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FIRST FARMERS AND MERCHANTS CORPORATION REPORTS SECOND QUARTER NET INCOME UP 22.9% TO $5.7 MILLION

Net Interest Margin expands to 3.61%
Annualized Loan Growth of 9.5%

COLUMBIA, Tenn. (July 27, 2026) – First Farmers and Merchants Corporation (OTCID: FFMH), the holding company for First Farmers and Merchants Bank, today announced its results for the second quarter of 2026, delivering exceptional financial performance highlighted by 9.5% annualized loan growth, a 22.9% increase in net income, and the milestone achievement of the tenth consecutive quarter of net interest margin expansion.

"Our second quarter performance was defined by strong organic momentum, highlighted by 9.5% annualized loan growth," stated Brian K. Williams, Chairman and Chief Executive Officer. "We successfully converted a robust pipeline while maintaining disciplined pricing standards to ensure we are winning the right business. This loan performance, coupled with higher replacement yields on our earning assets, drove meaningful expansion in our net interest income."

Key highlights of First Farmers' results for the second quarter of 2026 include:

- Net income increased 22.9% to $5.7 million from $4.6 million for the year-earlier quarter. Net income per common share increased 25.2% to $1.44 from $1.15 in the second quarter of 2025. Net income increased 4.0% from $5.5 million, or $1.38, per common share, reported in the first quarter of 2026;
- Total loans increased $24.1 million from the first quarter of 2026, representing a 9.5% annualized growth rate for the period, and increased $32.5 million, or 3.2%, compared to the second quarter of 2025;
- Adjusted net income, which excludes special items, increased 24.5% to $5.5 million, or $1.38 per common share, compared with $4.4 million, or $1.09 per common share, for the year-earlier quarter. Second quarter adjusted net income decreased 0.6% from $5.5 million, or $1.39 per common share, reported in the first quarter of 2026 (see "Non-GAAP Financial Measures" section);
- Wealth management and trust services achieved a record quarterly revenue level of $1.3 million, up 10.2% from the second quarter of 2025;
- Net interest income increased 16.7% to $15.3 million from $13.1 million for the second quarter of 2025 and was up 3.2% from $14.8 million for the first quarter of 2026;
- Net interest margin expanded for the tenth consecutive quarter to 3.61%, representing a 47-basis point increase year-over-year and a 7-basis point increase from the first quarter of 2026, driving record net interest income;
- Core non-interest-bearing deposit balances grew 6.0% from the second quarter of 2025, representing 30% of total deposits; and
- Book value per share increased 2.6% to $45.00 from $43.85 in the first quarter of 2026 and increased 15.3% from $39.02 for the second quarter of 2025.

"We are well positioned for the second half of 2026 as our loan pipeline remains solid, and we are seeing accelerating contribution from our strategic growth initiatives including our entry into the Chattanooga market," Williams added. "Current earnings performance coupled with strong capital levels supports the expansion of these initiatives while also returning capital to our shareholders."

"The Company's continued financial success is rooted in the strength of our deposit mix," said Jill A. Giles, Chief Financial Officer. "Our core franchise remains remarkably stable, averaging approximately 30%, providing a meaningful funding advantage. Although deposit costs remained relatively flat this quarter, we achieved our tenth consecutive quarter of net interest margin expansion by generating higher yields on the asset side of our balance sheet. This increased earnings power, combined with disciplined expense management, enabled us to maintain a consistently lower efficiency ratio throughout the first half of 2026, while continuing to invest strategically in future growth initiatives."

"Our diversified revenue streams continue to perform exceptionally well, highlighted by record wealth management and trust revenue driven by new and expanded client relationships and an intentional focus on generational wealth strategies. We are leveraging this strong earnings power to make strategic investments in our future. We added six new producers across our commercial, business banking, and mortgage divisions this quarter, and we are heavily prioritizing investments in digital platform enhancements to elevate the customer banking experience and improve long-term operating efficiency."

