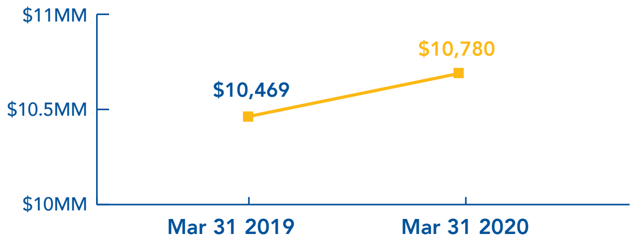
First Quarter Highlights

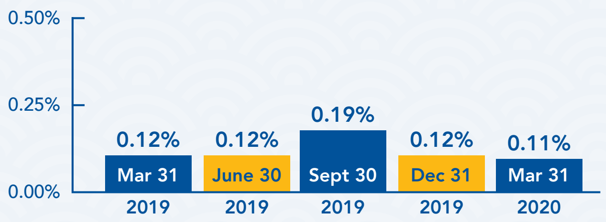
Dollars in thousands

NET INTEREST INCOME

3% Increase Year Over Year

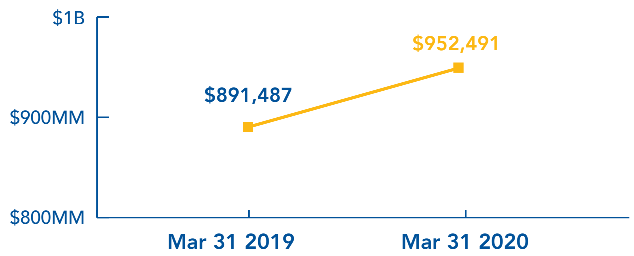


NON-PERFORMING ASSETS/TOTAL ASSETS

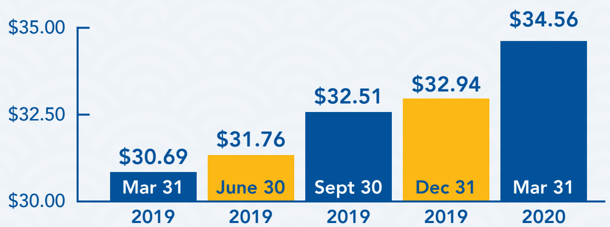


GROSS LOANS

7% Increase Year Over Year



BOOK VALUE PER SHARE



Shareholders Approve Two New Board Members

Shareholders of First Farmers elected two new board members and nine incumbent directors at the annual meeting on April 21, 2020, which was held on a digital platform. The new directors elected are Jeff Pannell and Gina Wolfe.

Jeff Pannell

Gina Wolfe

Pannell is the CEO of Tennessee Farmers Insurance Companies in Columbia, TN. He has been with the company since 1986 and has held a variety of roles since then, including Chief Marketing Officer and Regional Manager. A graduate of Mississippi State University, he is on the American Agricultural Insurance Company Advisory Board and serves on the board of FBAlliance Insurance Company. He is also past president of both the YMCA of Milan, TN, and the Erin Rotary Club.

Wolfe owns and operates six McDonald's restaurants in the Columbia, Spring Hill and Mt. Pleasant markets. She is also President of the Greater Tennessee Valley Operators Association (GTVOA) Cooperative and is on the board of the McDonald's President's Council, The King's Daughters' School and The Youth Educational Foundation. She is a graduate of Middle Tennessee State University and has also served on the boards of the March of Dimes, CASA and the Columbia State Community College Foundation.

We are pleased to welcome Mr. Pannell and Ms. Wolfe to the board and would also like to express our gratitude to Mr. Matthew M. Scoggins, Jr., for his board service. Mr. Scoggins reached the mandatory retirement age and did not stand for re-election.

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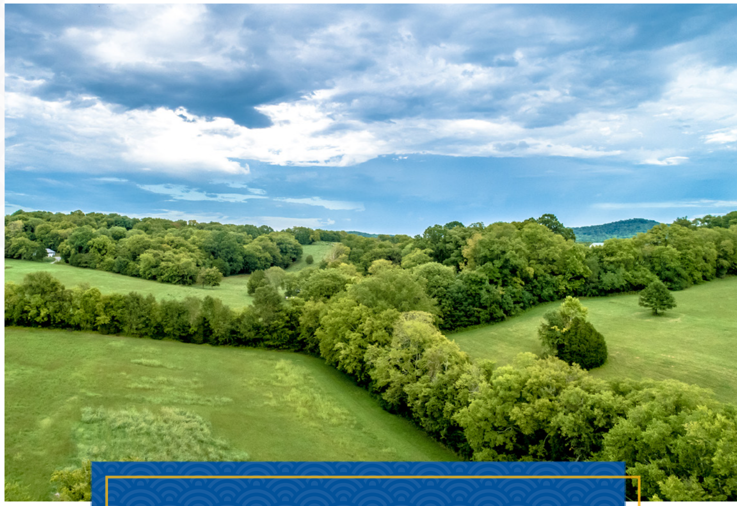

SHAREHOLDER REPORT

Spring 2020

FIRST FARMERS

Grow With Us.

