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**FIRST FARMERS AND MERCHANTS CORPORATION REPORTS
THIRD QUARTER NET INCOME UP 23% TO \$4.8 MILLION**

Record Net Interest Income of \$13.7 Million Fuels Strong Profitability

COLUMBIA, Tenn. (October 27, 2025) – First Farmers and Merchants Corporation (OTCID: FFMH), the holding company for First Farmers and Merchants Bank, today announced its results for the third quarter of 2025.

“I am incredibly proud of our team for delivering another outstanding quarter,” stated Brian K. Williams, Chairman and Chief Executive Officer of First Farmers. “Their deliberate and thoughtful execution of our balance sheet strategy produced record net interest income and our seventh consecutive quarter of margin expansion, a result that stands out in the current industry environment. This performance positions us for a strong finish to the year. Importantly, we are navigating the broader economic uncertainty from a position of strength, supported by our excellent asset quality, strong capital base, and deep relationships in the robust Middle Tennessee market.”

Key highlights of First Farmers’ results for the third quarter of 2025 include:

- Net income increased 22.6% to \$4.8 million from \$4.0 million for the year-earlier quarter. Net income per common share increased 24.7% to \$1.21 from \$0.97 in the third quarter of 2024. On a sequential basis, net income increased 4.7% compared with \$4.6 million, or \$1.15 per common share, reported in the second quarter of 2025. The strong third quarter contributed to a 28.5% increase in year-to-date basic earnings per share to \$3.47 from \$2.70 in the prior-year period;
- Adjusted net income, which excludes special items, increased 23.1% to \$4.8 million, or \$1.21 per common share, compared with \$3.9 million, or \$0.97 per common share, for the year-earlier quarter. Third quarter adjusted net income increased 10.6% from \$4.4 million, or \$1.09 per common share, reported in the second quarter of 2025 (see “Non-GAAP Financial Measures” section);
- Net interest income increased 20.3% to a record \$13.7 million from \$11.4 million for the third quarter of 2024 and was up 4.5% from \$13.1 million for the second quarter of 2025;
- Net interest margin expanded for the seventh consecutive quarter to 3.23%;
- Efficiency ratio improved to 63.73% from 66.34% for the second quarter of 2025 and 66.36% for the third quarter of 2024;
- Total loans increased \$11.0 million, representing a 4.4% annualized growth rate, from the second quarter of 2025, but declined \$15.7 million, or 1.5%, compared to the third quarter of 2024;
- Average core deposits grew \$59.0 million, or 4.7% year-over-year, which supported the strategic redemption of all \$22.3 million in higher-cost brokered deposits during the quarter; and
- Book value per share increased 15.9% to \$41.22 from \$35.56 in the third quarter of 2024 and increased 5.6% from \$39.02 for the second quarter of 2025.

“Building on the momentum from this quarter, our focus remains on investing in the future for First Farmers,” Williams continued. “We have made strategic additions to our mortgage and business banking production teams this quarter, and we expect to further those efforts as we look for opportunities to expand our reach. By investing in proven talent and returning capital to shareholders through our growing dividend and buyback program, we are creating sustainable, long-term value.”

“Our record net interest income this quarter is a direct result of our focused execution on improving the funding mix,” said Jill A. Giles, Chief Financial Officer for First Farmers. “The continued year-over-year growth in our core deposit franchise was the key to this success, allowing us to strategically exit all remaining higher-cost brokered deposits during the quarter, a key driver of our continued margin expansion.”

“Our disciplined expense management is also taking hold, with non-interest expense stabilizing this quarter. This, combined with our solid revenue growth, drove significant improvement in our efficiency ratio. The result of this strong operational performance is a balance sheet which continues to be defined by excellent asset quality and robust capital ratios, providing us with significant flexibility moving forward,” added Giles.

