

FIRST FARMERS & MERCHANTS CORP  
Form 10-Q  
August 07, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-Q**

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2015**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_ to \_\_\_\_**

**Commission File Number: 000-10972**

**FIRST FARMERS AND MERCHANTS CORPORATION**

(Exact name of registrant as specified in its charter)

Tennessee  
(State or other jurisdiction of incorporation or organization)

62-1148660  
(I.R.S. Employer Identification No.)



**FIRST FARMERS AND MERCHANTS CORPORATION**

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**FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
	<i>(dollars in thousands, except per share data)</i>	
	<i>(unaudited)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 19,704	\$ 18,511
Interest-bearing deposits	6,659	10,086
Federal funds sold	5,000	1,700
Total cash and cash equivalents	31,363	30,297
Securities:		
Available-for-sale	420,464	397,886
Held-to-maturity (fair market value \$7,465 and \$22,263 as of June 30, 2015 and December 31, 2014, respectively)	7,410	21,985
Total securities	427,874	419,871
Loans, net of deferred fees	685,402	652,052
Allowance for loan and lease losses	(8,593 )	(7,934 )
Net loans	676,809	644,118
Bank premises and equipment, net	25,824	25,773
Other real estate owned	-	5
Bank owned life insurance	26,348	26,176
Goodwill	9,018	9,018
Deferred tax asset	4,926	5,097
Other assets	11,088	10,640
<b>TOTAL ASSETS</b>	<b>\$ 1,213,250</b>	<b>\$ 1,170,995</b>
<b>LIABILITIES</b>		
Deposits		
Noninterest-bearing	\$ 220,102	\$ 204,358
Interest-bearing	836,615	815,597
Total deposits	1,056,717	1,019,955
Securities sold under agreements to repurchase	26,406	22,834
Accounts payable and accrued liabilities	14,602	13,622
<b>TOTAL LIABILITIES</b>	<b>1,097,725</b>	<b>1,056,411</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock - \$10 par value per share, 8,000,000 shares authorized; 4,813,719 and 4,900,576 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	48,137	49,006
Retained earnings	69,691	67,609
Accumulated other comprehensive loss	(2,398 )	(2,126 )
<b>TOTAL SHAREHOLDERS' EQUITY BEFORE NONCONTROLLING INTEREST - PREFERRED STOCK OF SUBSIDIARY</b>	<b>115,430</b>	<b>114,489</b>
Noncontrolling interest - preferred stock of subsidiary	95	95
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>115,525</b>	<b>114,584</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,213,250</b>	<b>\$ 1,170,995</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

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

		<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<i>(dollars in thousands, except per share data)</i>					
<b>INTEREST AND DIVIDEND INCOME</b>	Interest and fees on loans	\$ 7,621	\$ 7,006	\$14,789	\$13,942
	Income on investment securities				
	Taxable interest	1,491	1,407	2,963	2,761
	Exempt from federal income tax	553	610	1,162	1,289
	Dividends	55	80	110	153
	Total interest income	9,720	9,103	19,024	18,145
<b>INTEREST EXPENSE</b>	Interest on deposits	534	607	1,077	1,211
	Interest on other short term borrowings	22	16	45	32
	Total interest expense	556	623	1,122	1,243
	Net interest income	9,164	8,480	17,902	16,902
	Provision for loan and lease losses	-	-	-	-
	Net interest income after provision	9,164	8,480	17,902	16,902
<b>NONINTEREST INCOME</b>	Gain on loans sold	80	59	113	95
	Trust department income	640	583	1,292	1,253
	Service fees on deposit accounts	1,661	1,644	3,221	3,164
	Brokerage fees	153	118	298	222
	Earnings on bank owned life insurance	99	78	172	189
	Gains on sales of securities	-	502	270	547
	(Loss) gain on foreclosed property	-	(10 )	17	(4 )
	Other non-interest income	141			