

2025 Annual Report



Rooted in Purpose.
Growing Toward Tomorrow.

Strong Results. Strategic Investments. Sustainable Growth.





First Farmers and Merchants Bank ("First Farmers") has proudly served Tennessee families and businesses for more than a century. The bank was founded on the belief in order to build a strong local bank, one must first build strong local relationships.

Today, First Farmers is one of Tennessee's leading community banks with \$1.8 billion in assets and over \$6.8 billion in administered trust assets. The bank has steadily grown across the region, now operating 22 financial service centers throughout Davidson, Giles, Hickman, Lawrence, Marshall, Maury and Williamson counties with plans underway to introduce a Chattanooga Production Office in Hamilton County. Through our continued growth, we have remained focused on what matters the most – the people and communities we serve. Our deep Middle Tennessee roots have helped us extend our reach beyond regional boundaries, and we are proud to contribute our time, talent, and resources to the communities we serve. We believe, at the end of the day, a bank is a collection of people. From our CEO to our newest employee, our team is dedicated to success and growth – both yours and ours.

260

associates providing advice and guidance to our customers

22/7

22 locations in seven Tennessee counties

Our Vision

To be the financial partner Middle Tennesseans value and trust.

Our Mission

To enrich the lives of our team members, customers, and communities.



TO OUR SHAREHOLDERS, CUSTOMERS, AND FRIENDS:

Stability is not a passive state. It is an intentional choice. At First Farmers, our 116-year history has taught us the most sustainable growth occurs when you are deeply rooted. As we reflect on 2025, a year defined by record financial performance and calculated strategic expansion, I am proud to report First Farmers is both *Rooted in Purpose and Growing Toward Tomorrow*.

While the broader economic environment presented choppy waters for the banking industry, we navigated from a position of strength. Our results for the year were the outcome of a deliberate, organizational commitment to excellence in community banking. We achieved record net income of \$18.6 million and record earnings per share of \$4.65, representing annual growth of 16% and 19%, respectively. More importantly, we reached these milestones while strengthening

our capital base and the overall composition of our balance sheet, providing the foundation necessary to execute our long-term vision.

Delivering Value Through Discipline

For our shareholders, 2025 was a year in which the tangible impact of our strategy became clear. The Company's book value per share increased significantly to \$43.17, a testament to the ongoing efforts to optimize the structure of our balance sheet. Strong earnings momentum, fueled by robust net interest margin expansion, allowed us to reward your investment with a 7.4% increase in the quarterly cash dividend. This marks our fourth consecutive year of dividend increases, a record of consistency that reflects our positive outlook for the future of our franchise.

Investing in a Capable Team

2025 was fundamentally a year of deepening First Farmers' capabilities.

We recognize that to transform and reach our strategic potential, we must continue to invest in a highly capable team with extensive industry experience. We added proven production and support talent across our core business lines, including our Secondary Mortgage division, Commercial and Industrial lending, and Business Banking.

This investment in our team is clearly visible in the recent decision to deepen our presence in the Chattanooga market. While we have been active in the region for a number of years, we are now making a new level of commitment to capitalize on the attractive dynamics found in the Chattanooga area. By establishing a local presence in this region, we are continuing our mission to be the financial partner Tennesseans value and trust, wherever their ambitions lead.

In unison with our growth initiatives, we have prioritized the maturity of our enterprise risk management framework. By reinforcing this foundational pillar, we are safeguarding safety and soundness and ensuring our growth remains disciplined and sustainable.

A Leader in Wealth Management and Trust

The success of First Farmers is further anchored by the continued strong performance of our Wealth Management and Trust division. In 2025, this division achieved new milestones, delivering a record level of revenue and reaching \$6.8 billion in assets under administration. This is a point of immense pride for us, as it represents one of the largest community bank wealth management and trust businesses in the Southeast. This scale allows us to provide the sophisticated solutions typically reserved for national firms while maintaining the personal accessibility our clients want and deserve.

"STABILITY IS NOT A PASSIVE STATE; IT IS AN INTENTIONAL CHOICE. AT FIRST FARMERS, OUR RESULTS ARE THE OUTCOME OF A DELIBERATE COMMITMENT TO EXCELLENCE."

Brian K. Williams

Pride in a Diverse Customer Base

We naturally point to our deep, relationship-oriented customer base as a driving force to our success. At First Farmers, we have the privilege of serving a diverse spectrum of individuals, families, and businesses throughout Tennessee and beyond. Whether we are helping a young neighbor open a first checking account, a family purchase a dream home, or a Midstate industry leader expand its reach, we are honored to be the partner our community chooses.

Our commitment to supporting the entrepreneurial engine across the region was recognized in 2025 when the U.S. Small Business Administration named First Farmers a top volume lender in Tennessee.

We view this recognition as validation of our relational model, highlighting direct, personal accessibility. This high-touch approach ensures our clients have a trusted advisor they can reach directly when critical needs arise.

Our Community Promise

As you read through the pages of this report, you will see the faces of the people, businesses, and community stakeholders we are honored to support. These stories represent the "why" behind our work.

First Farmers' commitment to our communities remains a promise to show up with compassion and invest with purpose. Whether we are contributing \$1 million to preserve affordable housing through Pathway Lending or volunteering our time

to support the Maury Regional Healthcare Foundation through their annual Mule Kick event, we remain deeply engaged in the neighborhoods we serve.

As we move into 2026, we do so with the momentum necessary to continue our strategic expansion. First Farmers remains rooted in our purpose, growing toward tomorrow, and staying true to the community banking model that has sustained us for over a century.

