

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
September 30, 2024 (Unaudited) and December 31, 2023 (Audited)  
(Dollar amounts in thousands except per share data)

	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
Cash and due from financial institutions	\$ 121,684	\$ 51,727
Money market funds	12,091	6,582
Cash and cash equivalents	133,775	58,309
Interest-bearing deposits in other financial institutions	735	1,325
Securities available for sale, at fair value net of allowance for credit losses of \$0 in 2024 and 2023	611,238	569,412
Securities held to maturity, net of allowance for credit losses of \$0 in 2024 and 2023 (fair value \$118 in 2024 and \$140 in 2023)	110	130
Equity securities	5,050	4,898
Restricted stock, at cost	12,148	11,732
Loans held-for-sale	3,076	3,606
Loans, net of allowance of \$32,775 in 2024 and \$34,893 in 2023	2,342,993	2,219,380
Premises and equipment, net	23,372	23,836
Goodwill	8,729	8,729
Bank-owned life insurance	27,278	26,614
Investments in affordable housing partnerships	9,856	11,015
Accrued interest receivable and other assets	62,595	67,156
	\$ 3,240,955	\$ 3,006,142
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Noninterest-bearing deposits	\$ 467,373	\$ 483,923
Interest-bearing deposits	2,357,182	2,116,930
Total deposits	2,824,555	2,600,853
Federal Reserve borrowings	25,000	25,000
Other borrowings	306	8,373
Federal Home Loan Bank (FHLB) advances	60,000	55,000
Notes payable	6,244	6,989
Subordinated debentures	18,558	18,558
Accrued interest payable and other liabilities	27,373	31,766
Total liabilities	2,962,036	2,746,539
Stockholders' equity		
Common stock, \$1 stated value, 30,000,000 shares authorized, 7,197,469 issued and 7,034,107 outstanding in 2024; 30,000,000 authorized, 7,197,469 issued and 7,024,977 outstanding in 2023	7,197	7,197
Additional paid-in capital	4,824	4,813
Retained earnings	294,499	281,366
Treasury Stock (163,362 shares in 2024 and 172,492 shares in 2023)	(8,037)	(8,219)
Accumulated other comprehensive loss	(19,564)	(25,554)
Total stockholders' equity	278,919	259,603
	\$ 3,240,955	\$ 3,006,142

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
For the 3 Months and 9 Months September 30, 2024 (Unaudited) and September 30, 2023 (Unaudited)  
(Dollar amounts in thousands except per share data)

	3 Months Ended September 30,		9 Months Ended September 30,	
	2024	2023	2024	2023
<b>Interest and dividend income</b>				
Loans, including fees	\$ 42,324	\$ 37,106	\$ 121,388	\$ 103,121
Securities				
Taxable	4,804	3,003	12,979	7,994
Non-taxable	1,325	1,583	4,131	4,687
Other	945	461	2,736	1,522
	<u>49,398</u>	<u>42,153</u>	<u>141,234</u>	<u>117,324</u>
<b>Interest expense</b>				
Deposits	19,244	13,063	55,069	35,034
Short-term borrowings	352	547	1,219	773
Notes payable and FHLB advances	1,849	2,672	3,675	4,381
Subordinated debentures	217	214	652	635
	<u>21,662</u>	<u>16,496</u>	<u>60,615</u>	<u>40,823</u>
<b>Net interest income</b>	<u>27,736</u>	<u>25,657</u>	<u>80,619</u>	<u>76,501</u>
Provision for credit losses	5,626	1,050	19,964	3,750
<b>Net interest income after provision for credit losses</b>	<u>22,110</u>	<u>24,607</u>	<u>60,655</u>	<u>72,751</u>
<b>Other income</b>				
Investment product fees	260	221	747	640
Service charges on deposit accounts	1,192	1,135	3,351	3,383
Interchange Income	1,244	1,343	3,744	3,967
Net loss on sale and redemption of securities	-	(415)	(227)	(638)
Unrealized losses recognized on equity securities	(68)	(71)	(399)	(150)
Realized gains recognized on equity securities	117	-	117	-
Loan sales and servicing income	1,117	841	2,970	2,430
Back to back swap fee income	-	-	379	-
Other income	166	646	1,554	1,968
	<u>4,028</u>	<u>3,700</u>	<u>12,236</u>	<u>11,600</u>
<b>Other expenses</b>				
Salaries and employee benefits	9,029	8,394	26,171	24,700
Occupancy and equipment expense	2,691	2,405	7,730	6,735
Data processing	603	704	1,843	1,951
Marketing and business development	620	576	1,793	1,578
Consulting and professional services	560	409	1,601	1,345
Amortization of intangible assets	-	7	-	77
Other operating expenses	2,019	1,829	5,921	5,432
	<u>15,522</u>	<u>14,324</u>	<u>45,059</u>	<u>41,818</u>
<b>Income before income taxes</b>	<u>10,616</u>	<u>13,983</u>	<u>27,832</u>	<u>42,533</u>
Provision for income taxes	1,821	2,629	4,548	7,979
<b>Net income</b>	<u>\$ 8,795</u>	<u>\$ 11,354</u>	<u>\$ 23,284</u>	<u>\$ 34,554</u>
Basic and diluted earnings per common share	<u>\$ 1.25</u>	<u>\$ 1.61</u>	<u>\$ 3.31</u>	<u>\$ 4.92</u>
Average basic and diluted common shares outstanding	<u>7,034,109</u>	<u>7,030,683</u>	<u>7,031,644</u>	<u>7,029,875</u>
Diluted earnings per share	<u>\$ 1.25</u>	<u>\$ 1.61</u>	<u>\$ 3.31</u>	<u>\$ 4.92</u>
Average diluted shares outstanding	<u>7,034,109</u>	<u>7,030,683</u>	<u>7,031,644</u>	<u>7,029,875</u>

