

FIRST BANCSHARES INC /MS/

Form 10-Q

August 16, 2010

U. S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: June 30, 2010

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 33-94288

THE FIRST BANCSHARES, INC.
(EXACT NAME OF ISSUER AS SPECIFIED IN ITS CHARTER)

MISSISSIPPI
(STATE OF INCORPORATION)

64-0862173
(I.R.S. EMPLOYER IDENTIFICATION NO.)

6480 U.S. HIGHWAY 98 WEST HATTIESBURG,
MISSISSIPPI
(ADDRESS OF PRINCIPAL
EXECUTIVE OFFICES)

39402
(ZIP CODE)

(601) 268-8998
(ISSUER'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NONE
(FORMER NAME, ADDRESS AND FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

INDICATE BY CHECK MARK WHETHER THE ISSUER: (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, OR A NON-ACCELERATED FILER. SEE DEFINITION OF "ACCELERATED FILER AND LARGE ACCELERATED FILER" IN RULE 12B-2 OF THE EXCHANGE ACT.

LARGE ACCELERATED FILER ACCELERATED FILER NON-ACCELERATED FILER

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ON June 30, 2010, 3,019,869 SHARES OF THE ISSUER'S COMMON STOCK, PAR VALUE \$1.00 PER SHARE, WERE ISSUED AND OUTSTANDING.

TRANSITIONAL DISCLOSURE FORMAT (CHECK ONE): YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT): YES NO

PART I - FINANCIAL INFORMATION

ITEM NO. 1. FINANCIAL STATEMENTS

THE FIRST BANCSHARES, INC.

CONSOLIDATED BALANCE SHEETS

(\$ amounts in thousands)	(Unaudited)	
	June 30, 2010	December 31, 2009
ASSETS		
Cash and due from banks	\$ 14,026	\$ 8,120
Interest-bearing deposits with banks	1,348	296
Federal funds sold	13,079	7,575
Total cash and cash equivalents	28,453	15,991
Securities held-to-maturity, at amortized cost	3	3
Securities available-for-sale, at fair value	105,327	112,231
Other securities	2,365	2,384
Total securities	107,695	114,618
Loans held for sale	4,964	3,692
Loans	326,488	315,103
Allowance for loan losses	(4,293)	(4,762)
Loans, net	327,159	314,033
Premises and equipment	14,480	14,279
Interest receivable	2,307	2,318
Cash surrender value of life insurance	5,985	5,857
Goodwill	702	702
Other assets	10,230	9,754
	\$ 497,011	\$ 477,552
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 46,944	\$ 48,527
Interest-bearing	358,235	335,227
TOTAL DEPOSITS	405,179	383,754
Interest payable	421	672
Borrowed funds	30,906	32,037
Subordinated debentures	10,310	10,310
Other liabilities	5,769	7,163
TOTAL LIABILITIES	452,585	433,936

STOCKHOLDERS' EQUITY:

Preferred stock, no par value, \$1,000 per share liquidation, 10,000,000 shares authorized; 5,000 shares issued and outstanding at June 30, 2010 and at December 31, 2009	4,801	4,773
Common stock, \$1 par value authorized 10,000,000 shares; 3,046,363 shares issued at June 30, 2010 and at December 31, 2009	3,046	3,046
Additional paid-in capital	23,418	23,418
Retained earnings	13,674	12,944
Accumulated other comprehensive loss	(49)	(101)
Treasury stock, at cost, 26,494 shares at June 30, 2010 and at December 31, 2009	(464)	(464)
TOTAL STOCKHOLDERS' EQUITY	44,426	43,616
	\$ 497,011	\$ 477,552

THE FIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(\$ amounts in thousands, except earnings and dividends per share)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2010	2009	2010	2009
INTEREST INCOME:				
Interest and fees on loans	\$ 5,119	\$ 5,165	\$ 10,129	\$ 10,348
Interest and dividends on securities:				
Taxable interest and dividends	518	730	1,086	1,551
Tax exempt interest	296	227	597	441
Interest on federal funds sold	11	34	16	69
TOTAL INTEREST INCOME	5,944	6,156	11,828	12,409
INTEREST EXPENSE:				
Interest on deposits	1,496	2,214	3,223	4,462
Interest on borrowed funds	369	420	736	984
TOTAL INTEREST EXPENSE	1,865	2,634	3,959	5,446
NET INTEREST INCOME	4,079	3,522	7,869	6,963
PROVISION FOR LOAN LOSSES	217	464	382	1,092
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,862	3,058	7,487	5,871
OTHER INCOME:				
Service charges on deposit accounts	609	612	1,186	1,205
Other service charges and fees	368	515	739	1,019
Gain on sale of investment securities	51	-	51	-
Impairment loss on securities:				
Total other-than-temporary impairment gain (loss)	(242)	(218)	(283)	(218)
Less: Portion of (gain)loss recognized in other comprehensive income	200	147	134	147
Net impairment loss recognized in earnings	(42)	(71)	(149)	(71)
TOTAL OTHER INCOME	986	1,056	1,827	2,153
OTHER EXPENSES:				
Salaries and employee benefits	2,169	2,087	4,272	4,215

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Occupancy and equipment	549	546	1,066	1,097
Other	1,177	1,257	2,255	2,236
TOTAL OTHER EXPENSES	3,895	3,890	7,593	7,548
INCOME BEFORE INCOME TAXES	953	224	1,721	476
INCOME TAXES	304	43	536	104
NET INCOME	649	181	1,185	372
PREFERRED DIVIDENDS	63	63	125	101
PREFERRED STOCK ACCRETION	14	14	28	28
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS	\$ 572	\$ 104	\$ 1,032	\$ 243
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS:				
BASIC	\$.19	\$.03	\$.34	\$.08
DILUTED	.19	.03	.34	.08
DIVIDENDS PER SHARE - COMMON	.025	-	.10	-

THE FIRST BANCSHARES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Preferred Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, January 1, 2009	\$ 3,017	\$ -	\$ 22,942	\$ 11,482	\$ (409)	\$ (464)	\$ 36,568
Net income	-	-	-	372	-	-	372
Net change in unrealized gain (loss) on available- for-sale securities, net of tax	-	-	-	-	97	-	97
Issuance of preferred stock and warrant	-	4,716	284	-	-	-	5,000
Exercise of stock options	29	-	195	-	-	-	224
Accretion of preferred stock discount	-	28	-	(28)	-	-	-
Dividends on preferred stock	-	-	-	(101)	-	-	(101)
Balance, June 30, 2009	\$ 3,046	\$ 4,744	\$ 23,421	\$ 11,725	\$ (312)	\$ (464)	\$ 42,160
Balance, January 1, 2010	\$ 3,046	\$ 4,773	\$ 23,418	\$ 12,944	\$ (101)	\$ (464)	\$ 43,616
Net income	-	-	-	1,185	-	-	1,185
Net change in unrealized gain (loss) on available- for-sale securities, net of tax	-	-	-	-	27	-	27
Net change in unrealized gain (loss)							

on derivative, net of tax	-	-	-	-	25	-	25
Accretion of preferred stock discount	-	28	-	(28)	-	-	-
Dividends on preferred stock	-	-	-	(125)	-	-	(125)
Dividends on common stock, \$.10 per share	-	-	-	-	-	-	-