Sincerely,

Brian K. Williams
Chairman of the Board and
Chief Executive Officer



DEEPENING ROOTS: The new commercial lending team (L to R: **Jennifer Griffin, Bryan Fryar, Allison Gifford**) marks a formal commitment to realizing our full potential in the vibrant Chattanooga market.

CHATTANOOGA EXPANSION: STRATEGIC GROWTH IN A DYNAMIC MARKET

We have long been bullish on the Chattanooga market, having maintained an active and productive presence in the region for a number of years. In 2025, we made the strategic choice to deepen our commitment and potential in this dynamic market by formalizing our presence. To lead this next chapter, we have recruited a seasoned commercial lending team with deep roots in the community. Led by Bryan Fryar and Jennifer Griffin, and supported by Allison Gifford, this team brings 88 combined years of local expertise to First Farmers. This move is a significant step in our strategic growth plan as we build long-term relationships and deliver responsive, high-touch services to business owners across East Tennessee.

Rooted in Purpose.
Growing Toward Tomorrow.

THE ENDURING PARTNERSHIP

ROOTED in TRUST: UNITED CO-OP



Our relationship with the Maury County Co-op began in the early 2000s on a foundation of shared values. In the decades since, we have watched as the cooperative transformed from a local staple into a premier regional powerhouse. In 2021, we stood by them during a landmark merger of five cooperatives to form United Farm and Home Co-op. The collaboration reached a new level in 2025 with the successful merger of Mid-South Co-op,



“SURPASSING \$171 MILLION IN SALES IS A TESTAMENT TO OUR NEW SCALE. WITH 23 LOCATIONS ACROSS MIDDLE AND WEST TENNESSEE, PLUS OUR STORE IN MISSISSIPPI, WE ARE NOW UNIQUELY POSITIONED TO PROVIDE VALUE AT EVERY STOP.”

Amy Forst, Chief Financial Officer
United Farm and Home Co-op

23

Number of United Co-op locations across middle and west Tennessee, in addition to one store in Northern Mississippi

solidifying the renamed United Co-op as the vital anchor for the agricultural economy across the midstate. Throughout this exponential growth, First Farmers has been more than just a lender; we have been a strategic partner. As United Co-op expanded under the leadership of CEO Randy Stubblefield, we demonstrated the advisory depth and institutional capabilities required to support their regional trajectory.

We built ground-up relationships with new leadership teams and introduced the sophisticated treasury management technologies the cooperative required. By standing with United Co-op through every stage of its transformation, we have proven the personal touch of a neighborhood partner can successfully coexist with big-business capabilities. This partnership remains a cornerstone of our commitment to the farmers and families who define Tennessee.



VALUED ADVISORS: **Jesse Ramoya** and **Fred Palmiden** help King's Daughters' School achieve lasting financial confidence.

A TRADITION OF TRUST: THE KING'S DAUGHTERS' SCHOOL

The partnership between First Farmers and The King's Daughters' School began in 1987, born from a personal relationship between the school's Executive Director and bank leadership. As a unique fixture in Middle Tennessee, the school provides vital individualized care for children and adults with disabilities. Growing from hospital origins into a regional landmark, the school now supports over 250 students. To secure its financial future, the school relies on our Wealth Management and Trust team for sophisticated administrative and investment oversight.

Our collaboration has grown into a comprehensive multi-account investment structure. This relationship goes beyond the balance sheet; First Farmers team members have regularly served on the school's board of directors throughout the years, ensuring we remain invested in their success on a community level. Close proximity allows school leadership to walk into our office or pick up the phone to reach a real person for an immediate answer. By combining national-firm capabilities with neighborhood accessibility, our Wealth Management and Trust team helps safeguard a mission essential to the families they serve.



CULTIVATING CONNECTION: Chef **Steven Bailey** and his wife **Christine** welcome neighbors to their Santa Fe farm store and special events barn.



**GATHERING WITH INTENTION:
KINDRED FARMS**

For chef Steven Bailey and his wife Christine, the concept of “Kindred” is more than a name: it is a mission to cultivate connection. In 2015, the Baileys moved their young family from Dallas to a 17-acre blank canvas in Santa Fe, Tennessee, fueled by a vision of sharing life around long farm tables under the stars. What began as a 1940s farmhouse and a few plows has blossomed into a regenerative farm that nourishes both the land and the community through signature communal dinners and artisanal food experiences.

Kindred Farms found in First Farmers a financial partner who understood their “cultivating connection” philosophy. While navigating the uncertainties of the pandemic and later planning a transformative special events barn, the Baileys required a banker who valued relational depth over a standard balance sheet. We provided the advisory support and specialized financing needed to construct their modern event barn, which now serves as a hub for farm-to-table dinners, cooking classes, and a local Saturday farm store. Today, our partnership helps anchor a Middle Tennessee landmark where neighbors slow down and savor the nourishment of the land together.

**THE
NEIGHBORHOOD
ADVISOR: THE
LOCAL PLACE**

In the heart of Centerville, Concetta and Chloe West turned a leap of faith into a community staple. After moving from Washington state, this mother-daughter duo envisioned a “third space” where neighbors could connect over artisan ice cream and family recipes. This year marks their fourth anniversary, and The LOCAL Place has now grown from a single storefront into a regional favorite, recently expanding to a second drive-thru location to serve their growing customer base.

When they selected a financial partner, their choice was guided by word-of-mouth trust: a recommendation from a fellow business owner who had banked with us for over 50 years. This year, as they scaled their vision, we provided the merchant services and advisory support necessary to power their expansion. For First Farmers, supporting The LOCAL Place is an intentional choice to invest in the entrepreneurs who define the character of town square across our footprint and create places where every neighbor feels at home.



