

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
June 30, 2017 and June 30, 2016 (Unaudited)  
(Dollar amounts in thousands except per share data)

|   | <u>2017</u>  | <u>2016</u>  |
|---|--------------|--------------|
| <b>ASSETS</b>   |              |              |
| Cash and due from financial institutions  | \$ 35,126    | \$ 56,377    |
| Money market funds  | 3,667        | 4,623        |
| Cash and cash equivalents   | 38,793       | 61,000       |
| Interest-bearing deposits with other financial institutions   | \$ 3,146     | \$ 4,735     |
| Securities available for sale   | 276,607      | 275,903      |
| Securities held to maturity (fair value \$5,862 in 2017 and \$8,200 in 2016)  | 5,732        | 7,937        |
| Restricted stock, at cost   | 8,664        | 7,536        |
| Loans held-for-sale   | 3,341        | 3,173        |
| Loans, net of allowance of \$14,948 and \$12,811  | 1,198,227    | 1,136,600    |
| Premises and equipment, net   | 17,846       | 18,373       |
| Goodwill  | 8,730        | 8,730        |
| Core deposit and other intangibles  | 2,836        | 3,915        |
| Bank-owned life insurance   | 5,032        | 4,921        |
| Investments in affordable housing partnerships  | 12,388       | 8,586        |
| Accrued interest receivable and other assets  | 18,900       | 20,886       |
|   | \$ 1,600,242 | \$ 1,562,295 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |              |              |
| Liabilities   |              |              |
| Deposits  |              |              |
| Noninterest-bearing deposits  | \$ 287,478   | \$ 276,025   |
| Interest-bearing deposits   | 978,567      | 1,010,581    |
| Total deposits  | 1,266,045    | 1,286,606    |
| Federal Home Loan Bank advances   | 142,000      | 96,300       |
| Notes Payable   | 11,928       | 14,677       |
| Subordinated debentures   | 18,558       | 18,558       |
| Accrued interest payable and other liabilities  | 15,514       | 15,004       |
| Total liabilities   | 1,454,045    | 1,431,145    |
| Stockholders' equity  |              |              |
| Common stock, \$1 stated value, 5,000,000 shares authorized, 3,586,981 issued and 3,586,578 outstanding in 2017; 5,000,000 authorized, 3,580,923 issued and 3,580,223 outstanding in 2016 | 3,587        | 3,581        |
| Additional paid-in capital  | 4,449        | 4,170        |
| Retained earnings   | 138,008      | 122,975      |
| Treasury Stock (403 shares in 2017 and 0,700 shares in 2016)  | (25)         | (45)         |
| Accumulated other comprehensive income (loss)   | 178          | 469          |
| Total stockholders' equity  | 146,197      | 131,150      |
|   | \$ 1,600,242 | \$ 1,562,295 |

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
For the 6 Months June 30, 2017 and June 30, 2016 (Unaudited)  
(Dollar amounts in thousands except per share data)

|  | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| <b>Interest and dividend income</b>                                |             |             |
| Loans, including fees  | \$ 29,668   | \$ 27,079   |
| Securities   |             |             |
| Taxable  | 1,694       | 1,450       |
| Non-taxable  | 1,158       | 1,109       |
| Federal funds sold and money market funds & other cash equivalents | 217         | 63          |
|  | 32,737      | 29,701      |
| <b>Interest expense</b>  |             |             |
| Deposits   | 2,442       | 1,946       |
| Short-term borrowings  | 4           | 2           |
| Note payable and FHLB advances                                     | 1,337       | 1,076       |
| Subordinated debentures  | 335         | 281         |
|  | 4,118       | 3,305       |
| <b>Net interest income</b>   | 28,619      | 26,396      |
| Provision for loan losses  | 1,875       | 1,900       |
| <b>Net interest income after provision for loan losses</b>         | 26,744      | 24,496      |
| <b>Other income</b>  |             |             |
| Trust fees & securities brokerage                                  | 402         | 365         |
| Service charges on deposit accounts                                | 1,524       | 1,352       |
| Interchange Income   | 1,346       | 1,343       |
| Net gain (loss) on redemption of securities                        | 32          | 108         |
| Net gain on sale of loans  | 1,630       | 2,150       |
| Other income   | 2,311       | 1,379       |
|  | 7,245       | 6,697       |
| <b>Other expenses</b>  |             |             |
| Salaries and employee benefits                                     | 11,901      | 11,275      |
| Occupancy and equipment expense                                    | 2,625       | 2,639       |
| Amortization of intangible assets                                  | 492         | 576         |
| FDIC Insurance Premiums  | 255         | 548         |
| Other operating expenses   | 4,412       | 5,857       |
|  | 19,685      | 20,895      |
| <b>Income before income taxes</b>                                  | 14,304      | 10,298      |
| Provision for income taxes   | 3,718       | 2,437       |
| <b>Net income</b>  | \$ 10,586   | \$ 7,861    |
| Basic and diluted earnings per share                               | \$ 2.96     | \$ 2.20     |
| Average basic and diluted shares outstanding                       | 3,582,378   | 3,577,079   |

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the 6 Months June 30, 2017 and June 30, 2016 (Unaudited)  
(Dollar amounts in thousands except per share data)

|   | <u>2017</u>          | <u>2016</u>         |
|---|----------------------|---------------------|
| <b>Net Income</b>   | \$ 10,586            | \$ 7,861            |
| <b>Other Comprehensive Income (Loss):</b>                                 |                      |                     |
| Changes in securities available for sale:                                 |                      |                     |
| Unrealized holding gains/(losses) on securities available for sale        | 3,469                | 2,946               |
| Reclassification adjustment for (gains)/losses later recognized in income | (32)                 | (108)               |
| Net unrealized gains/(losses)   | <u>3,437</u>         | <u>2,838</u>        |
| Tax effect  | (1,203)              | (993)               |
| Net of tax amount   | <u>2,234</u>         | <u>1,845</u>        |
| Cash flow hedges  |                      |                     |
| Change in fair value of derivatives used for cash flow hedges             | (88)                 | (1,722)             |
| Reclassification adjustment for gains/(losses) realized in income         | (23)                 | -                   |
| Net unrealized gains/(losses)   | <u>(111)</u>         | <u>(1,722)</u>      |
| Tax effect  | 57                   | 733                 |
| Net of tax amount   | <u>(54)</u>          | <u>(989)</u>        |
| Other comprehensive income, net of tax                                    | <u>2,180</u>         | <u>856</u>          |
| <b>Comprehensive income (loss)</b>  | <u><u>12,766</u></u> | <u><u>8,717</u></u> |