

FIRST BANCSHARES INC /MS/  
Form 8-K  
August 18, 2004

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

Date of Report (Date of earliest event reported):  
August 18, 2004

THE FIRST BANCSHARES, INC.

-----  
(Exact name of registrant as specified in its charter)

MISSISSIPPI  
-----  
(State or other jurisdiction of  
incorporation)

33-94288  
-----  
(Commission  
File Number)

64-08621  
-----  
(IRS empl  
Identific

6480 US Highway 98 West  
Hattiesburg, Mississippi  
-----  
(Address of principal executive offices)

39402  
-----  
(Zip Code)

Registrant's telephone number, including area code: (601) 268-8998

Not applicable  
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(Registrant's former address of principal executive offices)

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**INFORMATION TO BE INCLUDED IN THE REPORT**

**Item 9. Regulation FD Disclosure.** On August 18, 2004, The First Bancshares, Inc. mailed a letter to its shareholders announcing that it finished the first six months of 2004 with \$181.6 million in assets compared to \$165 million at 12/31/03. A copy of this letter is attached hereto as Exhibit 99.1.

**Item 12. Results of Operations and Financial Condition.** On August 18, 2004, The First Bancshares, Inc. mailed a letter to its shareholders announcing that it finished the first six months of 2004 with \$181.6 million in assets compared to \$165 million at 12/31/03. A copy of this letter is attached hereto as Exhibit 99.1.

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Exhibit 99.1 - Letter dated August 16, 2004, mailed to shareholders August 18, 2004.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 18, 2004

THE FIRST BANCSHARES, INC.

By: /s/ David E. Johnson

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Name: David E. Johnson  
Title: President, CEO &  
Chairman of the Board

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Exhibit 99.1 to The First Bancshares, Inc. Form 8-K

The First Bancshares, Inc.

David E. Johnson  
*President, CEO & Chairman  
of the Board*

6480 US Highway 98 West  
P.O. Box 15549  
Hattiesburg, MS 39404

Phone: (601) 268-8998  
Fax: (601) 296-9207

djohnson@TheFirstBank.com

August 16, 2004

Dear Shareholders:

I am pleased to announce that The First Bancshares, Inc. finished the first six months of 2004 with \$181.6 million in assets compared to \$165 million at 12-31-03. Total loans increased \$23.7 million and deposits increased by \$8.5 million.

After tax earnings for the first six months improved to \$629 thousand compared to \$560 thousand for the same period in 2003. Earnings per share improved to \$.54.

Growth was achieved while at the same time decreasing salary, occupancy and other operating costs. Part of this was achieved by the efficiencies derived by combining our two banks in the

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first quarter. Costs related to consolidation were almost totally absorbed in the first and second quarters.

Our Picayune office reached a break-even point after 12 months of operation. Picayune currently has \$10 million in loans and \$7 million in deposits, and its operations are now housed in a permanent facility that officially opened in May 2004.

We recently filed an application to open a branch in Pascagoula, Mississippi. We have already opened a loan production office there and are pleased with the results. Based on early estimates, we hope to reach the break-even point for Pascagoula operations within the first year.

Thank you for supporting our company through its start up and maturing process. I hope you share the excitement that the board and I have when assessing our progress and opportunities.

Sincerely,

/s/ David E. Johnson

David E. Johnson  
President, CEO &  
Chairman of the Board

THE FIRST BANCSHARES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

| (\$ amounts in thousands)                      | (Unaudited)      |                      |
|--|------------------|----------------------|
| ASSETS   | June 30,<br>2004 | December 31,<br>2003 |
|  | -----            | -----                |
| Cash and due from banks                        | \$ 4,555         | \$ 5,046             |
| Interest-bearing deposits with banks           | 625              | 702                  |
| Federal funds sold                             | 1,489            | 117                  |
|  | -----            | -----                |
| Total cash and cash equivalents                | 6,669            | 5,865                |
| Securities held-to-maturity, at amortized cost | 15               | 15                   |
| Securities available-for-sale, at fair value   | 21,609           | 31,281               |
| Loans held for sale                            | 3,193            | 1,562                |
| Loans  | 137,590          | 113,680              |
| Allowance for loan losses                      | (1,356)          | (1,166)              |
|  | -----            | -----                |
| LOANS, NET                                     | 136,234          | 112,514              |
| Premises and equipment                         | 8,706            | 8,365                |
| Accrued income receivable                      | 956              | 822                  |
| Cash surrender value                           | 3,249            | 3,170                |
| Other assets                                   | 1,005            | 1,347                |
|  | -----            | -----                |
|  | \$181,636        | \$164,941            |
|  | =====            | =====                |
| LIABILITIES AND SHAREHOLDERS' EQUITY           |                  |                      |
| Liabilities:                                   |                  |                      |
| Deposits:                                      |                  |                      |
| Noninterest-bearing                            | \$ 24,635        | \$ 19,995            |
| Time, \$100,000 or more                        | 27,187           | 27,558               |