COMMUNITY LANDMARKS: Mother-daughter duo **Concetta** and **Chloe West** serve artisan coffee and ice cream products at their thriving Centerville storefront.



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FOUNDATIONS OF GROWTH

SOLID FOOTINGS: COLUMBIA CONCRETE GROUP

SOLID FOOTINGS: **Eric Endsley** (L) and **Jared (Bubba) Allen** (R), co-owners, Columbia Concrete, review production at the new Columbia Concrete Group plant, an anchor for local industrial growth.

Turning a technical engineering vision into a local industry leader requires a level of faith that flows both ways between a business and its bank. When Duane and Jared (Bubba) Allen of Pugmill Systems launched Columbia Concrete Group, they were armed with a strategic goal: to create a medium-sized plant focused on local distribution and reliable, community-based service. Duane, with a deep background in engineering, understood the strength of any structure is only as good as its foundation.

To lead the operation, they tapped industry expert Eric Endsley. A key leader already within the Pugmill Systems organization, Eric proved integral in designing the facility and moving the vision from concept to operation. His deep expertise in the field immediately established the plant as a quality-first competitor and helped attract the top-tier drivers and personnel required to break ground and begin serving the community's construction needs.

However, scaling that vision from an engineering concept to a fully operational industrial fleet required a financial partner willing to look beyond standard balance sheet metrics. While timing and administrative hurdles created delays with other institutions, First Farmers recognized the opportunity to support a homegrown vision. We financed the ground-up construction of the concrete plant and the

purchase of their first nine mixing trucks. For us, the decision wasn't based solely on a formula, but on the passion the Allens showed for their people and their community.

By providing the capital necessary for this "Solid Footing," we helped launch a legacy that provides career opportunities for local families and a critical resource for local construction. Columbia Concrete Group is a definitive example of what happens when local ingenuity meets a banking partner willing to invest in its neighbors. This partnership proves when you combine a core vision with a disciplined banking partner, you don't just build a plant, you provide an anchor for local commerce standing the test of time and providing a foundation for regional growth.



"MOVING FROM AN ENGINEERING CONCEPT TO A FULL-SCALE OPERATION REQUIRED MORE THAN CAPITAL; IT REQUIRED A PARTNER WHO SHARED OUR VISION FOR QUALITY AND COMMUNITY SERVICE. FIRST FARMERS SAW THE POTENTIAL IN OUR TEAM AND PROVIDED THE FOUNDATION FOR OUR GROWTH."



FABRICATING THE FUTURE: BMC METALWORKS

In 2009, Jimmy Phillips approached First Farmers with a vision to purchase Brooks Machine Company, a local manufacturing pillar founded in 1974 by brothers Bobby and Morris Brooks. At the time, Jimmy was embarking on a new chapter in the manufacturing sector: a strategic transition which required a banking partner willing to look beyond industry tenure to see the leadership potential beneath. While other institutions might have taken a cautious approach, we recognized Jimmy's disciplined vision, combined

with the Brooks brothers' 40-year reputation, was a winning formula. We chose to invest in the man and the mission.

Jimmy honored that legacy by keeping the BMC name, but he spent the next 15 years modernizing the operation into a multi-generational success story. Today, BMC Metalworks is a regional leader in specialized fabrication, serving critical industries like power generation, automotive, and mining from its 60,000-square-foot facility.

PRECISION AND LEGACY: Jimmy Phillips and Vicki Phillips review the joint output of BMC Metalworks and Houston County Manufacturing, anchoring the region's industrial sector through family-owned strength.

In 2021, our partnership reached another milestone as Vicki Phillips purchased Houston County Manufacturing. Operating as a woman-owned business, Houston County Manufacturing provided a strategic opportunity for the family to bring overflow work back in-house, securing their supply chain and expanding their reach to serve major industrial clients.

Despite the growth, our relationship remains defined by personal connection. Jimmy and Vicki still visit multiple branches across our footprint to handle business in person, catching up with the same team that stood by his vision in 2009. For First Farmers, BMC Metalworks is a testament to the family-owned strength which anchors the Middle Tennessee economy. We are proud to provide the treasury management and financing that powers their future, while never losing the personal touch which defines community banking.

ANCHORING THE MIDSTATE: STANSELL ELECTRIC



ESOP PLAN

STANSELL ELECTRIC

400+ EMPLOYEES

85 YEARS OLD

The story of Stansell Electric is Nashville's literal foundation. Founded in 1940 in a family garage, Jimmy Stansell's business evolved into a titan of Middle Tennessee infrastructure. From city traffic signals in the 1950s to today's iconic skyline, Stansell is the invisible engine behind the region's growth. At the heart of this success is a partnership built on trust and genuine connection. For the Stansells, Relationship Manager Jim Gardner has been a cornerstone of their growth. Their confidence in Jim's guidance has spanned decades, following him across multiple chapters of his career. This continuity is a true testament to the exceptional dedication and steadfast service Jim provides to his clients.

The Stansells' resilience has shaped their journey. When the 2010 floods submerged the headquarters of Stansell Electric, their team continued operating from the second floor to help restore power for their neighbors. This remains an extraordinary example of service and perseverance. They chose First Farmers as their banking partner because they recognized those same values in us: **transparency, commitment to community, and an unwavering dedication to doing what is right.**

Our relationship reached a new level as we facilitated the company's transition to an Employee Stock Ownership Plan (ESOP). While advisors suggested a community bank might lack the breadth for such a complex transaction, First Farmers proved our capability by executing a nuanced proposal. This effort ensures the Stansell legacy remains with the 400 employees who built it, proving our relational model can support even the most complex institutional transactions. Today, we are proud to stand behind the team keeping Tennessee running and the lights glowing across Middle Tennessee.

