

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

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and due from financial institutions	\$ 54,831	\$ 41,272
Money market funds	6,283	5,548
Cash and cash equivalents	<u>61,114</u>	<u>46,820</u>
Interest-bearing deposits with other financial institutions	\$ 4,021	\$ 5,425
Securities available for sale	287,763	274,638
Securities held to maturity (fair value \$5,565 in 2017 and \$6,931 in 2016)	5,456	6,715
Restricted stock, at cost	8,664	7,775
Loans held-for-sale	5,512	6,468
Loans, net of allowance of \$15,267 and \$13,311	1,207,630	1,133,612
Premises and equipment, net	17,553	18,230
Goodwill	8,730	8,730
Core deposit and other intangibles	2,600	3,631
Bank-owned life insurance	5,059	4,949
Investments in affordable housing partnerships	11,955	13,409
Accrued interest receivable and other assets	21,223	20,563
	<u>\$ 1,647,280</u>	<u>\$ 1,550,965</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing deposits	\$ 297,943	\$ 286,899
Interest-bearing deposits	1,019,700	979,682
Total deposits	<u>1,317,643</u>	<u>1,266,581</u>
Federal Home Loan Bank advances	134,000	98,300
Notes Payable	11,224	14,001
Subordinated debentures	18,558	18,558
Accrued interest payable and other liabilities	16,023	18,929
Total liabilities	<u>1,497,448</u>	<u>1,416,369</u>
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 3,580,031 outstanding in 2016	3,587	3,581
Additional paid-in capital	4,495	4,218
Retained earnings	141,791	126,144
Treasury Stock (403 shares in 2017 and 0,892 shares in 2016)	(25)	(45)
Accumulated other comprehensive income (loss)	(16)	698
Total stockholders' equity	<u>149,832</u>	<u>134,596</u>
	<u>\$ 1,647,280</u>	<u>\$ 1,550,965</u>

FIRST FARMERS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the 9 Months September 30, 2017 and September 30, 2016 (Unaudited)
(Dollar amounts in thousands except per share data)

	<u>2017</u>	<u>2016</u>
Interest and dividend income		
Loans, including fees	\$ 45,400	\$ 41,246
Securities		
Taxable	2,627	2,157
Non-taxable	1,741	1,671
Federal funds sold and money market funds & other cash equivalents	307	88
	<u>50,075</u>	<u>45,162</u>
Interest expense		
Deposits	4,008	3,081
Short-term borrowings	5	5
Note payable and FHLB advances	2,080	1,679
Subordinated debentures	514	432
	<u>6,607</u>	<u>5,197</u>
Net interest income	<u>43,468</u>	<u>39,965</u>
Provision for loan losses	2,775	2,725
Net interest income after provision for loan losses	<u>40,693</u>	<u>37,240</u>
Other income		
Trust fees & securities brokerage	626	588
Service charges on deposit accounts	2,356	2,118
Interchange Income	2,025	2,014
Net gain (loss) on redemption of securities	32	179
Net gain on sale of loans	2,341	3,123
Other income	2,770	2,136
	<u>10,150</u>	<u>10,158</u>
Other expenses		
Salaries and employee benefits	18,059	17,082
Occupancy and equipment expense	3,912	4,018
Amortization of intangible assets	728	867
FDIC Insurance Premiums	384	688
Other operating expenses	6,825	8,600
	<u>29,908</u>	<u>31,255</u>
Income before income taxes	<u>20,935</u>	<u>16,143</u>
Provision for income taxes	5,344	3,972
Net income	<u>\$ 15,591</u>	<u>\$ 12,171</u>
Basic and diluted earnings per share	<u>\$ 4.35</u>	<u>\$ 3.40</u>
Average basic and diluted shares outstanding	<u>3,586,578</u>	<u>3,578,070</u>

FIRST FARMERS FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the 9 Months September 30, 2017 and September 30, 2016 (Unaudited)
(Dollar amounts in thousands except per share data)

	<u>2017</u>	<u>2016</u>
Net Income	\$ 15,591	\$ 12,171
Other Comprehensive Income (Loss):		
Changes in securities available for sale:		
Unrealized holding gains/(losses) on securities available for sale	3,005	2,929
Reclassification adjustment for (gains)/losses later recognized in income	(32)	(179)
Net unrealized gains/(losses)	<u>2,973</u>	<u>2,750</u>
Tax effect	(1,041)	(962)
Net of tax amount	<u>1,932</u>	<u>1,788</u>
Cash flow hedges		
Change in fair value of derivatives used for cash flow hedges	154	(1,240)
Reclassification adjustment for gains/(losses) realized in income	(66)	(27)
Net unrealized gains/(losses)	<u>88</u>	<u>(1,267)</u>
Tax effect	(34)	564
Net of tax amount	<u>54</u>	<u>(703)</u>
Other comprehensive income, net of tax	<u>1,986</u>	<u>1,085</u>
Comprehensive income (loss)	<u><u>17,577</u></u>	<u><u>13,256</u></u>