

FIRST BANCSHARES INC /MS/
Form 10QSB
November 10, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED: September 30, 2005

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 SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

MISSISSIPPI
(STATE OF INCORPORATION)

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

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6480 U.S. HIGHWAY 98 WEST

HATTIESBURG, MISSISSIPPI
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

39404-5549
(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

ON SEPTEMBER 30, 2005, 1,187,350 SHARES OF THE ISSUER'S COMMON STOCK, PAR VALUE \$1.00 PER SHARE, WERE OUTSTANDING.

TRANSITIONAL SMALL BUSINESS 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 1. FINANCIAL STATEMENTS

THE FIRST BANCSHARES, INC.

CONSOLIDATED BALANCE SHEETS

(\$ amounts in thousands)	(Unaudited) September 30, 2005	December 31, 2004
	<u> </u>	<u> </u>
ASSETS		
Cash and due from banks	\$ 8,137	\$ 5,577
Interest-bearing deposits with banks	734	650
Federal funds sold	26,248	919
	<u> </u>	<u> </u>
TOTAL CASH AND CASH EQUIVALENTS	35,119	7,146
Securities held-to-maturity, at amortized cost	14	14
Securities available-for-sale, at fair value	30,669	26,351
Other Securities	2,492	2,156
Loans held for sale	4,186	3,073
Loans	193,621	161,302
Allowance for loan losses	(2,281)	(1,659)
	<u> </u>	<u> </u>
LOANS, NET	191,340	159,643
Premises and equipment	8,370	8,670
Interest receivable	1,551	1,088
Cash surrender value	5,006	3,320
Other assets	1,822	935
	<u> </u>	<u> </u>
	\$ 280,569	\$ 212,396
	<u> </u>	<u> </u>
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 44,656	\$ 30,365
Time, \$100,000 or more	46,636	29,769
Other interest-bearing	124,849	96,696
	<u> </u>	<u> </u>
TOTAL DEPOSITS	216,141	156,830
Interest payable	440	191
Borrowed funds	37,719	30,850
Subordinated debentures	7,217	7,217
Other liabilities	1,083	568
	<u> </u>	<u> </u>

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TOTAL LIABILITIES	262,600	195,656
SHAREHOLDERS EQUITY:		
Common stock, \$1 par value. Authorized 10,000,000 shares; 1,213,844 issued at September 30, 2005 and 1,194,940 issued at December 31, 2004.	1,214	1,195
Preferred stock, par value \$1 per share, 10,000,000 shares authorized; no shares issued and outstanding		
Treasury stock, at cost, 26,494 shares at September 30, 2005 and December 31, 2004	(464)	(464)
Additional paid-in capital	13,221	12,986
Retained earnings	4,049	3,019
Accumulated other comprehensive income	(51)	4
TOTAL SHAREHOLDERS EQUITY	17,969	16,740
	<u>\$ 280,569</u>	<u>\$ 212,396</u>

THE FIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)		(Unaudited)	
	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
(\$ amounts in thousands except earnings per share)				
INTEREST INCOME:				
Loans, including fees	\$ 3,783	\$ 2,601	\$ 10,232	\$ 7,279
Securities:				
Taxable	211	127	632	445
Tax exempt	46	39	134	100
Federal funds sold	61	7	123	17
Other		35		63
TOTAL INTEREST INCOME	4,101	2,809	11,121	7,904
INTEREST EXPENSE:				
Deposits	1,122	490	2,750	1,417
Other borrowings	371	302	1,090	837
TOTAL INTEREST EXPENSE	1,493	792	3,840	2,254
NET INTEREST INCOME	2,608	2,017	7,281	5,650
PROVISION FOR LOAN LOSSES	313	213	750	501
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,295	1,804	6,531	5,149
NONINTEREST INCOME:				
Service charges on deposit accounts	\$ 295	\$ 378	\$ 964	\$ 1,103
Other service charges, commissions and fees	73	53	296	236
Gain on sale of properties				152
TOTAL NONINTEREST INCOME	368	431	1,260	1,491
NONINTEREST EXPENSES:				
Salaries and employee benefits	1,221	1,040	3,519	2,970
Occupancy and equipment expense	298	300	806	868
Other operating expenses	536	455	1,567	1,408
TOTAL NONINTEREST EXPENSES	2,055	1,795	5,892	5,246
INCOME BEFORE INCOME TAXES	608	440	1,899	1,394
INCOME TAXES	203	152	635	477
NET INCOME	\$ 405	\$ 288	\$ 1,264	\$ 917

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EARNINGS PER SHARE - BASIC	\$.34	\$.25	\$ 1.07	\$.79
EARNINGS PER SHARE - ASSUMING DILUTION	\$.33	\$.24	\$ 1.02	\$.77
DIVIDENDS PER SHARE	\$	\$	\$.20	\$.15

THE FIRST BANCSHARES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance, January 1, 2004	1,192	\$ 12,949	\$ 1,950	\$ 23	\$ (464)	\$ 15,650
Net earnings			917			917
Net change in unrealized gain (loss) on available-for-sale securities, net of tax				26		26
Cash dividend declared, \$.15 per share			(175)			(175)
Balance, September 30, 2004	1,192	\$ 12,949	\$ 2,692	\$ 49	\$ (464)	\$ 16,418
Balance, January 1, 2005	1,195	\$ 12,986	\$ 3,019	\$ 4	\$ (464)	\$ 16,740
Net earnings			1,264			1,264
Net change in unrealized gain (loss) on available-for-sale securities, net of tax				(55)		(55)
Exercise of stock Options	19	235				254
Cash dividend declared, \$.20 per share			(234)			(234)
Balance, September 30, 2005	1,214	\$ 13,221	\$ 4,049	(51)	(464)	\$ 17,969

THE FIRST BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ Amounts in Thousands)	(Unaudited) Nine Months Ended	
	September 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME	\$ 1,264	\$ 917
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	420	421
Loss on disposal of assets	61	
Provision for loan losses	750	501
Changes in:		
Interest receivable	(463)	(171)
Loans held-for-sale	(1,113)	