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A TRADITION OF ADVOCACY AND SERVICE

TENNESSEE BANK FOR TENNESSEE BUSINESSES

In 2025, the U.S. Small Business Administration recognized First Farmers as a top volume lender in Tennessee. This designation is a direct reflection of our commitment to the entrepreneurs who serve as the engine of our local economy. Under the leadership of SBA Loan Director John Hollingsworth, our program provides a strategic catalyst for growth, funding ten transformative projects totaling \$2.7 million across industries ranging from logistics and trucking to coffee shops and service providers.

We view these loans as more than just transactions; they are critical foundations for long-term prosperity. While large national institutions often force small business owners toward automated portals and anonymous call centers, we prioritize direct, personal advocacy. We are the bank where a client can still rely on a trusted advisor who



TENNESSEE CHAMPIONS: (L to R: **Brian Williams, David Glasgow, John Hollingsworth,** and **Rory Mallard**) First Farmers leadership, including SBA Program Director John Hollingsworth, accept the award from the SBA District Director for Tennessee, recognizing us as a top volume lender in the state, highlighting our commitment to the state's entrepreneurial engine.

understands the nuances of local commerce and the speed required to seize a new opportunity. Our SBA success validates our relational model, proving that when we invest in local visionaries, we strengthen the economic fabric of Tennessee.

FROM DREAM TO PRINT: THE MODERN SOUTH STORY

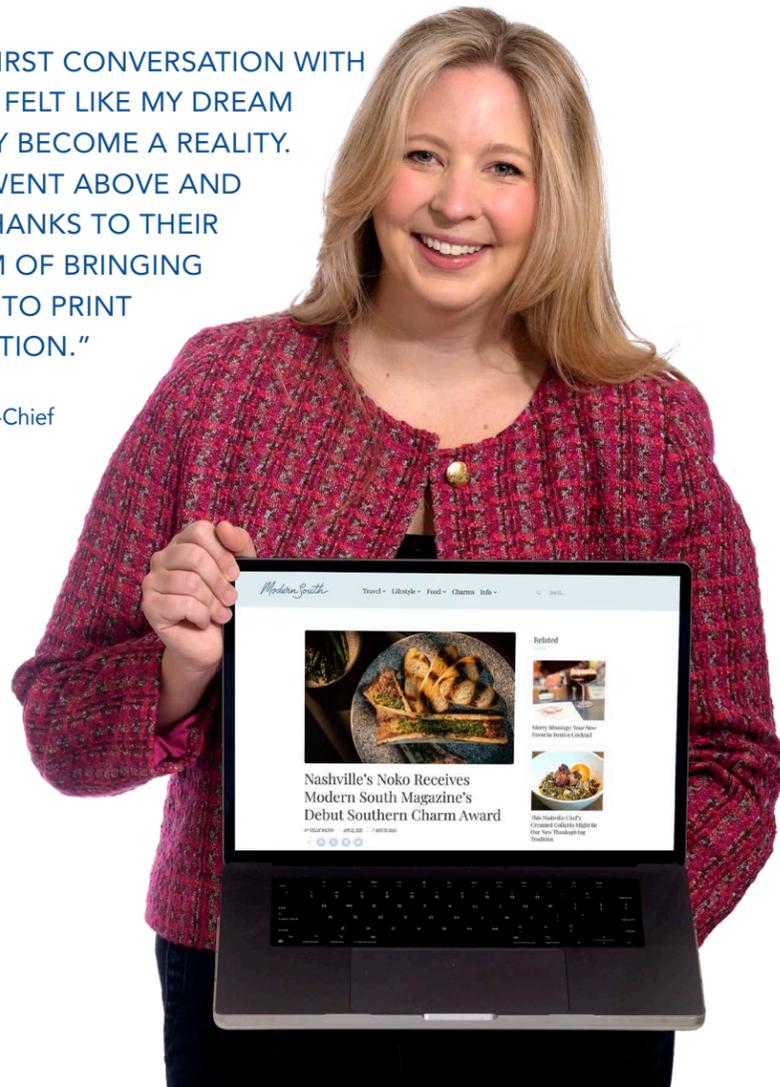
For creative entrepreneurs like Kellie Walton, First Farmers is the partner who turns a digital vision into a tangible reality. Kellie created Modern South as a multi-media brand to spotlight the things that make our region great: sweet down home traditions, twinkling lightning bugs, Southern charm, and the timelessness of toile print. While

Kellie always dreamt of launching a print magazine, the transition from the digital world to something physical was equal parts exciting and overwhelming.

Through our SBA lending program, we provided the specialized financing and consultative support necessary to move Modern South from a digital dream to a successful print publication. Our team guided Kellie through the process with professional patience, even pointing out business needs she hadn't yet considered. Today, that dream of holding her work in her hands is in motion, and we are proud to be the foundation for her brand's highly anticipated print launch.

"FROM MY VERY FIRST CONVERSATION WITH FIRST FARMERS, I FELT LIKE MY DREAM COULD ACTUALLY BECOME A REALITY. THEIR SUPPORT WENT ABOVE AND BEYOND, AND THANKS TO THEIR TEAM, MY DREAM OF BRINGING MODERN SOUTH TO PRINT IS FINALLY IN MOTION."

Kellie Walton, Editor-in-Chief
Modern South



\$1M

Pathway Lending

\$10K

2025 Investment in Veterans Habitat Build

186+

Total Volunteer Hours invested during the first full year of our eight-hour volunteer policy

OUR COMMUNITY PROMISE



" WE ARE ALL BLESSED WITH TALENT AND ABILITY, BUT OUR FULL POTENTIAL IS REACHED IN OPPORTUNITIES TO ENCOURAGE AND UPLIFT OTHERS THROUGH SERVICE."

