANSAS, INC. ANNOUNCES EARNINGS

Harrison, Arkansas – April 26, 2001 - (NASDAQ NMS:FFBH) First Federal Bancshares of Arkansas, Inc. (the "Corporation"), a unitary savings and loan holding company for First Federal Bank of Arkansas, FA (the "Bank") announced today that the Corporation earned \$1,143,000 or \$0.35 basic and diluted earnings per share during the first quarter of 2001 compared to net income of \$1,430,000 or \$0.39 basic and diluted earnings per share during the first quarter of 2000. Book value, or stockholders' equity per share, at March 31, 2001, was \$21.96.

Larry J. Brandt, President of the Corporation said, "We continue to be pleased with the price stability of our stock especially compared to many of the NASDAQ stocks. We will continue our current stock repurchase program with the intention of pursuing additional repurchase programs in the future particularly since our stock is trading below book and represents a good investment due to the accretive nature of purchases at these undervalued levels. Our earnings and capital position not only enable us to pursue stock repurchases, but they also enable us to continue to pay cash dividends. In the first quarter of 2001, we increased our quarterly cash dividend by 10% to eleven cents per share. Noninterest income increased over 75% for this quarter compared to the same quarter last year. Net interest income was down 9% this quarter due to a compression in the net interest margin, primarily as a result of higher deposit costs. With recent moves by the Federal Reserve to cut interest rates, we should see an improvement in the net interest margin mainly due to a decline in deposit rates."

Total assets at March 31, 2001 amounted to \$694.7 million, total liabilities were \$620.4 million and stockholders' equity totaled \$74.3 million or 10.7% of total assets. This compares with total assets of \$713.9 million, total liabilities of \$637.3 million and stockholders' equity of \$76.6 million or 10.7% of total assets at December 31, 2000. At March 31, 2001 compared to December 31, 2000, cash and cash equivalents increased \$17.8 million or 153.6%, investment securities-held to maturity decreased \$32.8 million or 17.8%, and net loans receivable decreased \$2.9 million or .6%. At March 31, 2001, liabilities were \$620.4 million compared to \$637.3 million at December 31, 2000. The \$16.9 million or 2.7% decrease was primarily due to a decrease of \$16.5 million or 17.7% in Federal Home Loan Bank of Dallas ("FHLB of Dallas") advances. Stockholders' equity decreased during the three month period ended March 31, 2001 primarily due to the purchase of 168,274 shares of treasury stock totaling \$3.4 million in connection with the Corporation's stock repurchase program and to a lesser extent due to the payment of quarterly cash dividends aggregating \$371,000. Such decrease was partially offset by net income, for the three month period ended March 31, 2001, in the amount of \$1.1 million resulting from continued profitable operations.

Non-performing assets, consisting of non-accruing loans and repossessed assets, amounted to \$1.8 million or .25% of total assets at March 31, 2001, compared to \$1.9 million or .27% of total assets at December 31, 2000.

Net interest income, the primary component of net income, decreased from \$4.9 million for the three months ended March 31, 2000 to \$4.4 million for the same respective period in 2001. Net interest margin for the three months ended March 31, 2000 was 2.96% compared to 2.61% for the same period in 2001.

Noninterest income increased \$290,000 or 75.3% to \$675,000 for the three month period ended March 31, 2001 compared to \$385,000 for the three months ended March 31, 2000. The increase in noninterest income for the three months ended March 31, 2001 compared to the three months ended March 31, 2000 was primarily due to increases in deposit fee income, profit on sale of mortgage loans in the secondary mortgage market, revenue from full service brokerage operations and a decline in the loss recognized from the operations of foreclosed property.

Noninterest expenses increased \$264,000 or 8.4% between the 2001 and 2000 three month periods ended March 31. Such increase was primarily due to an increase in salaries and employee benefits.

During the first quarter of 2001, First Federal Bank promoted Primevest Financial Services, Inc., our full service brokerage operation. Through Primevest, our customers can purchase mutual funds, stocks, annuities, and bonds, as well as numerous other financial products and services. We also are continuing to enhance our product offerings. We recently introduced our “Better Checking” imaged statement and expanded our internet banking and website. For information on all the products and services we offer, visit us at www.ffbh.com. The Bank, in its 67th year, conducts business from 16 offices in Northcentral and Northwest Arkansas.

Financial Tables Attached

FIRST FEDERAL BANCSHARES OF ARKANSAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands of dollars)

ASSETS	March 31, 2001 <u>(Unaudited)</u>	December 31, 2000 <u></u>
Cash and cash equivalents	\$ 29,330	\$ 11,564
Investment securities - held to maturity	151,477	184,310
Federal Home Loan Bank stock	5,168	5,098
Loans receivable, net of allowances	495,431	498,305
Accrued interest receivable	5,446	6,910
Real estate acquired in settlement of loans, net	287	261
Office properties and equipment, net	7,115	7,170
Prepaid expenses and other assets	<u>464</u>	<u>284</u>
TOTAL ASSETS	<u>\$694,718</u>	<u>\$713,902</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	\$538,859	\$540,327
Federal Home Loan Bank advances	76,855	93,359
Advance payments by borrowers for taxes and insurance	1,314	1,006
Other liabilities	<u>3,327</u>	<u>2,588</u>
Total liabilities	620,355	637,280
TOTAL STOCKHOLDERS' EQUITY	<u>74,363</u>	<u>76,622</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$694,718</u>	<u>\$713,902</u>

FIRST FEDERAL BANCSHARES OF ARKANSAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND RELATED SELECTED OPERATING DATA
(In thousands of dollars, except earnings per share)

	Three Months Ended March 31,	
	2001	2000
	(Unaudited)	(Unaudited)
Interest income	\$13,133	\$ 12,533
Interest expense	<u>8,687</u>	<u>7,644</u>
Net interest income	4,446	4,889
Provision for loan losses	<u>9</u>	<u>--</u>
Net interest income after provision for loan losses	4,437	4,889
Noninterest income	675	385
Noninterest expenses	<u>3,396</u>	<u>3,132</u>
Income before income taxes	1,716	2,142
Income tax provision	<u>573</u>	<u>712</u>
Net income	<u>\$ 1,143</u>	<u>\$ 1,430</u>

Earnings Per Share:

Basic	\$ <u>0.35</u>	\$ <u>0.39</u>
Diluted	\$ <u>0.35</u>	\$ <u>0.39</u>

Selected Operating Data (Annualized):

Interest rate spread	2.12%	2.49%
Net interest margin	2.61%	2.96%
Return on average assets	0.65%	0.84%
Noninterest expenses to average assets	1.93%	1.83%
Return on average equity	6.03%	7.25%