Second Quarter 2026 Results of Operations

($ in thousands, except per share data)	For the three months ended			2Q26 vs. 1Q26		2Q26 vs. 2Q25	
	6/30/2026	3/31/2026	6/30/2025	*Change*	*% Change*	*Change*	*% Change*
Interest income	$ 18,028	$ 17,569	$ 16,598	$ 459	2.6%	$ 1,430	8.6%
Interest expense	2,778	2,799	3,529	(21)	(0.8%)	(751)	(21.3%)
Net interest income	$ 15,250	$ 14,770	$ 13,069	$ 480	3.2%	$ 2,181	16.7%
Net interest income, FTE	$ 15,388	$ 14,916	$ 13,201	$ 472	3.2%	$ 2,187	16.6%
Net interest margin	3.61%	3.54%	3.14%	+7 bps		+47 bps	
Provision for credit losses	$ 120	$ 60	$ -	$ 60	100.0%	$ 120	NM
Total non-interest income	$ 3,793	$ 3,297	$ 3,655	$ 496	15.0%	$ 138	3.8%
Total non-interest expense	$ 11,857	$ 11,251	$ 11,045	$ 606	5.4%	$ 812	7.4%
Net income for common shareholders	$ 5,682	$ 5,462	$ 4,625	$ 220	4.0%	$ 1,057	22.9%
Weighted average shares outstanding - basic	3,955,554	3,972,154	4,013,067	(16,600)	(0.4%)	(57,513)	(1.4%)
Weighted average shares outstanding – diluted	3,961,442	3,978,224	4,020,755	(16,782)	(0.4%)	(59,313)	(1.5%)
Basic earnings per share	$ 1.44	$ 1.38	$ 1.15	$ 0.06	4.3%	$ 0.29	25.2%
Diluted earnings per share	$ 1.43	$ 1.37	$ 1.15	$ 0.06	4.4%	$ 0.28	24.3%
Adjusted net income[(1)]	$ 5,448	$ 5,482	$ 4,376	$ (34)	(0.6%)	$ 1,072	24.5%
Adjusted basic earnings per share[(1)]	$ 1.38	$ 1.39	$ 1.09	$ (0.01)	(0.7%)	$ 0.29	26.6%
Adjusted diluted earnings per share[(1)]	$ 1.37	$ 1.38	$ 1.09	$ (0.01)	(0.7%)	$ 0.28	25.7%

[(1)] See Non-GAAP Financial Measures

NM -Not meaningful

Net income for the second quarter of 2026 increased by $1.0 million, or 22.9%, compared to the same quarter of 2025. The increase was primarily driven by growth in net interest income, partially offset by higher provision for credit losses expense and increased non-interest expense. Net interest income benefited from growth in average earning assets of $20.0 million, along with increases in investment yields of 43 basis points and loan yields of 17 basis points. In addition, continued repricing of higher-cost deposits and disciplined management of funding costs reduced deposit interest expense. The Company's net interest margin expanded for the tenth consecutive quarter, increasing 47 basis points from the prior year period. This improvement was primarily attributable to higher yields on loans and investment securities, combined with continued easing of deposit cost pressures.

Total non-interest expense increased $812,000, or 7.4%, from the second quarter of 2025, primarily due to a $493,000 increase in salaries and employee benefits expense and a $192,000 increase in software support and technology-related expenses. Non-interest income increased $138,000, driven primarily by record wealth management and trust services performance, with related revenue increasing $141,000 from the year-earlier quarter.

Compared to the first quarter of 2026, net income increased $220,000, or 4.0%. The improvement was driven by higher net interest income and non-interest income, partially offset by increased non-interest expense. Net interest income increased from the sequential first quarter as earning asset yields expanded by 6 basis points. Non-interest income increased $496,000, primarily reflecting a one-time gain on equity securities of $116,000 and a one-time gain on the sale of premises and equipment of $226,000. Non-interest expense increased from the first quarter of 2026, primarily due to a $507,000 increase in salaries and employee benefits expense and a $99,000 increase in software support and other technology-related expenses.