Marcus Houston
Community Development Officer

At First Farmers, community development is more than an initiative—it is a promise to show up with compassion, act with intention, and invest in the long-term well-being of the communities we serve. In 2025, that promise was lived out in powerful ways across our footprint. This year, we proudly contributed \$1 million to Pathway Lending, supporting the renovation of a local apartment building which will provide safe, stable housing for generations of families to come. In Hickman County, our investment in Habitat for Humanity's Rural Rally ensured a local veteran received critical home repairs, honoring his service by restoring comfort, safety, and dignity in his home.

We also deepened our commitment to tackling food insecurity. Through both a financial contribution and a hands-on volunteer day at Mercy Chefs' Community Kitchen, our employees were handed the keys to the kitchen—literally—preparing hundreds of chef-crafted meals for neighbors in need. In Maury County, employees and community members came together to collect nearly 700 non-perishable food items and First Farmers made a financial donation to strengthen Harvest Share Food Pantry's holiday efforts.

Beyond dollars, our greatest impact often comes through time. In the first full year of our eight-hour volunteer policy, employees

invested 186.50 volunteer hours, generating community value through direct service. And these examples represent only a small glimpse of the many ways First Farmers employees made a difference in 2025.

Countless acts of service—large and small—continue to strengthen nonprofits, support families, and uplift entire communities. Together, these efforts reflect far more than statistics or contributions. They embody our mission to build a future where every neighbor has the opportunity to thrive.

INVESTING IN SUCCESS: THE ARCHITECTURE OF GROWTH

In 2025, First Farmers delivered a record performance built on an intentional architecture of balance sheet efficiency. While many peers in our industry faced significant margin pressure, our disciplined execution resulted in our eighth consecutive quarter of net interest margin expansion. Our fourth quarter 2025 net interest margin of 3.37% reflected a direct result of a deliberate strategy to optimize liability mix and improve our funding profile.

By focusing on our core deposit franchise, we strategically exited over \$39 million in higher-cost brokered deposits. This reduction in interest expense, combined with the payoff of higher-cost borrowings, established the stable funding base necessary to support our record net income of \$18.6 million and earnings per share of \$4.65.

STRATEGIC INVESTMENTS IN TALENT AND TECHNOLOGY

This strength allowed us to make pivotal investments back into our most valuable asset: our people. Non-interest expense increased by \$4.9 million for the twelve months ended December 31, 2025. This investment into our future success allowed us to secure the high-level expertise required to drive our strategic expansion, including our Chattanooga market growth and our specialized mortgage and business banking teams. This includes increases in salaries expense of \$2.0 million and performance-based incentives of \$1.7 million, reflecting our commitment to rewarding excellence across the franchise.

Furthermore, a \$548,000 investment in data processing and software support ensures our digital infrastructure matches the sophisticated needs of our growing client base. These are not merely costs; they are the human and technical assets required to navigate our next chapter of growth.

ASSET INTEGRITY AND REVENUE DIVERSIFICATION

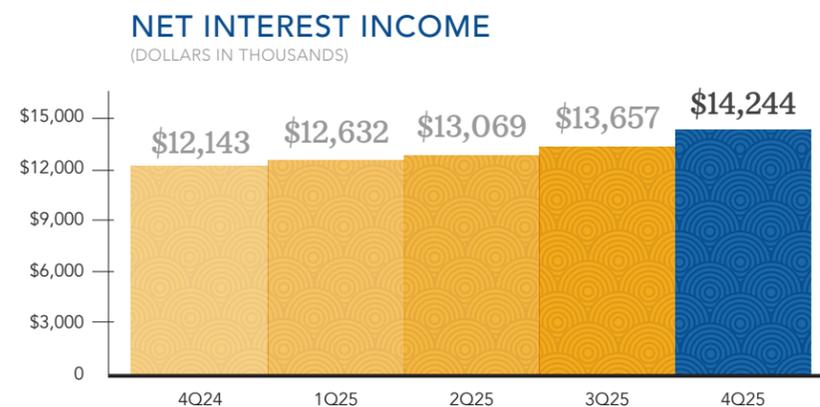
Preserving our strong asset quality remains a core priority. Our provision for credit losses for the year was driven by a proactive, disciplined approach to portfolio monitoring. By identifying potential risks early, we ensure our expansion never comes at the expense of our balance sheet's integrity.

Simultaneously, we have continued to diversify our revenue through record-breaking performance in our Wealth Management and Trust business line. Delivering record annual revenue of \$4.8 million in 2025 and reaching \$6.8 billion in administered trust

assets, this division provides a stable pillar of non-interest income that is resilient regardless of the interest rate environment.

