

FIRST FEDERAL BANCSHARES

FOR
IMMEDIATE
RELEASE

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FIRST FEDERAL BANCSHARES OF ARKANSAS, INC. ANNOUNCES EARNINGS

Harrison, Arkansas – April 25, 2002 - (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's net income amounted to \$1,756,000 or \$0.61 basic earnings per share and \$0.60 diluted earnings per share during the first quarter of 2002 compared to net income of \$1,143,000 or \$0.35 basic and diluted earnings per share during the first quarter of 2001. Book value, or stockholders' equity per share, at March 31, 2002, was \$23.82.

Larry J. Brandt, President/CEO for the Corporation said, "We are very pleased with our overall performance again this quarter. It was the most profitable quarter in our sixty-eight year history. Diluted earnings per share increased from \$0.35 per share to \$0.60 per share or 71% for the three months ended March 31, 2001 and 2002, respectively. We also recently announced another 5% repurchase of our stock and continue to believe that our repurchase program is a prudent use of excess capital. We have completed our building plans and broke ground in April on our new Northtown office in Harrison. The new facility will serve the fastest growing part of our community. In addition, it will give us the needed corporate office space for our future growth and expansion."

Total assets at March 31, 2002 amounted to \$691.1 million, total liabilities were \$619.2 million and stockholders' equity totaled \$71.9 million or 10.4% of total assets. This compares with total assets of \$680.3 million, total liabilities of \$609.2 million and stockholders' equity of \$71.1 million or 10.4% of total assets at December 31, 2001. At March 31, 2002 compared to December 31, 2001, cash and cash equivalents increased \$10.8 million or 14.9%, investment securities-held to maturity increased \$1.6 million or 1.5%, net loans receivable decreased \$2.5 million or .5%. At March 31, 2002, liabilities were \$619.3 million compared to \$609.2 million at December 31, 2001. The \$10.1 million or 1.7% increase was primarily due to an increase of \$12.5 million or 2.3% in deposits. The funds available from the increase in deposits were temporarily invested in cash and cash equivalents. Stockholders' equity increased during the three month period ended March 31, 2002 primarily due to net income in the amount of \$1.8 million for the three month period resulting from continued profitable operations. Such increase was partially offset by the purchase of 38,000 shares of treasury stock totaling \$893,000 in connection with the Corporation's stock

repurchase program and to a lesser extent due to the payment of a quarterly cash dividend in the amount of \$365,000.

Non-performing assets, consisting of non-accruing loans and repossessed assets, amounted to \$3.0 million or .43% of total assets at December 31, 2001, compared to \$3.6 million or .53% of total assets at December 31, 2001. The allowance for loan losses amounted to \$1.2 million at March 31, 2002 or 44.8% of nonperforming loans and 0.2% of total loans.

Net interest income, the primary component of net income, increased from \$4.5 million to \$5.2 million for the three months ended March 31, 2001 and 2002, respectively. Net interest margin for the three months ended March 31, 2001 was 2.61% compared to 3.21% for the same period in 2002.

Noninterest income increased \$612,000 or 90.7% to \$1.3 million for the three month period ended March 31, 2002 compared to \$675,000 for the three months ended March 31, 2001. The increase in noninterest income for the three months ended March 31, 2002 compared to the three months ended March 31, 2001 was primarily due to increases in deposit fee income, profit on sale of mortgage loans in the secondary mortgage market and additional fees related to such loans, and earnings from bank owned life insurance.

Noninterest expenses increased \$21,000 or .6% between the 2002 and 2001 three month periods ended March 31. Such increase for the three month comparable periods was primarily due to an increase in data processing expenses, which was partially offset by a decrease in salaries and employee benefits.

During the first quarter of 2002, the Bank promoted the Platinum Money Market Account and IRA's. The Bank also promoted OnLine Banking which gives our customers the convenience of accessing their accounts from anywhere in the world. For information on all the products and services we offer, visit us at www.ffbh.com or call our Account Information Center at (870) 365-8329 or (866) AIC-FFBH toll free or by email at aic@ffbh.com. The Bank, in its 68th 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, 2002 <u>(Unaudited)</u>	December 31, 2001 <u></u>
Cash and cash equivalents	\$ 83,121	\$ 72,326
Investment securities - held to maturity	102,434	100,878
Federal Home Loan Bank stock	4,955	4,918
Loans receivable, net of allowances	472,042	474,494
Accrued interest receivable	4,536	4,420
Real estate acquired in settlement of loans, net	347	455
Office properties and equipment, net	7,562	7,006
Prepaid expenses and other assets	<u>16,141</u>	<u>15,758</u>
TOTAL ASSETS	<u>\$691,138</u>	<u>\$680,255</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	\$568,482	\$555,933
Federal Home Loan Bank advances	44,841	47,844
Advance payments by borrowers for taxes and insurance	1,000	929
Other liabilities	<u>4,938</u>	<u>4,484</u>
Total liabilities	619,261	609,190
TOTAL STOCKHOLDERS' EQUITY	<u>71,877</u>	<u>71,065</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$691,138</u>	<u>\$680,255</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)

	<u>Three Months Ended March 31,</u>	
	<u>2002</u>	<u>2001</u>
	(Unaudited)	(Unaudited)
Interest income	\$11,204	\$13,133
Interest expense	<u>6,046</u>	<u>8,687</u>
Net interest income	5,158	4,446
Provision for loan losses	<u>362</u>	<u>9</u>
Net interest income after provision for loan losses	4,796	4,437
Noninterest income	1,287	675
Noninterest expenses	<u>3,417</u>	<u>3,396</u>
Income before income taxes	<u>2,666</u>	<u>1,716</u>
Income tax provision	<u>910</u>	<u>573</u>
Net income and comprehensive income	<u>\$ 1,756</u>	<u>\$ 1,143</u>

Earnings Per Share:

Basic	\$ <u>0.61</u>	\$ <u>0.35</u>
Diluted	\$ <u>0.60</u>	\$ <u>0.35</u>

Selected Operating Data (Annualized):

Interest rate spread	2.96%	2.12%
Net interest margin	3.21%	2.61%
Return on average assets	1.03%	0.65%
Noninterest expenses to average assets	2.01%	1.93%
Return on average equity	9.73%	6.03%