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the 3 Months and 9 Months September 30, 2024 (Unaudited) and September 30, 2023 (Unaudited)  
(Dollar amounts in thousands except per share data)

	3 Months Ended September 30,		9 Months Ended September 30,	
	2024	2023	2024	2023
<b>Net Income</b>	\$ 8,795	\$ 11,354	\$ 23,284	\$ 34,554
<b>Other Comprehensive Income (Loss):</b>				
Changes in securities available for sale:				
Unrealized holding gains/(losses) on securities available for sale	16,935	(17,225)	10,510	(15,558)
Reclassification adjustment for losses later recognized in income	-	415	227	638
Net unrealized gains/(losses)	16,935	(16,810)	10,737	(14,919)
Tax effect	(3,564)	3,552	(2,255)	3,156
Net of tax amount	13,371	(13,258)	8,482	(11,763)
Cash flow hedges				
Change in fair value of derivatives used for cash flow hedges	(4,142)	105	(3,192)	64
Reclassification adjustment for (gains)/losses/amortization realized in	(42)	(42)	(125)	(224)
Net unrealized gains/(losses)	(4,184)	63	(3,317)	(160)
Tax effect	1,041	(84)	825	223
Net of tax amount	(3,143)	(21)	(2,492)	63
Other comprehensive income (loss), net of tax	10,228	(13,279)	5,990	(11,700)
<b>Comprehensive income (loss)</b>	<u>\$ 19,023</u>	<u>\$ (1,925)</u>	<u>\$ 29,274</u>	<u>\$ 22,854</u>

FIRST FARMERS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the 9 Months September 30, 2024 (Unaudited) and September 30, 2023 (Unaudited)  
(Dollar amounts in thousands except per share data)

	9 Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 23,284	\$ 34,554
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	2,071	1,820
Amortization of intangible assets	-	77
Amortization of debt issuance costs	5	5
Net securities amortization	20	624
Unrealized loss of fair value equity securities	399	150
Realized gain on sale of fair value equity securities	(117)	-
Deferred income tax (benefit)/expense	337	(374)
Servicing rights amortization and impairment	972	913
Stock-based compensation	517	324
Provision for credit losses	19,964	3,750
Net gain on sale of loans	(1,237)	(940)
Loans originated for resale	(39,915)	(30,648)
Proceeds from sale of loans	41,682	30,587
Net loss on sale and redemption of securities available for sale	227	638
Net loss on sale and write-down of premises and equipment	610	33
Earnings on bank-owned life insurance	(665)	(432)
Changes in assets and liabilities		
Interest receivable and other assets	(3,892)	(8,294)
Interest payable and other liabilities	1,896	6,716
Net cash from operating activities	<u>46,158</u>	<u>39,503</u>
Cash flows from investing activities		
Net change in interest bearing deposits in other financial institutions	590	590
Securities available for sale		
Proceeds from sales	14,133	35,201
Purchases	(107,220)	(143,468)
Proceeds from principal payments, calls and maturities	62,367	35,250
Securities held-to-maturity		
Proceeds from principal payments, calls and maturities	20	15
Equity securities		
Proceeds from sales	237	-
Purchases	(670)	(1,981)
Loans made to customers, net of payments received	(143,547)	(149,968)
Purchase of bank-owned life insurance	-	(4,732)
Premises and equipment expenditures	(2,370)	(4,069)
Proceeds from the disposal of fixed assets	153	-
Investments in affordable housing partnerships	(3,125)	(480)
Proceeds from the sale of repossessed assets	20	5
Purchase of restricted stock	(416)	(1,239)
Net cash used in investing activities	<u>(179,828)</u>	<u>(234,876)</u>
Cash flows from financing activities		
Net change in deposit accounts	223,702	134,094
Net change in short term borrowings	(8,067)	43,663
Payments on notes payable	(750)	(750)
Payments on short term FHLB advances	(339,000)	(1,851,500)
Proceeds from short term FHLB advances	334,000	1,879,000
Payments on long term FHLB advances	(110,000)	(30,000)
Proceeds from long term FHLB advances	120,000	30,000
Sale of treasury stock	313	165
Purchase of treasury stock	(940)	(719)
Dividends paid	(10,122)	(9,765)
Net cash from financing activities	<u>209,136</u>	<u>194,188</u>
Net change in cash and cash equivalents	75,466	(1,185)
Cash and cash equivalents at beginning of year	58,309	99,102
Cash and cash equivalents at end of year	<u>\$ 133,775</u>	<u>\$ 97,917</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	60,184	39,466
Income taxes	4,475	4,000
Supplemental non-cash disclosures		
Real estate and repossessed assets acquired in satisfaction of debts	113	4
Right of Use Asset Obtained in Exchange for Lease Liabilities	298	-
Dividends declared but unpaid	3,377	3,303
Commitments to fund securities settlements	-	6,031