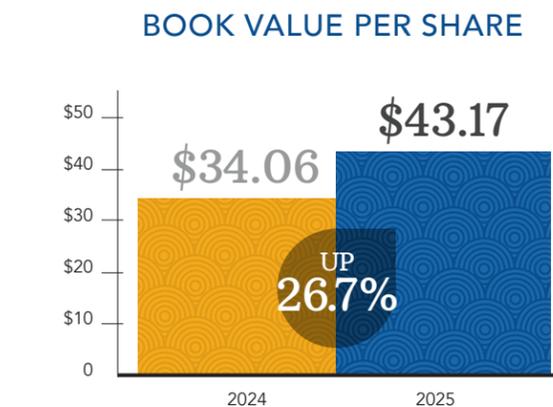
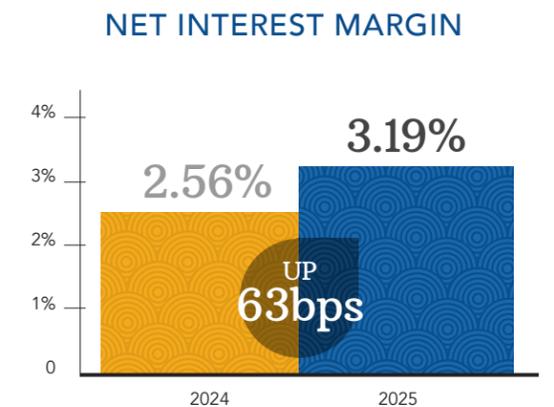
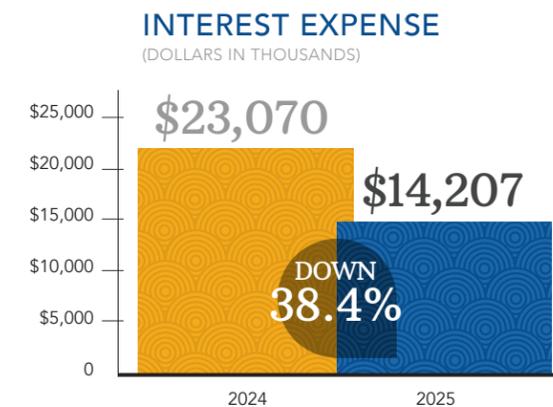
TANGIBLE VALUE FOR SHAREHOLDERS

Our balance sheet has never been stronger. With book value per share reaching \$43.17, we have provided proof of the value created by our disciplined balance sheet strategy. This strength enabled us to reward our shareholders with a 7.4% increase in the quarterly cash dividend, marking our fourth consecutive year of dividend increases. To further demonstrate our commitment to long-term value, our Board of Directors reauthorized our share repurchase program of up to 200,000 shares through 2026. We enter 2026 with significant flexibility and the capital necessary to continue our strategic expansion, confident our investments today are securing the sustainable growth of tomorrow.



Jill A. Giles
Chief Financial Officer and
Corporate Secretary

Our financial strength enabled us to reward our shareholders with a 7.4% increase in the quarterly cash dividend, marking our fourth consecutive year of dividend increases.



Five-Year Comparison of Selected Financial Data

First Farmers & Merchants Corporation

Dollars in thousands, except per share data	2025	2024	2023	2022	2021
Financial position at December 31,					
Total assets	\$1,787,973	\$1,765,311	\$1,871,603	\$1,942,289	\$1,972,738
Loans (net of deferred fees)	1,005,688	998,818	1,018,866	966,167	886,891
Allowance for credit losses for loans	8,037	7,952	7,666	9,382	9,605
Deposits	1,593,259	1,603,621	1,618,564	1,798,628	1,791,206
Shareholders' equity	171,623	137,673	124,241	96,665	158,631
Common book value per share	43.17	34.06	29.74	22.59	36.72
Tangible common book value per share	40.93	31.80	27.58	20.48	34.63
Operations for the year ended December 31,					
Net interest income	\$53,602	\$45,061	\$44,355	\$47,984	\$45,156
Provision for credit losses	325	(160)	(490)	(320)	(150)
Net interest income after provision	53,277	45,221	44,845	48,304	45,306
Non-interest income	13,961	13,829	13,200	14,147	16,783
Non-interest expense	44,450	39,582	38,578	40,168	42,966
Income before income taxes	22,788	19,468	19,467	22,283	19,123
Income taxes	4,151	3,417	3,402	4,217	3,488
Net income	\$18,637	\$16,051	\$16,065	\$18,066	\$15,635
Net income available to common shareholders	\$18,621	\$16,035	\$16,049	\$18,050	\$15,619
Basic earnings per share	\$4.65	\$3.90	\$3.80	\$4.19	\$3.59
Cash dividends declared per share	\$1.12	\$1.02	\$0.95	\$0.88	\$0.84
Operating ratios					
Net interest margin	3.19%	2.56%	2.44%	2.55%	2.60%
Return on average assets	1.06%	0.87%	0.85%	0.91%	0.83%
Return on average total equity	11.85%	12.26%	14.98%	15.91%	9.73%
Efficiency	65.88%	66.04%	64.84%	63.04%	68.90%

⁽¹⁾ Prior year data presents allowance for loan and lease losses prior to the adoption of the CECL accounting standard on January 1, 2023.

⁽²⁾ December 31, 2021 results include a one-time gain of \$1.3 million, net of tax, for the May 2021 sale of Visa Class B stock.

⁽³⁾ December 31, 2021 results include one-time executive retirement benefit expenses in the amount of \$1.1 million, net of tax.

Consolidated Balance Sheets

First Farmers & Merchants Corporation

Dollars in thousands, except per share data	December 31, 2025	December 31, 2024
ASSETS		
Cash and due from banks	\$ 22,903	\$ 26,034
Interest-bearing deposits	79,477	20,493
Federal funds sold	80	86
Total cash and cash equivalents	102,460	46,613
Securities available-for-sale	556,275	588,523
Securities held-to-maturity, net (fair market value \$23,383 and \$23,382)	23,678	24,532
Equity securities	2,314	2,178
Loans held-for-sale	887	-
Loans, net of deferred fees	1,005,688	998,818
Allowance for credit losses	(8,037)	(7,952)
Net loans	997,651	990,866
Bank premises and equipment, net	28,803	29,094
Bank-owned life insurance	36,129	36,672
Goodwill	9,018	9,018
Net deferred tax asset	14,691	22,795
Other assets	16,067	15,020
TOTAL ASSETS	\$ 1,787,973	\$ 1,765,311
LIABILITIES		
Deposits:		
Non-interest-bearing	\$ 484,552	\$ 482,398
Interest-bearing	1,108,707	1,121,223
Total deposits	1,593,259	1,603,621
Accounts payable and other liabilities	23,091	24,017
TOTAL LIABILITIES	1,616,350	1,627,638
SHAREHOLDERS' EQUITY		
Common stock - \$10 par value per share, 8,000,000 shares authorized; 3,972,865 and 4,039,445 shares issued and outstanding as of the periods presented	39,729	40,394
Additional paid-in capital	156	85
Retained earnings	164,267	152,268
Accumulated other comprehensive loss	(32,624)	(55,169)
Total shareholders' equity attributable to First Farmers and Merchants Corporation	171,528	137,578
Non-controlling interest - preferred stock of subsidiary	95	95
TOTAL SHAREHOLDERS' EQUITY	171,623	137,673
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,787,973	\$ 1,765,311