Third Quarter 2025 Results of Operations

(\$ in thousands, except per share data)	For the three months ended						
	9/30/2025	6/30/2025	9/30/2024	3Q25 vs. 2Q25		3Q25 vs. 3Q24	
				Change	% Change	Change	% Change
Interest income	\$ 17,331	\$ 16,598	\$ 17,550	\$ 733	4.4%	\$ (219)	(1.2%)
Interest expense	3,674	3,529	6,195	145	4.1%	(2,521)	(40.7%)
Net interest income	<u>\$ 13,657</u>	<u>\$ 13,069</u>	<u>\$ 11,355</u>	<u>\$ 588</u>	<u>4.5%</u>	<u>\$ 2,302</u>	<u>20.3%</u>
Net interest income, FTE	\$ 13,803	\$ 13,201	\$ 11,612	\$ 602	4.6%	\$ 2,191	18.9%
Net interest margin	3.23%	3.14%	2.55%	+9 bps		+68 bps	
Provision for credit losses	\$ -	\$ -	\$ -	\$ -	NM	\$ -	NM
Total non-interest income	\$ 3,351	\$ 3,655	\$ 3,428	\$ (304)	(8.3%)	\$ (77)	(2.2%)
Total non-interest expense	\$ 11,006	\$ 11,045	\$ 9,974	\$ (39)	(0.4%)	\$ 1,032	10.3%
Net income for common shareholders	\$ 4,842	\$ 4,625	\$ 3,951	\$ 217	4.7%	\$ 891	22.6%
Weighted average shares outstanding - basic	3,994,144	4,013,067	4,087,043	(18,923)	(0.5%)	(92,899)	(2.3%)
Weighted average shares outstanding - diluted	4,001,832	4,020,755	4,099,707	(18,923)	(0.5%)	(97,875)	(2.4%)
Basic earnings per share	\$ 1.21	\$ 1.15	\$ 0.97	\$ 0.06	5.2%	\$ 0.24	24.7%
Diluted earnings per share	\$ 1.21	\$ 1.15	\$ 0.96	\$ 0.06	5.2%	\$ 0.25	26.0%
Adjusted net income ⁽¹⁾	\$ 4,842	\$ 4,376	\$ 3,933	\$ 466	10.6%	\$ 909	23.1%
Adjusted basic earnings per share ⁽¹⁾	\$ 1.21	\$ 1.09	\$ 0.97	\$ 0.12	11.0%	\$ 0.24	24.7%
Adjusted diluted earnings per share ⁽¹⁾	\$ 1.21	\$ 1.09	\$ 0.96	\$ 0.12	11.0%	\$ 0.25	26.0%

⁽¹⁾ See Non-GAAP Financial Measures

NM -Not meaningful

Net income for the third quarter of 2025 grew \$891,000, or 22.6%, compared to the year-earlier quarter. The increase, primarily driven by a 20.3% increase in net interest income, was offset in part by an increase in total non-interest expense. Growth in net interest income was the direct result of the Company’s deliberate balance sheet management strategy, significantly reducing interest expense by eliminating higher-cost borrowings and improving the Company’s liability mix compared to the year-earlier quarter. The Company’s net interest margin expanded for the seventh consecutive quarter due to the easing of deposit cost pressures and reduced reliance on non-core funding as compared to the third quarter of 2024. Total non-interest expense increased \$1.0 million, or 10.3%, compared to the third quarter of 2024 primarily due to an increase in salaries and employee benefits expense of \$690,000 and net occupancy expense of \$156,000. The increase in salaries and employee benefits expenses was driven by annual salary adjustments, key hires supporting our strategic growth initiatives, and

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planned investments in performance-based employee incentives and benefits, which correlates with higher earnings and growth in net interest margin as compared to the year-earlier quarter. Non-interest income decreased \$77,000, or 2.2%, compared to the prior-year quarter, while adjusted non-interest income declined by \$52,000 due to the decline in transaction-based interchange fee income for the third quarter of 2025.

Net income for the third quarter of 2025 was up from the sequential second quarter by \$217,000, or 4.7%, driven by continued growth in net interest income, partially offset by a decrease in non-interest income. Net interest income continued its positive trend, increasing from the prior quarter as the net interest margin grew by nine basis points to 3.23%. The decrease in non-interest income compared to the prior quarter's results was primarily due to one-time revenue during the second quarter of 2025 which included a gain on equity securities of \$111,000 and a gain on disposal of premises and equipment of \$225,000. Highlighting the Company's disciplined expense management, the efficiency ratio improved significantly to 63.73% from 66.34% in the prior quarter.

