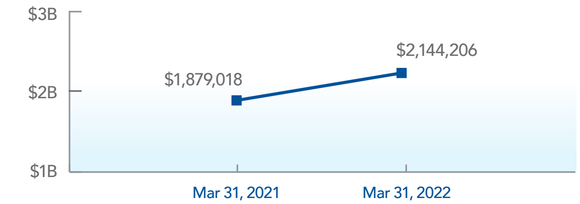
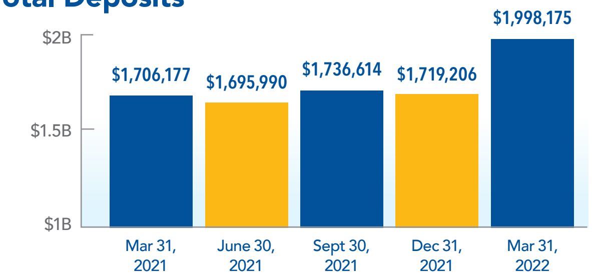
First Quarter Highlights

Dollars in thousands, except per share data

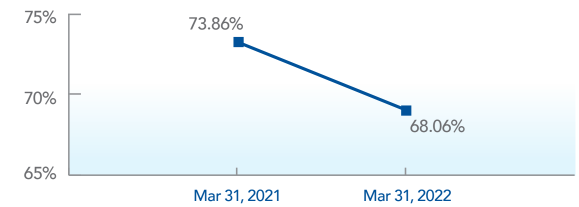
Total Assets *14% Increase*



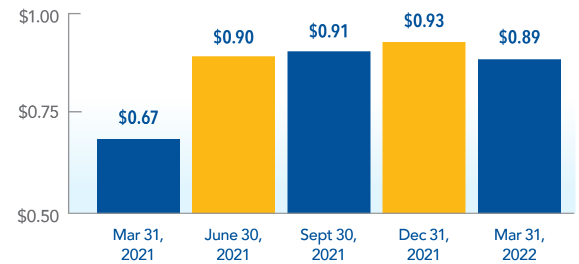
Total Deposits



Efficiency Ratio *8% Decrease*

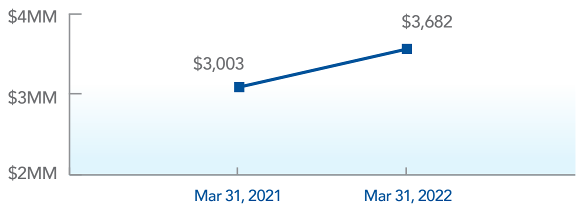


Adjusted EPS[1]



[1] Adjusted for one-time items

Net Income *23% Increase*



Honoring First Farmers' Leadership and Embracing New Chapters

On Tuesday, April 19, 2022, First Farmers and Merchants Corporation hosted its 40th Annual Shareholder Meeting. Shareholders joined the meeting in person for the first time since 2019 in the Randy and Leesa Stevens Events Center at the Northside Office of First Farmers. Jeffrey L. Aiken, Jonathan M. Edwards, E. Marlee Mitchell, Jeffrey L. Pannell, Richard C. Perko, H. Alan Watson, Brian K. Williams, and Gina B. Wolfe were reelected to the Board of Directors. Thomas Napier Gordon, Tim E. Pettus, and T. Randy Stevens met the mandatory retirement age and did not stand for reelection. We are immensely grateful for the strong leadership of these individuals over the years and trust their compelling vision will continue to guide First Farmers for many years to come.

Thomas Napier Gordon is one of the longest serving members of the Board of Directors having served for 36 years. While Mr. Gordon was a member of almost every board committee during his tenure, he most recently served on the Audit Committee and Trust Committee. We are thankful for his service and dedication to First Farmers.

Tim E. Pettus served as President of the Bank and Company from 2007 through 2016 and was elected to the Board of Directors in 2008. Mr. Pettus retired from the Bank at year-end 2021 and the Board of Directors after having served 14 years most recently as its Vice Chairman. Under his direction, First Farmers experienced significant expansion and growth, contributing to the Bank's strong leadership position in its current markets.

For almost 50 years, T. Randy Stevens served in leadership roles throughout First Farmers culminating with his 20-year tenure as Chief Executive Officer and later Chairman of the Board. Under his leadership, the Bank grew from $820 million in assets to $2 billion; First Farmers' Trust and Wealth Management business tripled in size from $2 billion in total assets to over $6 billion; and our footprint expanded into the Davidson and Williamson County markets. Mr. Stevens' career achievements have benefited our customers, employees, and shareholders and have established the strong foundation upon which we will continue to build into the future.

