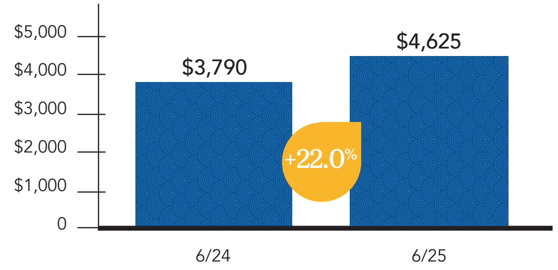
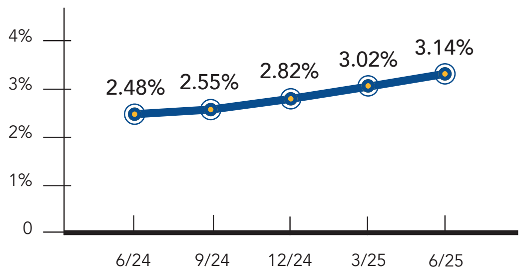
SECOND QUARTER HIGHLIGHTS

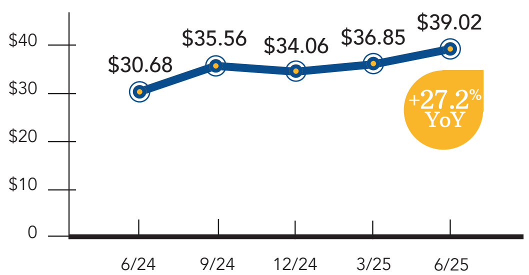
Net Income *(dollars in thousands)*



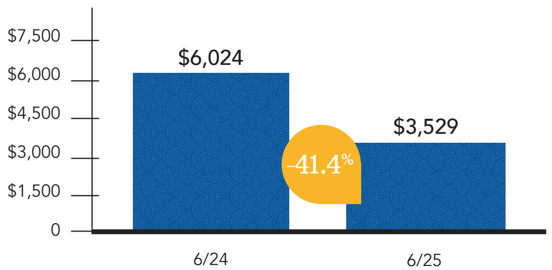
Net Interest Margin



Book value per share



Interest Expense *(dollars in thousands)*



Second Quarter Report 2025

FIRST FARMERS
BANKING | WEALTH MANAGEMENT | TRUST

DEAR FELLOW SHAREHOLDERS

I am pleased to share results from another successful quarter for First Farmers. In a national economic environment that remains complex, our team once again demonstrated the value of our disciplined, community-focused approach to banking, delivering strong earnings and a significant 27.2% increase in our book value per share from the prior year.

This performance was the direct result of a strategic focus on strengthening our financial foundation. Over the past two years, our team has worked diligently to manage our balance sheet, reducing our reliance on more expensive funding sources and focusing on what has always been the bedrock of our bank: our stable core deposit base. This favorable deposit and funding shift coupled with an improving earning assets mix supported the sixth consecutive quarter of net interest margin expansion for First Farmers.

What does First Farmers' solid earnings performance and financial strength allow us to do?

First, it enables us to provide a meaningful return to our shareholders as demonstrated by a 27.2% increase in book value per share and a 12.5% increase in our cash dividend over the past year.

Second, it enables us to serve our customers at the highest level – offering personalized, competitive, and relevant products and services while still upholding the strongest standards of safety and soundness for our company.

Third, it allows us to invest in our future. This quarter, we made major strides in our plan to better serve local businesses across our footprint by recruiting seasoned leadership for our business banking division. We also made significant progress in our efforts to elevate the capabilities of our mortgage banking team to better serve the needs of our growing communities.

Finally, and most importantly, our success allows us to invest back into our most valuable asset: our people. Strong financial performance enables us to be strategic and intentional in our approaches to attract and retain the best possible team members while also continuing to encourage our team's deep engagement in the communities we call home. Their dedication, whether volunteering for a local cause or helping a small business open its doors, is the true driver of our success and our greatest point of pride.

Through the lens of First Farmers, it's simple: a strong bank is best positioned to support a strong community. We are grateful for your continued trust and investment in First Farmers, and we look forward to building on our momentum through the remainder of 2025.

