

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**

April 28, 2004

(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 April 28, 2004

Item 12. Results of Operations and Financial Condition

On April 28, 2004, First Federal Bancshares of Arkansas, Inc. issued a press release announcing its results of operations for the quarter ended March 31, 2004. A copy of the press release is included as Exhibit 99.1 and is incorporated herein by reference.

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: April 28, 2004

**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 – April 28, 2004 - (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 \$1,760,000 or \$0.34 basic earnings per share and \$0.32 diluted earnings per share during the first quarter of 2004 compared to net income of \$1,984,000 or \$0.39 basic earnings per share and \$0.38 diluted earnings per share during the first quarter of 2003. The decrease of \$224,000 or 11.3% was primarily due to an increase in noninterest expenses. Book value or stockholders' equity per share, at March 31, 2004, was \$14.22.

Larry J. Brandt, President/CEO for the Corporation said, "We continued to add to shareholder value this quarter by increasing our cash dividend one cent per share for an 11.1% increase compared to the previous quarter (split-adjusted). Our strong capital base and continued profitability enabled us to pay our 29th consecutive quarterly dividend. We were successful in continuing to grow our loan portfolio during the quarter, as evidenced by the increase of over \$21 million in net loans receivable which represents an annualized increase of 16.8%. Loan production was a factor in our net interest margin improving to 3.61% and for our return on assets exceeding 1%. During this quarter, we also received regulatory approval for our third office in Mountain Home near the Wal-Mart Supercenter. We continue to look for opportunities for growth and expansion in Northwest Arkansas."

Total assets at March 31, 2004 amounted to \$697.3 million, total liabilities were \$621.7 million and stockholders' equity totaled \$75.6 million or 10.8% of total assets. This compares with total assets of \$690.7 million, total liabilities of \$615.6 million and stockholders' equity of \$75.1 million or 10.9% of total assets at December 31, 2003. At March 31, 2004 compared to December 31, 2003, cash and cash equivalents decreased \$23.6 million or 42.0%, investment securities held to maturity increased \$8.3 million or 10.3% and net loans receivable increased \$21.6 million or 4.2%. At March 31, 2004, liabilities were \$621.7 million compared to \$615.6 million at December 31, 2003. The \$6.1 million or 1.0% increase was primarily due to an increase of \$7.3 million or 1.3% in deposits which was partially offset by a decrease in

Federal Home Loan Bank (“FHLB”) of Dallas advances of \$2.1 million or 5.2%. Cash and cash equivalents and the funds available from the increase in deposits were used to fund loan growth, to invest in investment securities held to maturity, and pay down FHLB of Dallas advances. Stockholders' equity increased during the three month period ended March 31, 2004, due to net income in the amount of \$1.8 million resulting from continued profitable operations, as well as the issuance of 74,170 shares of treasury stock totaling \$745,000 as a result of the exercise of stock options. Such increase was partially offset by the purchase of 99,000 shares of treasury stock totaling \$2.0 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 \$532,000.

Non-performing assets, consisting of nonaccrual and restructured loans and repossessed assets, amounted to \$4.2 million or 0.60% of total assets at March 31, 2004, compared to \$4.5 million or 0.65% of total assets at December 31, 2003. The allowance for loan losses amounted to \$1.7 million at March 31, 2004 or 0.29% of total loans and \$1.6 million at December 31, 2003 or 0.29% of total loans. As of March 31, 2004, the allowance for loan losses included \$298,000 allocated to specific loans.

Net interest income, the primary component of net income, increased from \$5.7 million for the three months ended March 31, 2003 to \$5.9 million for the comparable period in 2004. Net interest margin for the three months ended March 31, 2004 was 3.61% compared to 3.55% for the same period in 2003.

The provision for loan losses decreased \$20,000 to \$259,000 for the three month period ended March 31, 2004 compared to \$279,000 for the three month period ended March 31, 2003.

Noninterest income decreased \$110,000 or 7.1% to \$1.4 million for the three month period ended March 31, 2004 compared to \$1.5 million for the three months ended March 31, 2003 primarily due to a decrease in profit on sale of mortgage loans in the secondary market. This decrease was partially offset by an increase in deposit fee income.

Noninterest expenses increased \$441,000 or 10.9% between the 2003 and 2004 three month periods ended March 31. Such increase was primarily due to an increase in salaries and employee benefits and net occupancy expense.

First Federal Bank is a community bank serving consumers and businesses with a full range of checking, savings, investment and loan products and services. In April, the Bank began a new program to aggressively promote its checking products through direct mail, merchandising, and referrals. This program is expected to have a significant impact on new checking business. The Bank, in its 70th year, conducts business from 15 full-service branch locations, one stand-alone loan production office, and 24 ATMs located in Northcentral and Northwest Arkansas. For information on all the products and services we offer, visit us at www.ffbh.com or contact our Account Information Center at (870) 365-8329 or (866) AIC-FFBH toll free or by email at aic@ffbh.com.

Financial Tables Attached

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

ASSETS	March 31, 2004	December 31, 2003
Cash and cash equivalents	\$ 32,573	\$ 56,201
Investment securities held to maturity	88,661	80,379
Federal Home Loan Bank stock	3,763	3,749
Loans receivable, net of allowances	534,353	512,756
Accrued interest receivable	4,324	4,089
Real estate acquired in settlement of loans, net	597	822
Office properties and equipment, net	14,720	14,238
Cash surrender value of life insurance	17,313	17,102
Prepaid expenses and other assets	980	1,317
TOTAL ASSETS	\$ 697,284	\$ 690,653
 LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits	\$ 580,847	\$ 573,580
Federal Home Loan Bank advances	37,490	39,562
Advance payments by borrowers for taxes and insurance	887	725
Other liabilities	2,478	1,708
Total liabilities	621,702	615,575
TOTAL STOCKHOLDERS' EQUITY	75,582	75,078
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 697,284	\$ 690,653

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 March 31,</u>	
	<u>2004</u>	<u>2003</u>
Interest income	\$ 9,380	\$ 10,091
Interest expense	<u>3,506</u>	<u>4,388</u>
Net interest income	5,874	5,703
Provision for loan losses	<u>259</u>	<u>279</u>
Net interest income after provision for loan losses	5,615	5,424
Noninterest income	1,432	1,542
Noninterest expenses	<u>4,474</u>	<u>4,033</u>
Income before income taxes	2,573	2,933
Income tax provision	<u>813</u>	<u>949</u>
Net income	<u>\$ 1,760</u>	<u>\$ 1,984</u>
Earnings Per Share:		
Basic	<u>\$ 0.34</u>	<u>\$ 0.39</u>
Diluted	<u>\$ 0.32</u>	<u>\$ 0.38</u>

Selected Operating Data (Quarter Annualized):

Interest rate spread	3.50%	3.41%
Net interest margin	3.61%	3.55%
Return on average assets	1.01%	1.16%
Noninterest expenses to average assets	2.57%	2.36%
Return on average equity	9.33%	11.24%