Balance Sheet Trends

	For the three months ended						
($ in thousands)	6/30/2026	3/31/2026	6/30/2025	2Q26 vs. 1Q26		2Q26 vs. 2Q25	
				Change	*% Change*	*Change*	*% Change*
Total assets	$ 1,765,024	$ 1,796,452	$ 1,745,297	$ (31,428)	(1.7%)	$ 19,374	1.1%
Total liabilities	1,587,158	1,622,725	1,589,216	(35,567)	(2.2%)	(2,058)	(0.1%)
Total shareholders' equity	177,866	173,727	156,081	4,139	2.4%	21,785	14.0%
Securities	581,799	603,287	589,905	(21,508)	(3.6%)	(8,126)	(1.4%)
Loans, net of deferred fees	1,036,817	1,012,674	1,004,340	24,143	2.4%	32,477	3.2%
Deposits	1,565,049	1,601,309	1,566,383	(36,260)	(2.3%)	(1,334)	(0.1%)
Borrowings	-	-	-	-	0.0%	-	0.0%

Investment securities decreased by $21.5 million from the sequential first quarter of 2026 to $581.8 million, representing 33.0% of total assets. Compared to the second quarter of 2025, investment securities declined $8.1 million from $589.9 million, or 33.6% of total assets. Outstanding loan balances increased $24.1 million during the quarter to $1.037 billion, reflecting a strong annualized growth rate of 9.5%. Compared to the second quarter of 2025, loans grew $32.5 million, or 3.2%. The Company achieved strong loan growth during the quarter and remains encouraged by its lending pipeline, positioning it well for continued growth in future periods.

Total deposits decreased $36.3 million, or 2.3%, from the sequential first quarter to $1.565 billion and decreased $1.3 million, or 0.1%, from the second quarter of 2025. The decrease in deposits compared to the sequential quarter represented typical seasonality with municipal deposits declining to $9.0 million and interest-bearing core deposit balances decreasing $20.1 million. The decrease in total deposits of $1.3 million compared to the second quarter of 2025 was driven by a decrease in brokered deposits of $22.2 million and surge deposits of $21.7 million, offset in part by increases of $17.7 million in core deposits, $8.1 million in municipal deposits, and $16.6 million in other commercial deposits.

The Company had no outstanding borrowings as of June 30, 2026, March 31, 2026, and June 30, 2025, respectively. The stability of the Company's core deposits reduced its dependency on non-core funding during the second quarter of 2026, first quarter of 2026, and second quarter of 2025.

For the second quarter of 2026, total shareholders' equity increased by $4.1 million from the sequential first quarter to $177.9 million and grew $21.8 million from the second quarter of 2025. The increase in total shareholders' equity from the first quarter of 2026 was primarily driven by net income of $5.7 million, offset in part by dividends paid of $1.1 million and stock repurchases of $509,000. The AOCI headwind continues to lessen as the bank successfully amortizes seasoned fixed income investments while reinvesting at higher current market yields, resulting in a minimal unrealized loss adjustment of just $160,000, net of tax, for the second quarter. The book value per share improved 2.6% from the sequential first quarter to $45.00 and increased 15.3% compared to the second quarter of 2025, reflecting the tangible shareholder value created by the Company's disciplined balance sheet strategy.