Balance Sheet Trends

(\$ in thousands)	For the three months ended						
	9/30/2025	6/30/2025	9/30/2024	3Q25 vs. 2Q25		3Q25 vs. 3Q24	
				Change	% Change	Change	% Change
Total assets	\$ 1,745,176	\$ 1,745,297	\$ 1,854,791	\$ (121)	0.0%	\$(109,615)	(5.9%)
Total liabilities	1,580,984	1,589,216	1,709,839	(8,232)	(0.5%)	(128,855)	(7.5%)
Total shareholders' equity	164,192	156,081	144,952	8,111	5.2%	19,240	13.3%
Securities	580,555	589,905	651,808	(9,350)	(1.6%)	(71,253)	(10.9%)
Loans, net of deferred fees	1,015,365	1,004,811	1,031,098	10,554	1.1%	(15,733)	(1.5%)
Deposits	1,558,329	1,566,383	1,603,672	(8,054)	(0.5%)	(45,343)	(2.8%)
Borrowings	-	-	80,000	-	0.0%	(80,000)	(100.0%)

For the third quarter of 2025, investment securities decreased by \$9.4 million from the sequential second quarter to \$581 million, or 33.3% of total assets, and decreased \$71.3 million from \$652 million, or 35.1% of total assets, from the third quarter of 2024. Despite a continued competitive market for high-quality loans, the Company's lending team delivered solid organic loan growth during the third quarter, driven primarily by expanding relationships with existing customers. Outstanding loan balances grew \$10.6 million, or 1.1%, from the sequential second quarter to \$1.015 billion and declined \$15.7 million, or 1.5%, from the third quarter of 2024.

Total deposits decreased \$8.1 million, or 0.5%, from the sequential second quarter to \$1.558 billion, and decreased \$45.3 million, or 2.8%, from the third quarter of 2024. The decrease in deposits compared to the sequential quarter was the result of planned runoff of \$22.3 million in brokered deposits and \$21.7 million in surge deposits, partially offset by continued growth in core deposits of \$31.0 million. The year-over-year decrease was driven by the successful execution of this strategy, with a \$43.4 million increase in core deposits allowing the Company to strategically exit \$85.2 million in higher-cost brokered deposits.

The continued stability and growth of core deposits have allowed the Company to eliminate its dependency on non-core funding sources with no outstanding borrowings as of September 30, 2025. The Company's outstanding Federal Reserve Bank Term Funding Program ("BTFP") borrowings as of September 30, 2024, in the amount of \$80 million were paid off in the fourth quarter of 2024.

For the third quarter of 2025, total shareholders' equity increased by \$8.1 million from the sequential second quarter to \$164.2 million and grew \$19.2 million from the third quarter of 2024. The increase in total shareholders' equity from the second quarter of 2025 was primarily driven by net income of \$4.8 million and a positive change of \$5.1 million in accumulated other comprehensive income, offset in part by dividends paid of \$1.2 million and stock repurchases of \$713,000. The positive change in accumulated other comprehensive income resulted from a decrease in the unrealized loss adjustment to the available-for-sale securities portfolio totaling \$5.1 million, net of tax. The improvement in the value of the available-for-sale securities portfolio was driven by a decrease in market interest rates coupled with ongoing maturity roll-off of the portfolio compared to

the sequential second quarter. The book value per share improved 5.6% from the sequential second quarter to \$41.22 and increased 15.9% compared to the third quarter of 2024. This strong growth reflects the tangible value the Company's balance sheet strategy is creating for shareholders.

Asset Quality

(\$ in thousands)	For the three months ended			3Q25 vs. 2Q25		3Q25 vs. 3Q24	
	9/30/2025	6/30/2025	9/30/2024	Change	% Change	Change	% Change
Allowance for credit losses to total loans	0.80%	0.82%	0.78%	-2 bps		+2 bps	
Provision for credit losses	\$ -	\$ -	\$ -	\$ 0	NM	\$ -	NM
Net charge-offs to average loans, annualized	0.01%	0.01%	0.01%	0 bps		0 bps	
Total non-performing loans to total loans	0.13%	0.13%	0.08%	0 bps		+5 bps	
Total non-performing loans	\$ 1,291	\$ 1,319	\$ 852	(\$ 28)	(2.1%)	\$ 439	51.5%
Total non-performing assets	\$ 1,513	\$ 1,319	\$ 852	\$ 194	14.7%	\$ 661	77.6%
<i>NM – Not meaningful</i>							