Sincerely,

Brian K. Williams
Chairman and Chief Executive Officer

SECOND 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, gain on disposal of premises and equipment, 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			Six Months Ended	
	June 30,		March 31,	June 30,	
	2025	2024	2025	2025	2024
Total non-interest income	$ 3,655	$ 3,523	$ 3,481	$ 7,137	$ 7,006
Gain on equity securities	(111)	-	-	(111)	(91)
Gain on redemption of bank-owned life insurance	(1)	(2)	(287)	(288)	(2)
Gain on disposal of premises and equipment	(225)	(98)	-	(225)	(98)
Adjusted non-interest income	$ 3,318	$ 3,423	$ 3,194	$ 6,513	$ 6,815
Total non-interest expense	$ 11,045	$ 9,788	$ 10,440	$ 21,485	$ 19,641
Net income as reported	$ 4,625	$ 3,790	$ 4,461	$ 9,086	$ 7,209
Total adjustments, net of tax[1]	(249)	(74)	(287)	(536)	(142)
Adjusted net income	$ 4,376	$ 3,716	$ 4,174	$ 8,550	$ 7,067
Basic earnings per share	$ 1.15	$ 0.92	$ 1.11	$ 2.26	$ 1.74
Total adjustments, net of tax[1]	(0.06)	(0.02)	(0.07)	(0.13)	(0.04)
Adjusted basic earnings per share	$ 1.09	$ 0.90	$ 1.04	$ 2.13	$ 1.70
Diluted earnings per share	$ 1.15	$ 0.92	$ 1.10	$ 2.25	$ 1.73
Total adjustments, net of tax[1]	(0.06)	(0.02)	(0.07)	(0.13)	(0.03)
Adjusted diluted earnings per share	$ 1.09	$ 0.90	$ 1.03	$ 2.12	$ 1.70

(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)	June 30, 2025	March 31, 2025	December 31, 2024	Sept. 30, 2024	June 30, 2024
Results of Operations:					
Interest income	$ 16,598	$ 16,311	$ 16,825	$ 17,550	$ 16,975
Interest expense	3,529	3,679	4,682	6,195	6,024
Net interest income	13,069	12,632	12,143	11,355	10,951
Provision (credit) for credit losses	-	325	(285)	-	60
Non-interest income	3,655	3,481	3,394	3,428	3,523
Non-interest expense and non-controlling interest – preferred stock of subsidiary	11,045	10,440	9,982	9,974	9,788
Income before income taxes	5,679	5,348	5,840	4,809	4,626
Income taxes	1,054	887	965	858	836
Net income for common shareholders	$ 4,625	$ 4,461	$ 4,875	$ 3,951	$ 3,790
Per Share Data:					
Basic earnings per share	$ 1.15	$ 1.11	$ 1.20	$ 0.97	$ 0.92
Diluted earnings per share	$ 1.15	$ 1.10	$ 1.20	$ 0.96	$ 0.92
Book value per share	$ 39.02	$ 36.85	$ 34.06	$ 35.56	$ 30.68
Weighted average shares outstanding per quarter - basic	4,013,067	4,034,047	4,055,843	4,087,043	4,127,442
Weighted average shares outstanding per quarter - diluted	4,020,755	4,042,108	4,068,164	4,099,707	4,140,106
Financial Condition Data:					
Total securities	$ 589,905	$ 609,098	$ 615,233	$ 651,808	$ 662,834
Available-for-sale securities, fair market value	$ 562,764	$ 581,649	$ 588,523	$ 633,734	$ 644,451
Available-for-sale securities, amortized cost	$ 620,335	$ 646,319	$ 663,980	$ 695,808	$ 729,602
Loans, net of deferred fees	$1,004,340	$1,003,200	$ 998,818	$ 1,031,098	$1,053,814
Allowance for credit losses	$ (8,196)	$ (8,236)	$ (7,952)	$ (8,049)	$ (8,064)
Total assets	$ 1,745,297	$ 1,777,078	$ 1,765,311	$ 1,854,791	$1,854,337
Total deposits	$1,566,383	$1,605,898	$ 1,603,621	$ 1,603,672	$1,524,077
Net interest income, on a fully taxable-equivalent basis	$ 13,201	$ 12,935	$ 12,370	$ 11,612	$ 11,188
Net interest margin	3.14%	3.02%	2.82%	2.55%	2.48%
Efficiency	66.34%	66.74%	61.20%	66.36%	67.37%
Asset Quality Data and Ratios:					
Total non-performing assets	$ 1,319	$ 1,281	$ 1,344	$ 852	$ 863
Non-performing assets to total assets	0.08%	0.07%	0.08%	0.05%	0.05%
Allowance for credit losses to total loans	0.82%	0.82%	0.80%	0.78%	0.77%
Net charge-offs (recoveries) to average loans (annualized)	0.01%	0.00%	(0.01%)	0.01%	0.00%