Asset Quality

	For the three months ended						
($ in thousands)	6/30/2026	3/31/2026	6/30/2025	2Q26 vs. 1Q26		2Q26 vs. 2Q25	
				Change	*% Change*	*Change*	*% Change*
Allowance for credit losses to total loans	0.79%	0.79%	0.82%	0 bps		-3 bps	
Provision for credit losses	$ 120	$ 60	$ -	$ 60	100.0%	$ 120	NM
Net charge-offs to average loans, annualized	0.01%	0.01%	0.00%	0 bps		+1 bps	
Total non-performing loans to total loans	0.12%	0.13%	0.13%	-1 bps		-1 bps	
Total non-performing loans	$ 1,271	$ 1,332	$ 1,281	$(61)	(4.6%)	$ (10)	(0.78%)
Total non-performing assets	$ 1,441	$ 1,527	$ 1,319	$(86)	(5.6%)	$ 122	9.2%

NM – Not meaningful

The Company's asset quality metrics remained strong and stable during the quarter, reflecting a continued prudent approach to credit risk management in the current economic environment, and compare favorably to peer group averages. Non-performing loans were $1.3 million, or 0.12% of total loans, flat from $1.3 million, or 0.13% of total loans, from the sequential first quarter of 2026 and $1.3 million, or 0.13% of total loans, from the second quarter of 2025. Net charge-offs to average loans were 0.01% for the second quarter of 2026 compared with net charge-offs to average loans of 0.01% for the sequential quarter and net charge-offs of 0.00% for the second quarter of 2025. Provision for credit losses expense of $120,000 was recorded to the allowance for credit losses for loans during the second quarter of 2026, which was primarily driven by balance sheet loan growth. The allowance for credit losses represented 0.79% of total loans outstanding for the second quarter of 2026 compared with 0.79% for the sequential first quarter and 0.82% for the second quarter of 2025. The allowance for credit losses for unfunded commitments remained at $725,000, or 0.26% of total unfunded commitments, for the second quarter of 2026 compared with 0.25% for the sequential first quarter of 2026 and increased from $545,000, or 0.23% of total unfunded commitments, for the second quarter of 2025. The Company recorded no provision for credit losses expense for the allowance for credit losses for unfunded commitments in the second quarter of 2026.

Capital Management Initiatives

($ in thousands, except per share data)	For the three months ended 6/30/2026	3/31/2026	6/30/2025	2Q26 vs. 1Q26 Change	2Q26 vs. 1Q26 % Change	2Q26 vs. 2Q25 Change	2Q26 vs. 2Q25 % Change
Tangible common stockholders' equity to tangible assets	9.61%	9.21%	8.46%	+40 bps		+115 bps	
Leverage capital ratio	11.19%	10.97%	10.54%	+22 bps		+65 bps	
Tier 1 capital ratio	17.56%	17.59%	17.02%	-3 bps		+54 bps	
Total Risk-based capital ratio	18.33%	18.36%	17.80%	-3 bps		+53 bps	
Total shares repurchased	10,246	14,299	25,000	(4,053)	(28.3%)	(14,754)	(59.0%)
Average repurchase price per share	$ 49.64	$ 49.81	$ 38.80	($ 0.17)	(0.3%)	$ 10.84	27.9%

First Farmers' capital ratios remained very strong during the quarter, well above regulatory minimums. With Tier 1 capital of 17.6% and a Total Risk-based capital ratio of 18.3%, the Company maintains exceptional flexibility to fund ongoing strategic growth initiatives while simultaneously returning value to shareholders through cash dividends and our stock repurchase program. During the second quarter of 2026, First Farmers repurchased 10,246 shares of the Company's common stock in the open market and in privately negotiated transactions at an average price of $49.64 with prices ranging from $48.00 to $54.50 per share in accordance with the Company's stock repurchase program. Second quarter 2026 stock repurchases decreased 28.3% compared to the sequential first quarter of 2026 and were down 59.0% compared to the year-earlier quarter. Authorization to repurchase approximately 175,455 shares remains under the current program, which is set to expire in December 2026, unless extended or otherwise completed.

