

PUBLIC DISCLOSURE

January 23, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Farmers and Merchants Bank
Columbia, Tennessee**

RSSD ID Number: 150035

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

Note: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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| INSTITUTION |
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INSTITUTION'S CRA RATING

This institution is rated **SATISFACTORY**.

The following table indicates the performance level of First Farmers and Merchants Bank with respect to the lending and community development tests.

| PERFORMANCE LEVELS | First Farmers and Merchants Bank | |
|---------------------------|---|-----------------------------------|
| | PERFORMANCE TESTS | |
| | Lending Test | Community Development Test |
| Outstanding | | X |
| Satisfactory | X | |
| Needs to Improve | | |
| Substantial Noncompliance | | |

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

Community Development Test (Continued)

Investments

The bank's community development investments were evaluated for the bank's combined assessment area. The following criteria were evaluated: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; (3) the responsiveness of qualified investments to credit and community development needs; and (4) the degree to which the qualified investments are not routinely provided by private investors. The bank made an **EXCELLENT** level of community development investments in the assessment area.

| <i>FIRST FARMERS AND MERCHANTS BANK COMMUNITY DEVELOPMENT INVESTMENTS</i> | |
|--|--------------------|
| NAME | AMOUNT |
| Morgan Keegan Mezzanine Fund, L.P. | \$105,000 |
| Senior Housing Crime Prevention Foundation Inc. – Senior Crimestoppers Program | \$1,050,000 |
| Tennessee Housing Development Agency – Homeownership Program Bonds | \$1,695,000 |
| 2003 Community Development Donations. | \$69,970 |
| 2004 Community Development Donations | \$73,290 |
| 2005 Community Development Donations | \$5,750 |
| Total | \$2,999,010 |

As indicated by the above table, First Farmers and Merchants Bank extended qualified investments and donations totaling \$2,999,010. The Senior Housing Crime Prevention Foundation supports the Senior Crimestoppers Program for low- to moderate-income seniors residing in senior housing facilities located in Giles and Hickman Counties. Specifically, the program provides safe, secure, crime-free residences to 211 residents in the area. The Tennessee Housing Development Agency's Homeownership Program provides loan programs with affordable interest rates. In addition, an amount equal to four percent of the loan amount is made available to borrowers for down payment and closing cost assistance in connection with these loan programs. The Morgan Keegan Mezzanine Fund was licensed as a Small Business Investment Company for the purpose of making investments in small businesses located primarily across the southeast, including the state of Tennessee.