We are excited to announce that the Board of Directors appointed Brian K. Williams as its Chairman and Chief Executive Officer of First Farmers and Merchants Corporation. This follows Mr. Williams' designation on January 1, 2022 as Chairman and Chief Executive Officer of First Farmers and Merchants Bank. After nearly 30 years with the Bank, Mr. Williams has a proven track record of success and leadership. We are eager to continue growing under his leadership as we work to build upon our services and capabilities, positively impact our communities, and deliver value for our shareholders.

Brian K. Williams
Chairman and Chief Executive Officer

Q1 Shareholder Report

SPRING 2022

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Dear Fellow Shareholders,

We are pleased with the solid start to 2022 for First Farmers. The company reported double digit growth in net income compared with the first quarter of last year. Driving our results were growth in net interest income, trust services fee income and service fees on deposit accounts. We are also pleased to report organic loan growth during the quarter and strong loan pipelines leading to optimism for continued expansion of the loan portfolio in the coming quarters.

Record First Quarter

Net income rose 22.6% to $3.7 million and earnings per share was up 23.8% to $0.85 compared with the first quarter of last year. Improved overall efficiency in our operations was evident as revenue enhancements were complemented by lower non-interest expense.

We reported organic loan growth in the first quarter following the expiration of the Small Business Administration's Paycheck Protection Program last year. Our pipeline for new loans is strong and reflects increased demand from across our markets. Loan portfolio quality also remains very high with a further decrease in nonperforming loans compared with the fourth quarter and first quarter of last year. This improvement in asset quality was reflected in our higher provision credit for loan and lease losses compared with the first quarter of last year.

Continued strong growth in deposits contributed to an increase in investment securities during the quarter. We expect investment balances to peak during the second quarter of the year and then fund measured loan growth for the back half of this year. The company's balance sheet is favorably positioned as we enter the second quarter, and we expect earnings to benefit from higher interest rates over the remainder of this year.

Among First Farmers' key noninterest revenue streams, trust services fee income and service fees on deposits were up over the prior year but were partially offset by lower fees from mortgage banking resulting from the slowdown in refinancing activity as mortgage interest rates rose significantly during the quarter.

Positioned for the Future

We accomplished the successful conversion to our new digital banking platform during the first quarter. The new platform offers significant enhancements to our customers' digital banking experience and provides First Farmers with best-in-class online and mobile banking solutions. Moving forward, we will be introducing additional services and enhancements building off the backbone of the new platform.

Shareholders' Meeting

First Farmers held its annual shareholders' meeting in April and elected eight directors. We also recognized the retirement of T. Randy Stevens, Chairman and CEO; Tim E. Pettus, Vice Chairman; and Thomas Napier Gordon, a long-time director of the company, following their attainment of the mandatory retirement age. Their contributions have been immeasurable, and their leadership has provided First Farmers with a solid foundation for our continued success in the future.

Outlook for 2022

We are optimistic about the remainder of 2022 based on our strong balance sheet, renewed loan growth, improved efficiency, and the strong economy across our markets. First Farmers will continue to distinguish itself as a community bank of choice, and in doing so, we will continue to honor our commitment to deliver for you, our shareholders.

We value your investment in First Farmers and look forward to reporting on our continued progress in 2022.

Sincerely,

Brian K. Williams
Chairman & Chief Executive Officer

First Quarter 2022

Dollars in thousands, except per share data	YTD Results of Operations 2022 *(unaudited)*	2021 *(unaudited)*
Interest Income	*$11,490*	*$11,371*
Interest Expense	*372*	*778*
Net Interest Income	*11,118*	*10,593*
Provision Credit for Possible Loan Losses	*(320)*	*(150)*
Non-interest Income	*3,466*	*3,550*
Non-interest Expense	*10,425*	*10,690*
Income Before Income Taxes	*4,479*	*3,603*
Net Income for Common Shareholders	*$3,682*	*$3,003*

Per Share Data

Basic Earnings Per Share	*$0.85*	*$0.69*

Financial Condition Data

	Mar 31, 2022 *(unaudited)*	Mar 31, 2021 *(unaudited)*
Total Securities	*$944,543*	*$828,466*
Loans, Net of Deferred Fees	*$891,108*	*$927,232*
Allowance for Loan and Lease Losses	*$(9,388)*	*$(9,575)*
Total Assets	*$2,144,206*	*$1,879,018*

1.800.882.8378
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