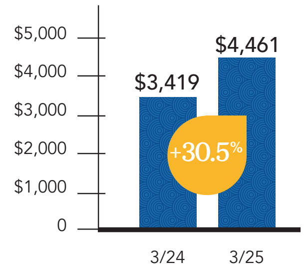
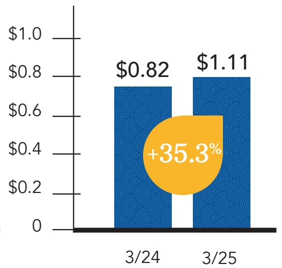
FIRST QUARTER HIGHLIGHTS

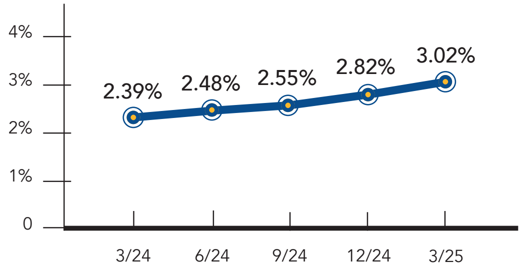
Net Income *(dollars in thousands)*



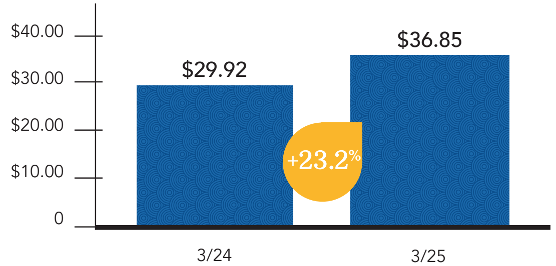
EPS Growth *(dollars)*



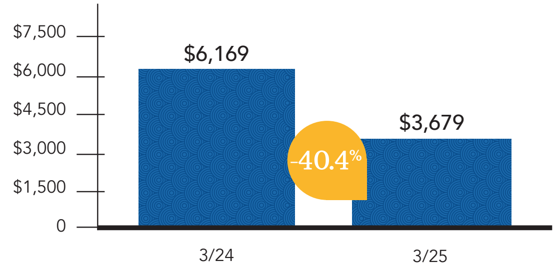
Net Interest Margin Trend



Book value per share



Interest Expense *(dollars in thousands)*



FIRST FARMERS
BANKING | WEALTH MANAGEMENT | TRUST

DEAR FELLOW SHAREHOLDERS

I am pleased to report a strong start to the year for First Farmers with net income rising 30.5% to $4.5 million and earnings per share increasing 35.3% to $1.11 in the first quarter of 2025 compared with the first quarter of 2024. The quarter's results were propelled by continued expansion of our net interest margin as the Bank's balance sheet was positioned to promote significant reduction in interest expense.

First Quarter Results

Net interest margin of 3.02% as of the end of the first quarter of 2025 represented a significant 63-basis point year-over-year increase and was a major driver of our earnings improvement. This quarter marked the fifth consecutive quarterly increase in net interest margin and the highest level since the second quarter of 2020.
Net interest income rose 19% and benefited from a 40% decline in interest expense. The sharp reduction in interest expense resulted from a more favorable balance sheet liability mix and the stability of our core deposit base. Average core deposits grew $52.8 million, up 4.2% compared with the first quarter of 2024.

We experienced a modest pickup in loan demand in the first quarter with net loans rising $4.4 million. Our near-term outlook for lending activity remains constrained with current interest rate levels and ongoing uncertainty regarding the direction of the economy. We also remain diligent in monitoring asset quality and continue to be selective in lending to the more volatile sectors of the commercial real estate market. The Bank's asset quality remains very strong with only $1.3 million in non-performing loans, representing 0.13% of total loans at the end of the first quarter.

Book value per share rose 23.2% to $36.85 at the end of the first quarter. This was the highest level since year-end 2020. We believe continued growth in earnings and book value per share contributed to our stock price rising to $38.25 per share in the open market as of the end of the first quarter of 2025, the highest level since the first quarter of 2020.

2025 Shareholders' Meeting

On April 22, 2025, First Farmers held its 2025 Shareholders' Meeting at which the following directors were elected for a one-year term:

- Dr. Martin M. Chaney, CEO, Maury Regional Health
- Jonathan M. Edwards, President and CEO, Edwards Oil Company
- Dr. Christa S. Martin, Executive Director of Belonging and Student Resources at Columbia State Community College
- W. Eric Mayberry, President, Tennessee Farm Bureau Federation
- E. Marlee Mitchell, Retired Partner, Holland & Knight, LLP
- Jeffrey L. Pannell, CEO, Tennessee Farmers Insurance Companies
- Richard C. Perko, President and CEO, Lee Company
- Brian K. Williams, Chairman and CEO of the Company
- Gina B. Wolfe, Co-Owner, Wolfe Enterprises

Shareholders also ratified the selection of Plante & Moran, PLLC as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2025.

We are grateful for the longstanding engagement and support of our shareholders.

Outlook for 2025

First Farmers is benefitting from solid earnings momentum despite an increased level of economic turbulence and accompanying softening of loan demand. We are positioned to carry this momentum forward through 2025 while remaining vigilant for emerging risks.

Additionally, we continue to execute on strategic growth initiatives centered in business banking, mortgage lending, and wealth management. The organic growth and outsized revenue opportunities of these strategic moves is compelling for the future financial performance of First Farmers.