Dear Shareholders,

We are pleased to write you regarding the results for the first quarter ended March 31, 2020. Leveraging on the record-setting results that characterized our operations in 2019, First Farmers posted another solid quarter of performance. Highlights of the first quarter of 2020 included increases in net interest income, as well as increases to loans and deposits. Adjusted non-interest income also increased over the same period last year, excluding the January 2019 sale of our White Bluff office.

During the first quarter, the COVID-19 pandemic began to cause significant disruptions to the global economy and the communities we serve. We immediately focused on taking care of our customers, taking care of our employees, and taking care of our communities. This included the implementation of social distancing guidelines separating department office spaces, allowing remote work, offering branch lobby service by appointment only, and extending drive-through and contact center hours. In response to this pandemic, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted by Congress, and First Farmers made the decision to participate in the Payroll Protection Program ("PPP") administered by the Small Business Administration ("SBA"). We quickly ramped up our capabilities, and we were able to process and fund over 500 PPP loans, which were vital to businesses throughout the mid-state as they faced the impact of an unforeseen economic shutdown.

The technological investments we made over the last several years helped us quickly navigate our customers to digital options. Just a few of these innovative services included: Mobile Deposits, Cardless Cash, Zelle, and SecurLock. Our utmost concern is the health and welfare of our employees and customers, and we will continue to advance our technology in order to deliver our services conveniently and safely.

Net income for the first quarter of 2020 decreased 40% to $3.2 million or $0.73 per common share from $5.3 million or $1.20 per common share for the year-earlier quarter. The reduction in earnings was primarily driven by the one-time gain on the sale of the White Bluff office totaling $2.0 million, net of tax, in the year-earlier period. Adjusted net income, which excludes special items, totaled $2.6 million or $0.59 per common share, down 22% from $3.4 million or $0.75 per common share for the year-earlier quarter. This reduction is due to an increase in employee health insurance expenses and an increase in the provision for loan and lease losses expense due to the deteriorating economic environment and to support loan growth.

Further, net income was down 8% from $3.5 million or $0.79 per common share for the sequential quarter, again primarily driven by the increase in provision for loan and lease loss expense and an increase in health insurance expense. Adjusted net income was down 25% from $3.5 million or $0.79 per common share from the previous quarter.

These first-quarter results do not adequately represent the strong fundamentals underlying our business. Net loans increased 7% year over year to $952.5 million. This growth, despite a 10-basis-point contraction of our net interest margin, resulted in a 1% increase in net interest income when most of our competitors showed decreases in net interest income. Additionally, the level of nonperforming assets continued to demonstrate strong credit quality, as nonperforming assets declined to just $1.6 million at March 31, 2020.

The strength of First Farmers' balance sheet will serve our company and its shareholders well as we navigate the unprecedented economic environment in which we are now operating. Together, alongside our customers and the great communities we call home, First Farmers will continue to be here as a strong financial partner just as it has been for more than a century.

Thank you for your ongoing loyalty and support, along with the confidence you express in our bank through your continued investment in First Farmers. Our goal, as always, remains to create greater value for our shareholders.

Sincerely,

T. Randy Stevens
Chairman & CEO

Brian K. Williams
President

First Quarter 2020

FIRST FARMERS
Grow With Us.

RESULTS OF OPERATIONS

Dollars in thousands, except per share data	Three Months Ended March 31 2020 (unaudited)	2019 (unaudited)
Interest Income	$12,075	$11,838
Interest Expense	$1,295	$1,369
Net Interest Income	$10,780	$10,469
Provision for Possible Loan Losses	$515	-
Non-interest Income	$3,904	$5,787
Non-interest Expense	$10,518	$9,590
Income Before Income Taxes	$3,651	$6,666
Net Income for Common Shareholders*	$3,200	$5,346

PER SHARE DATA

Basic Earnings per Share	$.73	$ 1.20

FINANCIAL CONDITION DATA

	MAR. 31, 2020 (unaudited)	MAR. 31, 2019 (unaudited)
Total Securities	$343,360	$341,241
Loans, Net of Deferred Fees	$952,491	$891,487
Allowance for Loan & Lease Losses	$(9,485)	$(9,278)
Total Assets	$1,437,929	$1,346,492

**March 31, 2019 results include a one-time gain of $2.0 million, net of tax, on the January 2019 sale of the White Bluff office.*