

FIRST FARMERS FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
March 31, 2017 and March 31, 2016 (Unaudited)
(Dollar amounts in thousands except per share data)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and due from financial institutions	\$ 80,581	\$ 32,866
Money market funds	5,286	3,768
Cash and cash equivalents	<u>85,867</u>	<u>36,634</u>
Interest-bearing deposits with other financial institutions	\$ 3,776	\$ 4,735
Securities available for sale	272,527	272,914
Securities held to maturity (fair value \$6,087 in 2017 and \$9,127 in 2016)	5,938	8,823
Restricted stock, at cost	8,180	7,416
Loans held-for-sale	7,178	6,974
Loans, net of allowance of \$13,919 and \$13,093	1,160,305	1,087,032
Premises and equipment, net	17,971	18,365
Goodwill	8,730	8,730
Core deposit and other intangibles	3,076	3,719
Bank-owned life insurance	5,004	4,893
Investments in affordable housing partnerships	12,800	8,761
Accrued interest receivable and other assets	18,136	17,904
	<u>\$ 1,609,488</u>	<u>\$ 1,486,900</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing deposits	\$ 308,755	\$ 278,669
Interest-bearing deposits	995,308	934,232
Total deposits	<u>1,304,063</u>	<u>1,212,901</u>
Federal Home Loan Bank advances	117,300	99,300
Notes Payable	12,625	15,347
Subordinated debentures	18,558	18,558
Accrued interest payable and other liabilities	16,608	12,902
Total liabilities	<u>1,469,154</u>	<u>1,359,008</u>
Stockholders' equity		
Common stock, \$1 stated value, 5,000,000 shares authorized, 3,580,923		
issued and 3,580,031 outstanding in 2017; 5,000,000 authorized,		
3,579,348 issued and 3,579,348 outstanding in 2016	3,585	3,579
Additional paid-in capital	4,275	3,915
Retained earnings	134,011	120,297
Treasury Stock (892 shares in 2017 and 0,385 shares in 2016)	-	-
Accumulated other comprehensive income (loss)	(1,537)	101
Total stockholders' equity	<u>140,334</u>	<u>127,892</u>
	<u>\$ 1,609,488</u>	<u>\$ 1,486,900</u>

FIRST FARMERS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the 3 Months March 31, 2017 and March 31, 2016 (Unaudited)
(Dollar amounts in thousands except per share data)

	<u>2017</u>	<u>2016</u>
Interest and dividend income		
Loans, including fees	\$ 14,287	\$ 13,209
Securities		
Taxable	829	733
Non-taxable	568	529
Federal funds sold and money market funds & other cash equivalents	127	12
	<u>15,811</u>	<u>14,483</u>
Interest expense		
Deposits	1,178	899
Short-term borrowings	-	2
Note payable and FHLB advances	642	522
Subordinated debentures	162	135
	<u>1,982</u>	<u>1,558</u>
Net interest income	<u>13,829</u>	<u>12,925</u>
Provision for loan losses	675	1,075
Net interest income after provision for loan losses	<u>13,154</u>	<u>11,850</u>
Other income		
Trust fees & securities brokerage	203	192
Service charges on deposit accounts	720	652
Interchange Income	661	655
Net gain (loss) on redemption of securities	27	93
Net gain on sale of loans	764	761
Other income	1,591	544
	<u>3,966</u>	<u>2,897</u>
Other expenses		
Salaries and employee benefits	6,099	5,492
Occupancy and equipment expense	1,316	1,324
Amortization of intangible assets	252	280
FDIC Insurance Premiums	128	272
Other operating expenses	2,039	2,034
	<u>9,834</u>	<u>9,402</u>
Income before income taxes	<u>7,286</u>	<u>5,345</u>
Provision for income taxes	1,918	1,350
Net income	<u>\$ 5,368</u>	<u>\$ 3,995</u>
Basic and diluted earnings per share	\$ 1.50	\$ 1.12
Average basic and diluted shares outstanding	<u>3,580,031</u>	<u>3,574,700</u>

FIRST FARMERS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the 3 Months March 31, 2017 and March 31, 2016 (Unaudited)
(Dollar amounts in thousands except per share data)

	<u>2017</u>	<u>2016</u>
Net Income	\$ 5,368	\$ 3,995
Other Comprehensive Income (Loss):		
Changes in securities available for sale:		
Unrealized holding gains/(losses) on securities available for sale	615	1,920
Reclassification adjustment for (gains)/losses later recognized in income	(27)	(93)
Net unrealized gains/(losses)	588	1,827
Tax effect	(206)	(639)
Net of tax amount	382	1,188
Cash flow hedges		
Change in fair value of derivatives used for cash flow hedges	161	(1,213)
Reclassification adjustment for gains/(losses) realized in income	(18)	-
Net unrealized gains/(losses)	143	(1,213)
Tax effect	(60)	513
Net of tax amount	83	(700)
Other comprehensive income, net of tax	465	488
Comprehensive income (loss)	<u>5,833</u>	<u>4,483</u>