We appreciate your investment in First Farmers and look forward to reporting on our progress throughout the remainder of 2025.

Sincerely,

Brian K. Williams
Chairman and Chief Executive Officer

FIRST QUARTER 2025

Non-GAAP Financial Measures

Statements included in this press release include non-GAAP financial measures and should be read along with the accompanying tables, which provide a reconciliation of non-GAAP financial measures to GAAP financial measures. First Farmers management uses non-GAAP financial measures, including: (i) adjusted net income and (ii) adjusted basic earnings per share, in its analysis of the Company's performance. These non-GAAP financial measures exclude the following from net income: securities gains and losses, gain on redemption of bank-owned life insurance, and the income tax effect of adjustments. Management believes that non-GAAP financial measures provide additional useful information that allows readers to evaluate the ongoing performance of the Company.

First Farmers and Merchants Corporation and Subsidiaries
Unaudited reconciliation of non-GAAP measures presented in Shareholder Quarterly Report

(Dollars in thousands, except per share data)

	Three Months Ended		
	March 31,		December 31,
	2025	2024	2024
Total non-interest income	$ 3,481	$ 3,483	$ 3,394
(Gain) loss on equity securities	-	(91)	36
Gain on redemption of bank-owned life insurance	(287)	-	-
Adjusted non-interest income	$ 3,194	$ 3,392	$ 3,430
Total non-interest expense	$ 10,440	$ 9,853	$ 9,982
Net income as reported	$ 4,461	$ 3,419	$ 4,875
Total adjustments, net of tax[1]	(287)	(67)	27
Adjusted net income	$ 4,174	$ 3,352	$ 4,902
Basic earnings per share	$ 1.11	$ 0.82	$ 1.20
Total adjustments, net of tax[1]	(0.07)	(0.02)	0.01
Adjusted basic earnings per share	$ 1.04	$ 0.80	$ 1.21
Diluted earnings per share	$ 1.10	$ 0.82	$ 1.20
Total adjustments, net of tax[1]	(0.07)	(0.02)	0.01
Adjusted diluted earnings per share	$ 1.03	$ 0.80	$ 1.21

(1) The effective tax rate of 26.1% is used to determine net of tax amounts.

For investor relations information or to sign-up for email alerts visit ir.myfirstfarmers.com

First Farmers and Merchants Corporation and Subsidiaries
Consolidated Financial Highlights

(unaudited)

	For the Three Months Ended				
(dollars in thousands, except per share data)	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Results of Operations:					
Interest income	$ 16,311	$ 16,825	$ 17,550	$ 16,975	16,781
Interest expense	3,679	4,682	6,195	6,024	6,169
Net interest income	12,632	12,143	11,355	10,951	10,612
Provision (credit) for credit losses	325	(285)	-	60	65
Non-interest income	3,481	3,394	3,428	3,523	3,483
Non-interest expense and non-controlling interest – preferred stock of subsidiary	10,440	9,982	9,974	9,788	9,853
Income before income taxes	5,348	5,840	4,809	4,626	4,177
Income taxes	887	965	858	836	758
Net income for common shareholders	$ 4,461	$ 4,875	$ 3,951	$ 3,790	$ 3,419
Per Share Data:					
Basic earnings per share	$ 1.11	$ 1.20	$ 0.97	$ 0.92	$ 0.82
Diluted earnings per share	$ 1.10	$ 1.20	$ 0.96	$ 0.92	$ 0.82
Book value per share	$ 36.85	$ 34.06	$ 35.56	$ 30.68	$ 29.92
Weighted average shares outstanding per quarter - basic	4,034,047	4,055,843	4,087,043	4,127,442	4,166,834
Weighted average shares outstanding per quarter - diluted	4,042,108	4,068,164	4,099,707	4,140,106	4,177,909
Financial Condition Data:					
Total securities	$ 609,098	$ 615,233	$ 651,808	$ 662,834	$ 686,795
Available-for-sale securities, fair market value	$ 581,649	$ 588,523	$ 633,734	$ 644,451	$ 669,552
Available-for-sale securities, amortized cost	$ 646,319	$ 663,980	$ 695,808	$ 729,602	$ 755,162
Loans, net of deferred fees	$1,003,200	$ 998,818	$ 1,031,098	$ 1,053,814	$ 1,017,677
Allowance for credit losses	$ (8,236)	$ (7,952)	$ (8,049)	$ (8,064)	$ (7,803)
Total assets	$ 1,777,078	$ 1,765,311	$ 1,854,791	$ 1,854,337	$ 1,884,126
Total deposits	$ 1,605,898	$ 1,603,621	$ 1,603,672	$ 1,524,077	$ 1,567,083
Net interest income, on a fully taxable-equivalent basis	$ 12,935	$ 12,370	$ 11,612	$ 11,188	$ 10,834
Net interest margin	3.02%	2.82%	2.55%	2.48%	2.39%
Efficiency	66.74%	61.20%	66.36%	67.37%	69.72%
Asset Quality Data and Ratios:					
Total non-performing assets	$ 1,281	$ 1,344	$ 852	$ 863	$ 945
Non-performing assets to total assets	0.07%	0.08%	0.05%	0.05%	0.05%
Allowance for credit losses to total loans	0.82%	0.80%	0.78%	0.77%	0.77%
Net charge-offs (recoveries) to average loans (annualized)	0.00%	(0.01%)	0.01%	0.00%	0.00%