Six Months Results

($ in thousands, except per share data)	For the six months ended 6/30/2026	6/30/2025	YTD 2026 vs. YTD 2025 Change	YTD 2026 vs. YTD 2025 % Change
Net interest income	$ 30,020	$ 25,701	$ 4,319	16.8%
Provision for credit losses	180	325	(145)	(44.6%)
Non-interest income	7,090	7,137	(47)	(0.7%)
Non-interest expense	23,108	21,485	1,623	7.6%
Net income	11,144	9,086	2,058	22.7%
Basic earnings per share	2.81	2.26	0.55	24.4%
Adjusted net income(1)	10,930	8,550	2,380	27.8%
Adjusted basic earnings per share(1)	2.76	2.13	0.63	29.6%

(1) See Non-GAAP Financial Measures

For the six months ending June 30, 2026, First Farmers reported net income of $11.1 million, or $2.81 per share, compared with $9.1 million, or $2.26 per share, in the same period of 2025. The change reflects growth in net interest income, offset in part by increases in non-interest expense. The increase in net interest income was primarily driven by growth in investment yields of 38 basis points and loan yields of 19 basis points. In addition, net interest income benefited from the reduction in interest expense for deposits and borrowings as the balance sheet liability mix improved compared to the year-earlier period. Non-interest expense grew $1.6 million for the six months ended June 30, 2026, driven by strategic investments in personnel, including increases in salaries expense of $719,000, performance-based incentives and benefits of $211,000, as well as core provider and software support expense of $309,000.

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 Tennessee area through 21 locations in seven counties and one production office in Chattanooga. As of June 30, 2026, First Farmers reported total assets of approximately $1.8 billion, total shareholders' equity of approximately $178 million, and administered trust assets of $7.1 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: gain on sale of premises and equipment, securities gains and losses, gain on redemption of bank-owned life insurance, and write-down of other real estate owned 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			Six Months Ended	
	June 30,		March 31,	June 30,	
	2026	2025	2026	2026	2025
Total non-interest income	$ 3,793	$ 3,655	$ 3,297	$ 7,090	$ 7,137
Gain on sale of premises and equipment	(226)	(225)	-	(226)	(225)
Gain on equity securities	(116)	(111)	-	(116)	(111)
Gain on redemption of bank-owned life insurance	-	(1)	-	-	(288)
Write-down of other real estate owned	25	-	27	52	-
Adjusted non-interest income	$ 3,476	$ 3,318	$ 3,324	$ 6,800	$ 6,513
Total non-interest expense	$ 11,857	$ 11,045	$ 11,251	$ 23,108	$ 21,485
Net income as reported	$ 5,682	$ 4,625	$ 5,462	$ 11,144	$ 9,086
Total adjustments, net of tax[1]	(234)	(249)	20	(214)	(536)
Adjusted net income	$ 5,448	$ 4,376	$ 5,482	$ 10,930	$ 8,550
Basic earnings per share	$ 1.44	$ 1.15	$ 1.38	$ 2.81	$ 2.26
Total adjustments, net of tax[1]	(0.06)	(0.06)	0.01	(0.05)	(0.13)
Adjusted basic earnings per share	$ 1.38	$ 1.09	$ 1.39	$ 2.76	$ 2.13
Diluted earnings per share	$ 1.43	$ 1.15	$ 1.37	$ 2.81	$ 2.25
Total adjustments, net of tax[1]	(0.06)	(0.06)	0.01	(0.05)	(0.13)
Adjusted diluted earnings per share	$ 1.37	$ 1.09	$ 1.38	$ 2.76	$ 2.12

