

FIRST FARMERS & MERCHANTS CORP
Form 10-Q
May 09, 2014

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 **March 31, 2014**.

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 Numbers: 000-10972

First Farmers and Merchants Corporation

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(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.)

816 South Garden Street
Columbia, Tennessee
(Address of principal executive offices)

38402-1148
(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 May 5, 2014, the registrant had 4,981,999 shares of common stock outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The following unaudited condensed consolidated financial statements of the Registrant are included in this Report:

Condensed consolidated balance sheets March 31, 2014 and December 31, 2013.

Condensed consolidated statements of income - For the three months ended March 31, 2014 and March 31, 2013.

Condensed consolidated statements of comprehensive income - For the three months ended March 31, 2014 and March 31, 2013.

Condensed consolidated statements of cash flows - For the three months ended March 31, 2014 and March 31, 2013.

Selected notes to condensed consolidated financial statements.

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FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31,	December 31,
		2014	2013
		(unaudited)	(1)
<i>(Dollars in Thousands Except Share and Per Share Data)</i>			
ASSETS	Cash and due from banks	27,056	\$ 20,391
	Interest-bearing deposits	27,539	25,167
	Federal funds sold	14,400	9,850
	Total cash and cash equivalents	68,995	55,408
	Securities:		
	Available-for-sale (amortized cost \$351,800 and \$346,892 as of March 31, 2014 and December 31, 2013, respectively)	339,504	329,714
	Held-to-maturity (fair market value \$27,583 and \$28,595 as of March 31, 2014 and December 31, 2013, respectively)	26,912	27,839
	Total securities	366,416	357,553
	Loans, net of deferred fees	620,457	606,766
	Allowance for loan and lease losses	(8,621)	(8,595)
	Net loans	611,836	598,171
	Bank premises and equipment, net	24,767	24,868
	Other real estate owned	1,062	1,438
	Bank owned life insurance	26,153	25,867
	Goodwill	9,018	9,018
	Deferred tax asset		9,016
	Other assets	10,902	10,605
	TOTAL ASSETS	\$128,165	\$ 1,093,833
LIABILITIES	Deposits		
	Noninterest-bearing	186,110	\$ 179,823
	Interest-bearing	800,064	777,514
	Total deposits	986,174	957,337
	Securities sold under agreements to repurchase	20,060	18,095
	Accounts payable and accrued liabilities	14,941	15,728
	TOTAL LIABILITIES	1,021,175	991,160
SHAREHOLDERS' EQUITY	Common stock - \$10 par value per share, 8,000,000 shares authorized; 4,981,999 and 5,021,012 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	49,820	50,210
	Retained earnings	63,045	61,369
	Accumulated other comprehensive loss	(5,970)	(9,001)

TOTAL SHAREHOLDERS EQUITY BEFORE NONCONTROLLING INTEREST - PREFERRED STOCK OF SUBSIDIARY	106,895	102,578
Noncontrolling interest - preferred stock of subsidiary	95	95
TOTAL SHAREHOLDERS EQUITY	106,990	102,673
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$128,165	\$ 1,093,833

(1) Derived from audited financial statements.

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

FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

		Three Months Ended March	
		31,	
<i>(Unaudited) (Dollars in Thousands, Except Per Share Data)</i>		2014	2013
			\$
INTEREST AND DIVIDEND INCOME	Interest and fees on loans	6,936	6,962
	Income on investment securities		
	Taxable interest	1,354	1,437
	Exempt from federal income tax	679	746
	Dividends	73	78
	Total interest income	9,042	9,223
INTEREST EXPENSE	Interest on deposits	604	735
	Interest on other borrowings	16	99
	Total interest expense	620	834
	Net interest income	8,422	8,389
	Provision for loan and lease losses	-	