Non-performing loans were \$1.3 million, or 0.13% of total loans, flat from \$1.3 million, or 0.13% of total loans, in the sequential second quarter and were up from \$852,000, or 0.08% of total loans, compared with the third quarter of 2024. Net charge-offs to average loans were 0.01% for the third quarter of 2025 compared with 0.01% for the sequential quarter and 0.01% for the third quarter of 2024. Provision credit of \$5,000 was recorded to the allowance for credit losses for loans during the third quarter of 2025. The allowance for credit losses represented 0.80% of total loans outstanding for the third quarter of 2025 compared with 0.82% for the sequential second quarter and 0.78% for the third quarter of 2024. The allowance for credit losses for unfunded commitments increased to \$580,000, or 0.22% of total unfunded commitments, for the third quarter of 2025 compared with 0.23% for the sequential second quarter and decreased from \$605,000, or 0.20% of total unfunded commitments, for the third quarter of 2024. Overall, the Company's asset quality metrics remained strong and stable during the quarter, reflecting a continued disciplined approach to credit risk management in the current economic environment.

Capital Management Initiatives

(\$ in thousands, except per share data)	For the three months ended						
	9/30/2025	6/30/2025	9/30/2024	3Q25 vs. 2Q25		3Q25 vs. 3Q24	
				Change	% Change	Change	% Change
Tangible common stockholders' equity to tangible assets	8.93%	8.46%	7.36%	+47 bps		+157 bps	
Leverage capital ratio	10.68%	10.54%	9.43%	+14 bps		+125 bps	
Tier 1 capital ratio	17.15%	17.02%	15.69%	+13 bps		+146 bps	
Total Risk-based capital ratio	17.92%	17.80%	16.44%	+12 bps		+148 bps	
Total shares repurchased	16,690	25,000	22,500	(8,310)	(33.2%)	(5,810)	(25.8%)
Average repurchase price per share	\$ 42.82	\$ 38.80	\$ 31.00	\$ 4.02	10.4%	\$ 11.82	38.1%

First Farmers' capital ratios improved compared to the sequential quarter and third quarter of 2024 and remain well above the regulatory minimum guidelines. This robust capital base provides the flexibility to both invest in the strategic growth initiatives outlined previously and return value to shareholders through dividends and the Company's share repurchase program. During the third quarter of 2025, First Farmers repurchased 16,690 shares of the Company's common stock in the open market and in privately negotiated transactions at an average price of \$42.82 with prices ranging from \$40.00 to \$44.50 per share in accordance with the Company's stock repurchase program. Third quarter 2025 stock repurchases decreased 33.2% compared to the sequential second quarter and were down 25.8% compared to the year-earlier quarter. Authorization to repurchase approximately 138,310 shares remains under the current program, which is set to expire in December 2025, unless extended or otherwise completed.

Nine Months Results

(\$ in thousands, except per share data)	For the nine months ended			
	9/30/2025	9/30/2024	YTD 2025 vs. YTD 2024	
			Change	% Change
Net interest income	\$ 39,358	\$ 32,918	\$ 6,440	19.6%
Provision for credit losses	325	125	200	160.0%
Non-interest income	10,488	10,434	54	0.5%
Non-interest expense	32,491	29,615	2,876	9.7%
Net income	13,928	11,160	2,768	24.8%
Basic earnings per share	3.47	2.70	0.77	28.5%
Adjusted net income ⁽¹⁾	13,392	11,000	2,392	21.7%
Adjusted basic earnings per share ⁽¹⁾	3.33	2.66	0.67	25.2%

⁽¹⁾ See Non-GAAP Financial Measures

For the nine months ended September 30, 2025, First Farmers reported net income of \$13.9 million, or \$3.47 per share, compared with \$11.2 million, or \$2.70 per share, in the same period of 2024. The change reflects growth in net interest income offset in part by increases in provision for credit losses and non-interest expense. The growth in net interest income for the nine months ended September 30, 2025, was attributable to the reduction in interest expense for deposits and borrowings as the balance sheet liability mix improved compared to the year-earlier period. Provision for credit losses increased by \$200,000 primarily driven by provision expense of \$325,000 recorded in the first quarter of 2025 due to an increase in loans rated for

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closer monitoring. Non-interest expense grew \$2.9 million for the nine months ended September 30, 2025, driven by strategic investments in personnel, including increases in salaries expense of \$1.4 million, performance-based incentives and benefits of \$757,000, as well as core provider and software support expense of \$477,000, and recruitment and other professional services expense of \$233,000.

