

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**

October 29, 2003

(Date of earliest event reported)

First Federal Bancshares of Arkansas, Inc.

(Exact name of registrant as specified in its charter)

Texas	0-28312	71-0785261
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1401 Highway 62-65 North, Harrison, Arkansas	72601
(Address of principal executive offices)	(Zip Code)

(870) 741-7641

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) The following exhibit is included with this Report:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated October 29, 2003

Item 9. Regulation FD Disclosure (Results of Operations and Financial Condition)

On October 29, 2003, First Federal Bancshares of Arkansas, Inc. issued a press release announcing its results of operations for the quarter ended September 30, 2003. A copy of the press release is included as Exhibit 99.1 and is incorporated herein by reference. This information, which is required by Item 12 of Form 8-K, is being provided under Item 9 pursuant to Commission Release 34-47583.

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 thereunto duly authorized.

FIRST FEDERAL BANCSHARES OF
ARKANSAS, INC.

By: /s/ Larry J. Brandt
Name: Larry J. Brandt
Title: President and Chief Executive Officer

Date: October 29, 2003

**FIRST
FEDERAL
BANCSHARES**

1401 Highway 62-65 North
P. O. Box 550
Harrison, AR 72601

**FOR
IMMEDIATE
RELEASE**

**FOR FURTHER INFORMATION CONTACT:
Larry J. Brandt/President-CEO
Tommy Richardson/EVP-COO
Sherri Billings/EVP-CFO
870-741-7641**

**FIRST FEDERAL BANCSHARES OF ARKANSAS, INC.
ANNOUNCES EARNINGS**

Harrison, Arkansas – October 29, 2003 - (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 \$1,872,000 or \$0.73 basic earnings per share and \$0.69 diluted earnings per share during the third quarter of 2003 compared to net income of \$2,224,000 or \$0.84 basic earnings per share and \$0.81 diluted earnings per share during the third quarter of 2002. Earnings for the nine months ended September 30, 2003 amounted to \$5,743,000 or \$2.26 basic earnings per share and \$2.15 diluted earnings per share compared to earnings of \$5,814,000 or \$2.11 basic earnings per share and \$2.03 diluted earnings per share for the same period ended September 30, 2002. Book value or stockholders' equity per share, at September 30, 2003, was \$27.61.

Larry J. Brandt, President/CEO for the Corporation said, "We are pleased to report an increase in diluted earnings per share to \$2.15 for the nine months ended September 30, 2003 from \$2.03 for the nine months ended September 30, 2002. We also increased the quarterly dividend to \$.18 per share compared to \$.16 per share last quarter and \$.14 per share the same quarter last year. This equates to a dividend payout ratio for the nine months ended September 30, 2003 of 23% compared to 19% for the same period in 2002. Book value per share has also increased compared to the prior year, from \$25.09 at September 30, 2002 to \$27.61 at September 30, 2003. During the third quarter, we opened our fourth branch office in Benton County, one of the fastest growing counties in the state."

Total assets at September 30, 2003 amounted to \$695.8 million, total liabilities were \$622.2 million and stockholders' equity totaled \$73.6 million or 10.6% of total assets. This compares with total assets of \$679.9 million, total liabilities of \$610.6 million and stockholders' equity of \$69.3 million or 10.2% of total assets at December 31, 2002. At September 30, 2003 compared to December 31, 2002, cash and cash equivalents increased \$29.0 million or 65.1%, investment securities held to maturity decreased \$25.0 million or 21.8% and net loans receivable increased \$7.4 million or 1.5%. At September 30, 2003, liabilities were \$622.2 million compared to \$610.6 million at December 31, 2002. The \$11.6 million or 1.9% increase was

EXHIBIT 99.1

primarily due to an increase of \$4.1 million or 0.7% in deposits and an increase in Federal Home Loan Bank ("FHLB") of Dallas advances of \$4.9 million or 12.7%. The funds available from the proceeds of matured or called investment securities held to maturity and the increase in deposits and FHLB advances were temporarily invested in cash and cash equivalents and used to fund loan growth. Stockholders' equity increased during the nine month period ended September 30, 2003, due to net income in the amount of \$5.7 million resulting from continued profitable operations, as well as the issuance of 55,284 shares of treasury stock totaling \$1.1 million as a result of the exercise of stock options. Such increase was partially offset by the purchase of 83,700 shares of treasury stock totaling \$2.4 million in connection with the Corporation's stock repurchase program and, to a lesser extent, the payment of quarterly cash dividends in the amount of \$1.3 million.

Non-performing assets, consisting of nonaccrual and restructured loans and repossessed assets, amounted to \$9.3 million or 1.34% of total assets at September 30, 2003, compared to \$7.3 million or 1.07% of total assets at December 31, 2002. At September 30, 2003, nonaccrual loans, restructured loans, and repossessed assets amounted to \$4.5 million, \$3.8 million, and \$970,000, respectively, compared to \$2.7 million, \$4.2 million, and \$361,000, respectively, at December 31, 2002. The increase in nonaccrual loans is attributable to two unrelated borrowers with loan balances totaling \$1.8 million. The Bank does not expect to incur losses on these loans based on the estimated value of the collateral properties. The allowance for loan losses amounted to \$1.7 million at September 30, 2003 or .33% of total loans. The allowance for loan losses amounted to \$1.5 million at December 31, 2002 or .30% of total loans.

