

FIRST FARMERS & MERCHANTS CORP  
Form 10-Q  
August 11, 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 **June 30, 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

(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)

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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 August 5, 2014, the registrant had 4,936,817 shares of common stock outstanding.

All dollar amounts are reported in thousands except share and per share data.



**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 - June 30, 2014 and December 31, 2013.

Condensed consolidated statements of income - For the three and six months ended June 30, 2014 and June 30, 2013.

Condensed consolidated statements of comprehensive income (loss) - For the three and six months ended June 30, 2014 and June 30, 2013.

Condensed consolidated statements of cash flows - For the six months ended June 30, 2014 and June 30, 2013.

Selected notes to condensed consolidated financial statements.

All dollar amounts are reported in thousands except share and per share data.

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

		<b>June 30,</b>		<b>December 31,</b>
		<b>2014</b>		<b>2013</b>
		<i>(unaudited)</i>		<i>(1)</i>
<b>ASSETS</b>	Cash and due from banks	\$ 24,446	\$	20,391
	Interest-bearing deposits	11,423		25,167
	Federal funds sold	1,300		9,850
	Total cash and cash equivalents	37,169		55,408
	Securities:			
	Available-for-sale (amortized cost \$372,737 and \$346,892 as of June 30, 2014 and December 31, 2013, respectively)	365,017		329,714
	Held-to-maturity (fair market value \$24,528 and \$28,595 as of June 30, 2014 and December 31, 2013, respectively)	23,902		27,839
	Total securities	388,919		357,553
	Loans, net of deferred fees	618,687		606,766
	Allowance for loan and lease losses	(8,635)		(8,595)
	Net loans	610,052		598,171
	Bank premises and equipment, net	24,799		24,868
	Other real estate owned	859		1,438
	Bank owned life insurance	26,231		25,867
	Goodwill	9,018		9,018
	Deferred tax asset	7,221		10,905
	Other assets	10,705		10,605
	<b>TOTAL ASSETS</b>	<b>\$ 1,114,973</b>	<b>\$</b>	<b>1,093,833</b>
<b>LIABILITIES</b>	Deposits			
	Noninterest-bearing	\$ 185,420	\$	179,823
	Interest-bearing	781,463		777,514
	Total deposits	966,883		957,337
	Securities sold under agreements to repurchase	20,738		18,095
	Accounts payable and accrued liabilities	18,040		15,728
	<b>TOTAL LIABILITIES</b>	<b>1,005,661</b>		<b>991,160</b>
<b>SHAREHOLDERS EQUITY</b>	Common stock - \$10 par value per share, 8,000,000 shares authorized; 4,936,817 and 5,021,012 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	49,368		50,210
	Retained earnings	63,093		61,369
	Accumulated other comprehensive loss	(3,244)		(9,001)
	<b>TOTAL SHAREHOLDERS EQUITY BEFORE NONCONTROLLING INTEREST - PREFERRED STOCK OF SUBSIDIARY</b>	<b>109,217</b>		<b>102,578</b>
	Noncontrolling interest - preferred stock of subsidiary	95		95

**TOTAL SHAREHOLDERS EQUITY**

109,312