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)

[X] 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)

Tennessee62-1148660(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification No.)

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816 South Garden StreetColumbia, Tennessee38401(Address of principal executive offices)(Zip Code)

(931) 388-3145

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of July 31, 2015, the registrant had 4,813,719 shares of common stock outstanding.

FIRST FARMERS AND MERCHANTS CORPORATION

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FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

		June 30, 2015	December 3 2014	1,
	(dollars in thousands, except per share data)	(unaudited)	¢ 10 5 11	
ASSETS	Cash and due from banks	\$19,704	\$ 18,511	
	Interest-bearing deposits	6,659 5,000	10,086	
	Federal funds sold	5,000	1,700	
	Total cash and cash equivalents	31,363	30,297	
	Securities:	100 161	207.00/	
	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	
	TOTAL ASSETS	\$1,213,250	\$ 1,170,995	
LIABILITIES	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	
	TOTAL LIABILITIES	1,097,725	1,056,411	
	Common stock - \$10 par value per share, 8,000,000 shares			
SHAREHOLDERS'	authorized; 4,813,719 and 4,900,576 shares issued and	48,137	49,006	
EQUITY	outstanding as of June 30, 2015 and December 31, 2014, respectively	40,137	49,000	
	Retained earnings	69,691	67,609	
	Accumulated other comprehensive loss	(2,398)	(2,126)
	TOTAL SHAREHOLDERS' EQUITY BEFORE	())		
	NONCONTROLLING INTEREST - PREFERRED STOCK	115,430	114,489	
	OF SUBSIDIARY	05	0.5	
	Noncontrolling interest - preferred stock of subsidiary	95	95	
	TOTAL SHAREHOLDERS' EQUITY	115,525	114,584	
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,213,250	\$ 1,170,995	

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

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FIRST FARMERS AND MERCHANTS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

		Three months ended June 30,		Six months ended June 30,	
(dollars in thousands, except per share data)		2015	2014	2015 20	14
INTEREST AND DIVIDEND	Interest and fees on loans	\$ 7,621	\$ 7,006	\$14,789 \$1	3,942
INCOME	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 1	53
	Total interest income	9,720	9,103	19,024 1	8,145
INTEREST EXPENSE	Interest on deposits	534	607	1,077 1	,211
	Interest on other short term borrowings	22	16	45 3	2
	Total interest expense	556	623	1,122 1	,243
	Net interest income	9,164	8,480	17,902 1	6,902
	Provision for loan and lease losses	-	-		
	Net interest income after provision	9,164	8,480	17,902 1	6,902
NONINTEREST INCOME	Gain on loans sold	80	59	113 9	5
	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 2	22
	Earnings on bank owned life insurance	99	78	172 1	89
	Gains on sales of securities	-	502	270 5	47
	(Loss) gain on foreclosed property	-	(10)	17 (4	4)
	Other non-interest income	141			