Net interest income, the primary component of net income, decreased from \$5.9 million for the three months ended September 30, 2002 to \$5.7 million for the comparable period in 2003 and increased from \$16.5 million to \$17.0 million for the nine months ended September 30, 2002 and 2003, respectively. Net interest margin for both the three months and nine months ended September 30, 2003 was 3.50% compared to 3.73% and 3.43%, respectively, for the same periods in 2002.

The provision for loan losses decreased \$43,000 to \$204,000 for the three month period ended September 30, 2003 compared to \$247,000 for the three month period ended September 30, 2002 and decreased \$364,000 to \$619,000 for the nine month period ended September 30, 2003 compared to \$983,000 for the nine month period ended September 30, 2002. The decrease in the provision for loan losses for the nine month period ended September 30, 2003 was due to an estimated loss on a commercial real estate loan of approximately \$415,000 recorded in the nine months ended September 30, 2002.

Noninterest income increased \$538,000 or 40.7% to \$1.9 million for the three month period ended September 30, 2003 compared to \$1.3 million for the three months ended September 30, 2002 primarily due to an increase in profit on sale of mortgage loans in the secondary market and the corresponding recognition of fees related to such loans. Non-interest income increased \$1.7 million or 43.4% to \$5.5 million for the nine month period ended September 30, 2003 compared to \$3.9 million for the nine months ended September 30, 2002 primarily due to an increase in profit on sale of mortgage loans in the secondary market and the corresponding recognition of fees related to such loans and the appreciation in value recognized on the contribution of the office building formerly occupied by the Bank's lending operations.

Noninterest expenses increased \$930,000 or 25.7% between the 2002 and 2003 three month periods ended September 30 and increased \$3.0 million or 28.0% between the 2002 and 2003 nine month periods ended September 30. Such increases were primarily due to an increase in salaries and employee benefits and net occupancy expense. In addition, the increase between the nine month periods was due to an increase in contributions as a result of the donation of the building discussed above.

During the third quarter of 2003, the Bank celebrated the GRAND OPENING of its new Northtown Financial Center. This new 40,000 square foot office is a full service facility and also serves as the Bank's corporate headquarters. The Bank promoted FREE Student Checking and its First Money Visa Check Card. The Bank also continued with its "You're Thinking/We're Thinking Campaign" with emphasis on our Online Banking and Mortgages. 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 69th 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)
(Unaudited)

ASSETS	September 30, 2003	December 31, 2002
Cash and cash equivalents	\$ 73,449	\$ 44,493
Investment securities held to maturity	89,473	114,471
Federal Home Loan Bank stock	5,153	5,064
Loans receivable, net of allowances	490,828	483,468
Accrued interest receivable	3,918	4,380
Real estate acquired in settlement of loans, net	924	320
Office properties and equipment, net	14,492	10,690
Prepaid expenses and other assets	<u>17,573</u>	<u>17,010</u>
TOTAL ASSETS	<u>\$695,810</u>	<u>\$679,896</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	\$572,897	\$568,762
Federal Home Loan Bank advances	43,522	38,610
Advance payments by borrowers for taxes and insurance	513	760
Other liabilities	<u>5,319</u>	<u>2,498</u>
Total liabilities	622,251	610,630
TOTAL STOCKHOLDERS' EQUITY	<u>73,559</u>	<u>69,266</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$695,810</u>	<u>\$679,896</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)
(Unaudited)

	<u>Three Months Ended Sept. 30,</u>		<u>Nine Months Ended Sept. 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Interest income	\$ 9,475	\$ 11,070	\$ 29,281	\$ 33,415
Interest expense	<u>3,799</u>	<u>5,122</u>	<u>12,305</u>	<u>16,875</u>
Net interest income	5,676	5,948	16,976	16,540
Provision for loan losses	<u>204</u>	<u>247</u>	<u>619</u>	<u>983</u>
Net interest income after provision for loan losses	5,472	5,701	16,357	15,557
Noninterest income	1,861	1,323	5,549	3,870
Noninterest expenses	<u>4,547</u>	<u>3,617</u>	<u>13,574</u>	<u>10,603</u>
Income before income taxes	2,786	3,407	8,332	8,824
Income tax provision	<u>914</u>	<u>1,183</u>	<u>2,589</u>	<u>3,010</u>
Net income	<u>\$ 1,872</u>	<u>\$ 2,224</u>	<u>\$ 5,743</u>	<u>\$ 5,814</u>
 Earnings Per Share:				
Basic	<u>\$0.73</u>	<u>\$0.84</u>	<u>\$2.26</u>	<u>\$2.11</u>
Diluted	<u>\$0.69</u>	<u>\$0.81</u>	<u>\$2.15</u>	<u>\$2.03</u>
 <u>Selected Operating Data (Annualized):</u>				
Interest rate spread	3.39%	3.55%	3.38%	3.20%
Net interest margin	3.50%	3.73%	3.50%	3.43%
Return on average assets	1.08%	1.32%	1.11%	1.14%
Noninterest expenses to average assets	2.61%	2.14%	2.62%	2.08%
Return on average equity	10.19%	12.78%	10.63%	10.91%