About First Farmers and Merchants Corporation and First Farmers and Merchants Bank

First Farmers and Merchants Corporation is the holding company for First Farmers and Merchants Bank, a community bank serving the Middle Tennessee area through 22 offices in seven Middle Tennessee counties. As of September 30, 2025, First Farmers reported total assets of approximately \$1.7 billion, total shareholders' equity of approximately \$164 million, and administered trust assets of \$6.7 billion. For more information about First Farmers, visit us on the Web at www.myfirstfarmers.com under "Investor Relations."

Cautionary Note Regarding Forward Looking Statements

This news release may contain certain "forward-looking statements" that represent First Farmers' expectations or beliefs concerning future events and often use words or phrases such as "opportunities," "prospects," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "intends" or similar expressions. Such forward-looking statements contained herein represent the current expectations, plans or forecast of First Farmers' and are about matters that are inherently subject to risks and uncertainties. These statements are not guarantees of future results or performance and readers are cautioned to not place undue reliance on them, whether included in this news release or made elsewhere from time to time by First Farmers or on its behalf. First Farmers disclaims any obligation to update such forward-looking statements.

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 EARNINGS RELEASE
(\$ in thousands, except per share data)

	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2025	2024	2025	2025	2024
Total non-interest income	\$ 3,351	\$ 3,428	\$ 3,655	\$ 10,488	\$ 10,434
Loss on sale of securities	-	26	-	-	26
Gain on equity securities	-	-	(111)	(111)	(91)
Gain on redemption of bank-owned life insurance	-	-	(1)	(288)	(2)
Gain on disposal of premises and equipment	-	(51)	(225)	(225)	(149)
Adjusted non-interest income	<u>\$ 3,351</u>	<u>\$ 3,403</u>	<u>\$ 3,318</u>	<u>\$ 9,864</u>	<u>\$ 10,218</u>
Total non-interest expense	\$ 11,006	\$ 9,974	\$ 11,045	\$ 32,491	\$ 29,615
Net income as reported	\$ 4,842	\$ 3,951	\$ 4,625	\$ 13,928	\$ 11,160
Total adjustments, net of tax ¹	-	(18)	(249)	(536)	(160)
Adjusted net income	<u>\$ 4,842</u>	<u>\$ 3,933</u>	<u>\$ 4,376</u>	<u>\$ 13,392</u>	<u>\$ 11,000</u>
Basic earnings per share	\$ 1.21	\$ 0.97	\$ 1.15	\$ 3.47	\$ 2.70
Total adjustments, net of tax ¹	-	-	(0.06)	(0.13)	(0.04)
Adjusted basic earnings per share	<u>\$ 1.21</u>	<u>\$ 0.97</u>	<u>\$ 1.09</u>	<u>\$ 3.34</u>	<u>\$ 2.66</u>
Diluted earnings per share	\$ 1.21	\$ 0.96	\$ 1.15	\$ 3.46	\$ 2.70
Total adjustments, net of tax ¹	-	-	(0.06)	(0.13)	(0.04)
Adjusted diluted earnings per share	<u>\$ 1.21</u>	<u>\$ 0.96</u>	<u>\$ 1.09</u>	<u>\$ 3.33</u>	<u>\$ 2.66</u>