(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

	($ in thousands, except per share data)	**(unaudited) June 30, 2026**	**December 31, 2025[1]**
ASSETS	Cash and due from banks	$ 28,146	$ 22,903
	Interest-bearing deposits	20,381	79,477
	Federal funds sold	101	80
	Total cash and cash equivalents	48,628	102,460
	Securities:		
	Available-for-sale	556,040	556,275
	Held-to-maturity (fair market value $22,849 and $23,383)	23,310	23,678
	Equity securities	2,429	2,314
	Loans held-for-sale	1,425	887
	Loans, net of deferred fees	1,036,817	1,005,688
	Allowance for credit losses	(8,150)	(8,037)
	Net loans	1,028,667	997,651
	Bank premises and equipment, net	26,325	28,803
	Bank-owned life insurance	38,217	36,129
	Goodwill	9,018	9,018
	Deferred tax asset	15,188	14,691
	Other assets	15,777	16,067
	TOTAL ASSETS	$ 1,765,024	$ 1,787,973
LIABILITIES	Deposits:		
	Noninterest-bearing	$ 482,904	$ 484,552
	Interest-bearing	1,082,145	1,108,707
	Total deposits	1,565,049	1,593,259
	Accounts payable and accrued liabilities	22,109	23,091
	TOTAL LIABILITIES	1,587,158	1,616,350
SHAREHOLDERS' EQUITY	Common stock - $10 par value per share, 8,000,000 shares authorized; 3,950,811 and 3,972,865 shares issued and outstanding as of the periods presented	39,508	39,729
	Retained earnings	172,131	164,267
	Additional paid-in-capital	177	156
	Accumulated other comprehensive loss	(34,045)	(32,624)
	Total shareholders' equity attributable to First Farmers and Merchants Corporation	177,771	171,528
	Noncontrolling interest - preferred stock of subsidiary	95	95
	TOTAL SHAREHOLDERS' EQUITY	177,866	171,623
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,765,024	$ 1,787,973

[1] Derived from audited financial statements as of December 31, 2025.

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

		Three Months Ended June 30,		Six Months Ended June 30,	
	(dollars in thousands, except per share data)	**2026**	**2025**	**2026**	**2025**
INTEREST AND DIVIDEND INCOME	Interest and fees on loans	$ 14,400	$ 13,791	$ 28,468	$ 27,268
	Income on investment securities				
	Taxable interest	2,782	2,181	5,270	4,272
	Exempt from federal income tax	423	420	842	850
	Interest from federal funds sold and other	423	206	1,017	519
	Total interest income	18,028	16,598	35,597	32,909
INTEREST EXPENSE	Interest on deposits	2,778	3,464	5,577	7,101
	Interest on other borrowings	-	65	-	107
	Total interest expense	2,778	3,529	5,577	7,208
	Net interest income	15,250	13,069	30,020	25,701
	Provision for credit losses	120	-	180	325
	Net interest income after provision	15,130	13,069	29,840	25,376
NON-INTEREST INCOME	Mortgage banking activities	87	21	187	34
	Wealth management and trust services fees	1,322	1,181	2,586	2,346
	Service fees on deposit accounts	1,600	1,610	3,123	3,144
	Investment services fee income	111	143	201	243
	Earnings on bank-owned life insurance	167	169	330	343
	Gain on sale of premises and equipment	226	225	226	225
	Gain on equity securities	116	111	116	111
	Gain on redemption of bank-owned life insurance	-	1	-	288
	Write-down of other real estate owned	(25)	-	(52)	-
	Other non-interest income	189	194	373	403
	Total non-interest income	3,793	3,655	7,090	7,137
NON-INTEREST EXPENSE	Salaries and employee benefits	7,014	6,521	13,521	12,442
	Net occupancy expense	643	571	1,286	1,206
	Depreciation expense	441	418	872	821
	Data processing expense	566	613	1,191	1,231
	Software support and other computer expense	1,440	1,248	2,781	2,472
	Legal and professional fees	329	295	606	533
	Audits and exams expense	162	194	326	384
	Advertising and promotions	250	206	524	447
	FDIC insurance premium expense	205	203	406	403
	Other non-interest expense	799	768	1,587	1,538
	Total non-interest expense	11,849	11,037	23,100	21,477
	Income before provision for income taxes	7,074	5,687	13,830	11,036
	Provision for income taxes	1,384	1,054	2,678	1,942
	Net income	5,690	4,633	11,152	9,094
	Noncontrolling interest - dividends on preferred stock subsidiary	8	8	8	8
	Net income available to common shareholders	$ 5,682	$ 4,625	$ 11,144	$ 9,086
	Weighted average shares outstanding - basic	3,955,554	4,013,067	3,963,808	4,024,899
	Weighted average shares outstanding - diluted	3,961,442	4,020,755	3,969,696	4,032,587
	Earnings per share	$ 1.44	$ 1.15	$ 2.81	$ 2.26
	Diluted earnings per share	$ 1.43	$ 1.15	$ 2.81	$ 2.25