Consolidated Statements of Income

First Farmers & Merchants Corporation

	Years ended December 31,		
	2025	2024	2023
Dollars in thousands, except per share data			
INTEREST AND DIVIDEND INCOME			
Interest and fees on loans	\$ 55,996	\$ 56,417	\$ 49,180
Income on investment securities			
Taxable interest	8,601	8,401	9,329
Exempt from federal income tax	1,682	1,762	1,786
Interest from federal funds sold and other	1,530	1,551	457
Total interest income	67,809	68,131	60,752
INTEREST EXPENSE			
Interest on deposits	14,100	17,037	14,362
Interest on other borrowings	107	6,033	2,035
Total interest expense	14,207	23,070	16,397
Net interest income	53,602	45,061	44,355
Provision for credit losses	325	(160)	(490)
Net interest income after provision	53,277	45,221	44,845
NON-INTEREST INCOME			
Mortgage banking activities	186	167	127
Wealth management and trust service fees	4,794	4,707	4,331
Service fees on deposit accounts	6,382	6,881	7,170
Investment services fee income	487	393	366
Earnings on bank-owned life insurance	677	670	558
Gain on redemption of bank-owned life insurance	288	2	331
Loss on sales of available-for-sale securities	-	(26)	(317)
Gain (loss) on equity securities	136	55	(383)
Gain on disposal of premises and equipment	225	149	8
Other non-interest income	786	831	1,009
Total non-interest income	13,961	13,829	13,200
NON-INTEREST EXPENSE			
Salaries and employee benefits	26,192	22,312	21,581
Net occupancy expense	2,696	2,318	2,571
Depreciation expense	1,652	1,630	1,670
Core provider expense	2,515	2,308	2,066
Software support and other computer expense	4,939	4,598	4,275
Legal and professional fees	910	862	874
Audits and exams expense	775	706	706
Advertising and promotions	891	946	1,001
FDIC insurance premium expense	804	899	920
Other non-interest expense	3,076	3,003	2,914
Total non-interest expenses	44,450	39,582	38,578
Income before provision for income taxes	22,788	19,468	19,467
Provision for income taxes	4,151	3,417	3,402
Net income	18,637	16,051	16,065
Non-controlling interest – dividends on preferred stock of subsidiary	16	16	16
Net income available to common shareholders	\$ 18,621	\$ 16,035	\$ 16,049
Weighted average shares outstanding - basic	4,008,694	4,109,510	4,228,232
Weighted average shares outstanding - diluted	4,016,039	4,121,831	4,228,232
Earnings per share	\$ 4.65	\$ 3.90	\$ 3.80
Diluted earnings per share	\$ 4.64	\$ 3.89	\$ 3.80

A TRIBUTE TO TENURE:

HONORING THE PEOPLE WHO MOVE US FORWARD

At the heart of community banking is something deeper than transactions: it's people. Our success over 116 years rests on the dedication of individuals committed to serving our neighbors every day.

These long-standing relationships are the threads connecting generations of families and businesses to our community bank.

This year, we are honored to recognize three remarkable team members who retired at the end of 2025. Their careers exemplify the spirit of service defining First Farmers.

These individuals left an indelible mark on our organization. Their leadership and commitment shaped the customer experience and the culture defining our identity. Their tenure reflects a core belief driving our mission: when we invest in our people, they invest in our community. The trust they built and the continuity they provided strengthened our foundation and propelled us forward.

As we reflect on another year of growth, we do so with deep gratitude for team members who choose to build their careers, purpose, and legacy with First Farmers.

91

Employees with 10 or more years of service

14

Banking interns have participated in our Workplace Mentor Program since 2023

84

Banking associates who have retired from First Farmers

25

Employees received promotions throughout 2025



Linda Hicks,
Operations Officer,
42 years of service



Paul Butts,
Executive Vice President
Branch Operations,
40 years of service



Andy Davis,
Senior Lending Advisor,
10 years of service

Board of Directors

First Farmers & Merchants Corporation



Dr. Martin M. Chaney
Chief Executive Officer,
Maury Regional Health



Jonathan M. Edwards
President & Chief
Executive Officer,
Edwards Oil Company



Dr. Christa S. Martin
Executive Director
of Belonging &
Student Resources,
Columbia State
Community College



W. Eric Mayberry
President,
Tennessee Farm
Bureau Federation



E. Marlee Mitchell
Former Partner,
Holland & Knight LLP



Jeffrey L. Pannell
CEO Emeritus,
Tennessee Farmers
Insurance Companies



Richard C. Perko
President & Chief
Executive Officer,
Lee Company



Brian K. Williams
Chairman & Chief
Executive Officer,
First Farmers &
Merchants Corporation