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

FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		(unaudited) September 30, 2025	December 31, 2024 ⁽¹⁾
		(\$ in thousands, except per share data)	
ASSETS			
	Cash and due from banks	\$ 25,246	\$ 26,034
	Interest-bearing deposits	27,318	20,493
	Federal funds sold	167	86
	Total cash and cash equivalents	<u>52,731</u>	<u>46,613</u>
	Securities:		
	Available-for-sale	554,123	588,523
	Held-to-maturity (fair market value \$23,707 and \$24,014, net of ACL Securities of \$9 and \$9, respectively)	24,143	24,532
	Equity securities	2,289	2,178
	Loans held-for-sale	280	-
	Loans, net of deferred fees	1,015,365	998,818
	Allowance for credit losses	<u>(8,160)</u>	<u>(7,952)</u>
	Net loans	1,007,205	990,866
	Bank premises and equipment, net	28,622	29,094
	Bank-owned life insurance	35,961	36,672
	Goodwill	9,018	9,018
	Deferred tax asset	16,363	22,795
	Other assets	<u>14,441</u>	<u>15,020</u>
	TOTAL ASSETS	<u>\$ 1,745,176</u>	<u>\$ 1,765,311</u>
LIABILITIES			
	Deposits:		
	Noninterest-bearing	\$ 463,023	\$ 482,398
	Interest-bearing	<u>1,095,306</u>	<u>1,121,223</u>
	Total deposits	1,558,329	1,603,621
	Accounts payable and accrued liabilities	<u>22,655</u>	<u>24,017</u>
	TOTAL LIABILITIES	<u>1,580,984</u>	<u>1,627,638</u>
SHAREHOLDERS' EQUITY			
	Common stock - \$10 par value per share, 8,000,000 shares authorized; 3,980,619 and 4,039,445 shares issued and outstanding as of the periods presented	39,806	40,394
	Retained earnings	161,017	152,268
	Additional paid-in-capital	137	85
	Accumulated other comprehensive loss	<u>(36,863)</u>	<u>(55,169)</u>
	Total shareholders' equity attributable to First Farmers and Merchants Corporation	<u>164,097</u>	<u>137,578</u>
	Noncontrolling interest - preferred stock of subsidiary	<u>95</u>	<u>95</u>
	TOTAL SHAREHOLDERS' EQUITY	<u>164,192</u>	<u>137,673</u>
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,745,176</u>	<u>\$ 1,765,311</u>

⁽¹⁾ Derived from audited financial statements as of December 31, 2024.

FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2025	2024	2025	2024
<i>(dollars in thousands, except per share data)</i>					
INTEREST AND DIVIDEND INCOME	Interest and fees on loans	\$ 14,289	\$ 14,467	\$ 41,557	\$ 42,517
	Income on investment securities				
	Taxable interest	2,094	2,073	6,366	6,374
	Exempt from federal income tax	422	462	1,272	1,331
	Interest from federal funds sold and other	526	548	1,045	1,084
	Total interest income	17,331	17,550	50,240	51,306
INTEREST EXPENSE	Interest on deposits	3,674	4,325	10,775	12,625
	Interest on other borrowings	-	1,870	107	5,763
	Total interest expense	3,674	6,195	10,882	18,388
	Net interest income	13,657	11,355	39,358	32,918
	Provision for credit losses	-	-	325	125
	Net interest income after provision	13,657	11,355	39,033	32,793
NON-INTEREST INCOME	Mortgage banking activities	56	45	90	122
	Wealth management and trust services fees	1,190	1,180	3,536	3,504
	Service fees on deposit accounts	1,621	1,715	4,765	5,170
	Investment services fee income	117	77	360	292
	Earnings on bank-owned life insurance	166	177	509	489
	Gain on disposal of premises and equipment	-	51	225	149
	Loss on sale of available-for-sale securities	-	(26)	-	(26)
	Gain on equity securities	-	-	111	91
	Gain on redemption of bank-owned life insurance	-	-	288	2
	Other non-interest income	201	209	604	641
	Total non-interest income	3,351	3,428	10,488	10,434
NON-INTEREST EXPENSE	Salaries and employee benefits	6,379	5,689	18,821	16,911
	Net occupancy expense	755	599	1,961	1,759
	Depreciation expense	407	410	1,228	1,221
	Data processing expense	642	583	1,873	1,727
	Software support and other computer expense	1,238	1,173	3,710	3,379
	Legal and professional fees	264	180	797	588
	Audits and exams expense	198	173	582	532
	Advertising and promotions	193	212	640	622
	FDIC insurance premium expense	198	255	601	695
	Other non-interest expense	732	700	2,270	2,173
	Total non-interest expense	11,006	9,974	32,483	29,607
	Income before provision for income taxes	6,002	4,809	17,038	13,620
	Provision for income taxes	1,160	858	3,102	2,452
	Net income	4,842	3,951	13,936	11,168
	Noncontrolling interest - dividends on preferred stock subsidiary	-	-	8	8
	Net income available to common shareholders	\$ 4,842	\$ 3,951	\$ 13,928	\$ 11,160
	Weighted average shares outstanding - basic	3,994,144	4,087,043	4,019,648	4,126,960
	Weighted average shares outstanding - diluted	4,001,832	4,099,707	4,027,336	4,139,624
	Earnings per share	\$ 1.21	\$ 0.97	\$ 3.47	\$ 2.70
	Diluted earnings per share	\$ 1.21	\$ 0.96	\$ 3.46	\$ 2.70