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|                         |         |         |
|-------------------------|---------|---------|
| Interest-bearing        | 78,435  | 74,145  |
|                         | -----   | -----   |
| TOTAL DEPOSITS          | 130,257 | 121,698 |
| <br>                    |         |         |
| Interest payable        | 160     | 168     |
| Borrowed funds          | 27,646  | 19,986  |
| Subordinated debentures | 7,217   | 7,217   |
| Other liabilities       | 328     | 221     |
|                         | -----   | -----   |
| TOTAL LIABILITIES       | 165,608 | 149,290 |

SHAREHOLDERS' EQUITY:

|   |           |           |
|---|-----------|-----------|
| Common stock, \$1 par value. Authorized<br>10,000,000 shares; 1,191,659 issued<br>at June 30, 2004 and December 31, 2003. | 1,192     | 1,192     |
| Preferred stock, par value \$1 per share,<br>10,000,000 shares authorized; no shares<br>issued or outstanding             | -         | -         |
| Additional paid-in capital  | 12,949    | 12,949    |
| Retained earnings   | 2,405     | 1,951     |
| Accumulated other comprehensive income (loss)   | (54)      | 23        |
| Treasury stock, at cost, 26,494 shares<br>at June 30, 2004 and December 31, 2003  | (464)     | (464)     |
|   | -----     | -----     |
| TOTAL SHAREHOLDERS' EQUITY  | 16,028    | 15,651    |
|   | -----     | -----     |
|   | \$181,636 | \$164,941 |
|   | =====     | =====     |

THE FIRST BANCSHARES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(\$ amounts in thousands except earnings per share)

|                       | (Unaudited)<br>Three Months Ended<br>June 30, |          | (Unaudited)<br>Six Months Ended<br>June 30, |         |
|-----------------------|---|----------|---|---------|
|                       | 2004  | 2003     | 2004  | 2003    |
|                       | -----   | -----    | -----                                       | -----   |
| INTEREST INCOME:      |   |          |   |         |
| Loans, including fees | \$ 2,427                                      | \$ 2,517 | \$ 4,678                                    | \$4,949 |
| Securities:           |   |          |   |         |
| Taxable               | 140   | 133      | 318   | 292     |
| Tax exempt            | 35  | 24       | 61  | 49      |
| Federal funds sold    | 6   | 10       | 10  | 22      |
| Other                 | 3   | 20       | 28  | 41      |
|                       | -----   | -----    | -----                                       | -----   |
| TOTAL INTEREST INCOME | 2,611   | 2,704    | 5,095                                       | 5,353   |

INTEREST EXPENSE:

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|                           |       |       |       |       |
|---------------------------|-------|-------|-------|-------|
| Deposits                  | 459   | 601   | 927   | 1,198 |
| Other borrowings          | 277   | 219   | 535   | 443   |
|                           | ----- | ----- | ----- | ----- |
| TOTAL INTEREST EXPENSE    | 736   | 820   | 1,462 | 1,641 |
|                           | ----- | ----- | ----- | ----- |
| NET INTEREST INCOME       | 1,875 | 1,884 | 3,633 | 3,712 |
| PROVISION FOR LOAN LOSSES | 154   | 125   | 288   | 211   |
|                           | ----- | ----- | ----- | ----- |

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|   |        |        |        |        |
|---|--------|--------|--------|--------|
| NET INTEREST INCOME<br>AFTER PROVISION<br>FOR LOAN LOSSES | 1,721  | 1,759  | 3,345  | 3,501  |
| NONINTEREST INCOME:                                       |        |        |        |        |
| Service charges on deposit<br>accounts                    | 377    | 345    | 725    | 673    |
| Other service charges,<br>commissions and fees            | 110    | 103    | 183    | 203    |
| Gain on sale of properties                                | -      | -      | 152    | -      |
|   | -----  | -----  | -----  | -----  |
| TOTAL NONINTEREST INCOME                                  | 487    | 448    | 1,060  | 876    |
|   | -----  | -----  | -----  | -----  |
| NONINTEREST EXPENSES:                                     |        |        |        |        |
| Salaries and employee<br>benefits                         | 979    | 992    | 1,930  | 1,975  |
| Occupancy and equipment<br>expense                        | 282    | 306    | 568    | 593    |
| Other operating expenses                                  | 481    | 540    | 953    | 967    |
|   | -----  | -----  | -----  | -----  |
| TOTAL NONINTEREST EXPENSES                                | 1,742  | 1,838  | 3,451  | 3,535  |
|   | -----  | -----  | -----  | -----  |
| INCOME BEFORE INCOME TAXES                                | 466    | 369    | 954    | 842    |
| INCOME TAXES  | 164    | 124    | 325    | 282    |
|   | -----  | -----  | -----  | -----  |
| NET INCOME  | \$ 302 | \$ 245 | \$ 629 | \$ 560 |
|   | =====  | =====  | =====  | =====  |
| EARNINGS PER SHARE -<br>BASIC                             | \$ .26 | \$ .21 | \$ .54 | \$ .48 |
| EARNINGS PER SHARE -<br>ASSUMING DILUTION                 | .25    | .20    | .53    | .46    |
| DIVIDENDS PER SHARE                                       | \$ -   | \$ -   | \$ .15 | \$ .10 |