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

	For the three months ended				
($ in thousands, except per share data)	**6/30/2026**	**3/31/2026**	**12/31/2025**	**9/30/2025**	**6/30/2025**
Results of Operations:					
Interest income	$ 18,028	$ 17,569	$ 17,569	$ 17,331	$ 16,598
Interest expense	2,778	2,799	3,325	3,674	3,529
Net interest income	15,250	14,770	14,244	13,657	13,069
Provision for credit losses	120	60	-	-	-
Non-interest income	3,793	3,297	3,473	3,351	3,655
Non-interest expense and non-controlling interest - preferred stock of subsidiary	11,857	11,251	11,975	11,006	11,045
Income before income taxes	7,066	6,756	5,742	6,002	5,679
Income taxes	1,384	1,294	1,049	1,160	1,054
Net income for common shareholders	$ 5,682	$ 5,462	$ 4,693	$ 4,842	$ 4,625
Per Share Data:					
Basic earnings per share	$ 1.44	$ 1.38	$ 1.18	$ 1.21	$ 1.15
Diluted earnings per share	$ 1.43	$ 1.37	$ 1.18	$ 1.21	$ 1.15
Book value per share	$ 45.00	$ 43.85	$ 43.17	$ 41.22	$ 39.02
Weighted average shares outstanding per quarter - basic	3,955,554	3,972,154	3,976,190	3,994,144	4,013,067
Weighted average shares outstanding per quarter - diluted	3,961,442	3,978,224	3,983,535	4,001,832	4,020,755
Financial Condition Data and Ratios:					
Total securities	$ 581,779	$ 603,287	$ 582,267	$ 580,555	$ 589,905
Available-for-sale securities, fair market value	$ 556,040	$ 578,222	$ 556,275	$ 554,123	$ 562,764
Available-for-sale securities, amortized cost	$ 602,761	$ 625,103	$ 601,126	$ 604,742	$ 620,335
Loans, net of deferred fees	$ 1,036,817	$ 1,012,674	$ 1,005,688	$ 1,015,365	$ 1,004,340
Allowance for credit losses	$ (8,150)	$ (8,025)	$ (8,037)	$ (8,160)	$ (8,196)
Total assets	$ 1,765,024	$ 1,796,452	$ 1,787,973	$ 1,745,176	$ 1,745,297
Total deposits	$ 1,565,049	$ 1,601,309	$ 1,593,259	$ 1,558,329	$ 1,566,383
Net interest income, on a fully taxable-equivalent basis	$ 15,388	$ 14,916	$ 14,382	$ 13,803	$ 13,201
Net interest margin	3.61%	3.54%	3.37%	3.23%	3.14%
Efficiency	63.10%	61.64%	66.74%	63.73%	66.34%
Asset Quality Data and Ratios:					
Total non-performing assets	$ 1,441	$ 1,527	$ 1,795	$ 1,513	$ 1,319
Non-performing assets to total assets	0.08%	0.09%	0.10%	0.09%	0.08%
Allowance for credit losses to total loans	0.79%	0.79%	0.80%	0.80%	0.82%
Net charge-offs to average loans (annualized)	0.01%	0.01%	0.01%	0.01%	0.01%

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