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FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL HIGHLIGHTS
(unaudited)

For the three months ended

(\$ in thousands, except per share data)

	9/30/2025	6/30/2025	3/31/2025	12/31/2024	9/30/2024
Results of Operations:					
Interest income	\$ 17,331	\$ 16,598	\$ 16,311	\$ 16,825	\$ 17,550
Interest expense	3,674	3,529	3,679	4,682	6,195
Net interest income	13,657	13,069	12,632	12,143	11,355
Provision (credit) for credit losses	-	-	325	(285)	-
Non-interest income	3,351	3,655	3,481	3,394	3,428
Non-interest expense and non-controlling interest – preferred stock of subsidiary	11,006	11,045	10,440	9,982	9,974
Income before income taxes	6,002	5,679	5,348	5,840	4,809
Income taxes	1,160	1,054	887	965	858
Net income for common shareholders	\$ 4,842	\$ 4,625	\$ 4,461	\$ 4,875	\$ 3,951
Per Share Data:					
Basic earnings per share	\$ 1.21	\$ 1.15	\$ 1.11	\$ 1.20	\$ 0.97
Diluted earnings per share	\$ 1.21	\$ 1.15	\$ 1.10	\$ 1.20	\$ 0.96
Book value per share	\$ 41.22	\$ 39.02	\$ 36.85	\$ 34.06	\$ 35.56
Weighted average shares outstanding per quarter - basic	3,994,144	4,013,067	4,034,047	4,055,843	4,087,043
Weighted average shares outstanding per quarter - diluted	4,001,832	4,020,755	4,042,108	4,068,164	4,099,707
Financial Condition Data and Ratios:					
Total securities	\$ 580,555	\$ 589,905	\$ 609,098	\$ 615,233	\$ 651,808
Available-for-sale securities, fair market value	\$ 554,123	\$ 562,764	\$ 581,649	\$ 588,523	\$ 633,734
Available-for-sale securities, amortized cost	\$ 604,742	\$ 620,335	\$ 646,319	\$ 663,980	\$ 695,808
Loans, net of deferred fees	\$ 1,015,365	\$ 1,004,340	\$ 1,003,200	\$ 998,818	\$ 1,031,098
Allowance for credit losses	\$ (8,160)	\$ (8,196)	\$ (8,236)	\$ (7,952)	\$ (8,049)
Total assets	\$ 1,745,176	\$ 1,745,297	\$ 1,777,078	\$ 1,765,311	\$ 1,854,791
Total deposits	\$ 1,558,329	\$ 1,566,383	\$ 1,605,898	\$ 1,603,621	\$ 1,603,672
Net interest income, on a fully taxable-equivalent basis	\$ 13,803	\$ 13,201	\$ 12,935	\$ 12,370	\$ 11,612
Net interest margin	3.23%	3.14%	3.02%	2.82%	2.55%
Efficiency	63.73%	66.34%	66.74%	61.20%	66.36%
Asset Quality Data and Ratios:					
Total non-performing assets	\$ 1,513	\$ 1,319	\$ 1,281	\$ 1,344	\$ 852
Non-performing assets to total assets	0.09%	0.08%	0.07%	0.08%	0.05%
Allowance for credit losses to total loans	0.80%	0.82%	0.82%	0.80%	0.78%
Net charge-offs (recoveries) to average loans (annualized)	0.01%	0.01%	0.00%	(0.01%)	0.01%

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