Gina B. Wolfe
Co-Owner,
Wolfe Enterprises

Senior Leadership Team

First Farmers & Merchants Bank

Jill A. Giles
Chief Financial Officer and
Corporate Secretary

Molly T. Hissong
Chief Marketing and
Communications Officer

Stephen K. Hughes
Chief Operating Officer

Rory A. Mallard
Chief Banking Officer

Jennifer J. McConnell
Chief Risk Officer

Elizabeth G. Miller
Chief Commercial Banking Officer

Dawn D. Moore
Chief Wealth Management Officer

C. Stacey Shedd
Chief Retail Banking Officer

Shannon L. Tidwell
Chief Information Officer

Darcy A. Wagner
Chief Compliance Officer

Brian K. Williams
Chairman and Chief Executive Officer

Locations

DAVIDSON COUNTY
Nashville
21st Avenue Office *
2306 21st Avenue South
615-279-5218

Green Hills Office*
4013 Hillsboro Circle
615-279-5214

GILES COUNTY
Pulaski
Pulaski Office*
302 South Second Street
931-363-3830

HICKMAN COUNTY
Bon Aqua
East Hickman Office*
9512 Highway 46
931-670-0090

Centerville
Centerville Office*
116 Church Street
931-729-3522

LAWRENCE COUNTY
Lawrenceburg
Crockett Office*
116 West Gaines Street
931-766-5650

Lawrenceburg Office*+
1501 North Locust Avenue
931-762-6490

Loretto
Loretto Office*
201 South Military Street
931-853-4358

MARSHALL COUNTY
Lewisburg
Ellington Office*+
260 North Ellington Parkway
931-359-6222

MAURY COUNTY
Columbia
Main Office*
816 South Garden Street
931-388-3145

Campbell Plaza Office –
Kroger*+
1202 South James Campbell
Boulevard
931-380-8278

Hatcher Lane Office*
1501 South James Campbell
Boulevard
931-380-8260

High Street Drive Thru
515 North High Street
931-380-8291

Northside Office*+
901 Nashville Highway
931-380-8340

Mt. Pleasant
Mt. Pleasant Office*
128 North Main Street
931-379-3292

Spring Hill
Spring Hill Office*
5398 Main Street
931-486-2212

Port Royal Office*
4871 Port Royal Road
931-486-2436

WILLIAMSON COUNTY
Brentwood
Brentwood Office*
5020 Harpeth Drive
615-514-1228

Franklin
Berry Farms Office*
1004 Village Plains
Boulevard
615-591-2430

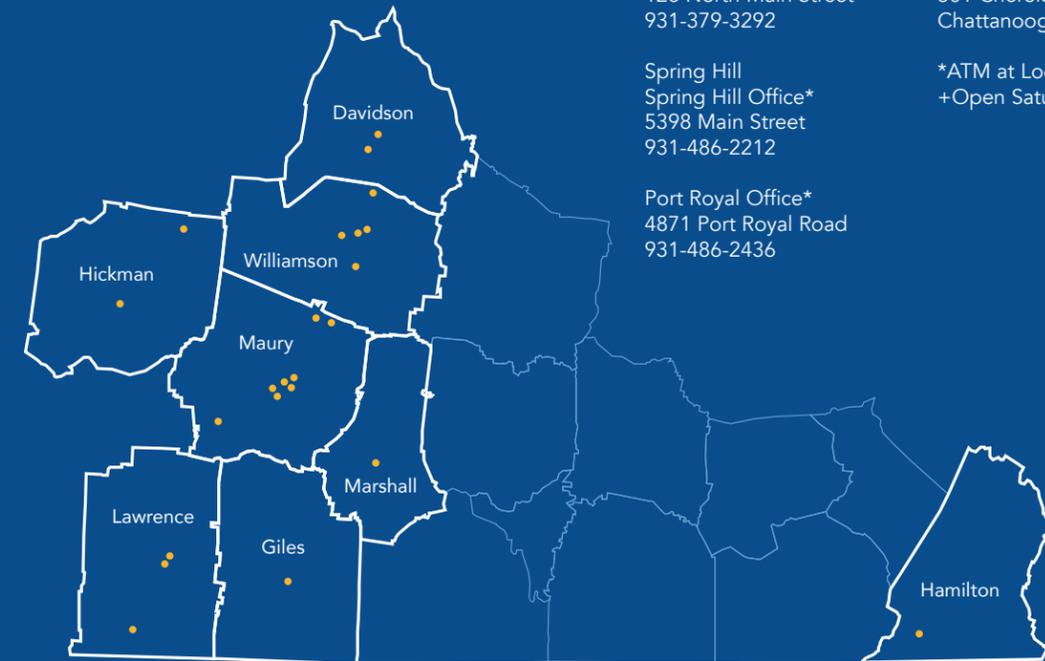
Cool Springs Office*
300 Billingsly Court
615-771-6484

Downtown Franklin Office*
121 1st Avenue South
615-435-8818

McEwen Office*
1536 West McEwen Drive
615-435-8814

HAMILTON COUNTY
Chattanooga
Chattanooga Production Office
301 Cherokee Blvd.
Chattanooga, TN 37406

*ATM at Location
+Open Saturday



Our Six Core Values

Relationships

Banking is at its heart about people and opportunity. Our team members work together to be trusted advisors for our customers.

Responsibility

We take our responsibility seriously to do what is right for our customers and the communities we serve.

Reliability

Middle Tennesseans have been counting on us since 1909, and we are here for our communities through every chapter of their lives.

Relevance

We embrace change and anticipate our customers' changing needs.

Results

We hold ourselves to high standards of service and delivery of shareholder value.

Respect

We treat team members, customers, and shareholders with appreciation and dignity.

