



FOR IMMEDIATE RELEASE

**FIRST FARMERS & MERCHANTS CORPORATION
ACHIEVES RECORD FIRST QUARTER RESULTS**

COLUMBIA, Tenn. – MAY 21, 2008 – First Farmers & Merchants Corporation (FFMC), reported first quarter 2008 net income of \$2.7 million, an increase of 34 percent over the same period in 2007. Management of First Farmers & Merchants Bank, the wholly owned banking subsidiary of FFMC (F&M Bank) attributed the income growth during the period to favorable gains that were realized in the bond portfolio, a strong net interest margin and an increased focus on efficient operations.

Total assets at March 31, 2008 increased to \$862.3 million, an increase of 8.59 percent compared to total assets at March 31, 2007. Shareholder equity grew from \$105.3 million at March 31, 2007 to \$108.9 million at March 31, 2008.

“We are very pleased with our results in the first quarter of 2008,” said T. Randy Stevens, chairman and CEO. “During an unusually turbulent period for the banking industry, we are reporting that our net income increased, our total assets grew, and our asset quality remained strong at F&M Bank due to a continued emphasis on credit quality.”

“In the second quarter we will break ground on a new full-service facility in Franklin,” added F&M Bank President, Tim Pettus. “We expect that new office to be completed in the first quarter of 2009.” F&M Bank continues to finalize plans for branch service improvements throughout 2008 and beyond.

About First Farmers & Merchants Corporation

First Farmers & Merchants Corporation is a bank holding company headquartered in Columbia, Tennessee. Its sole subsidiary is First Farmers and Merchants Bank (F&M Bank), one of the largest independent banks in Tennessee. In 2007 F&M Bank reported total assets of more than \$823 million and deposits in excess of \$698 million. An additional \$2.6 billion in assets held by

its Trust & Financial Management Department. F&M Bank operates 20 offices in a seven-county area that includes Lawrence, Maury, Marshall, Hickman, Dickson, Giles and Williamson counties. It is distinguished by its commitment to traditional, personal banking relationships that incorporate state-of-the-art technology to provide the highest possible level of service. For additional information, visit www.fandmbank.com or call the main office at 931.388.3145.

Forward Looking Statements

Certain statements contained in this news release may not be based on historical facts and are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as “continues,” “expects” or “will” or the negatives of such terms. We caution you not to place undue reliance on such forward-looking statements in this news release because results could differ materially from those anticipated as a result of a variety of factors. These forward-looking statements include, without limitation, those relating to future expansion of our locations and improvements to our services. Factors that could affect our results include, but are not limited to: changes in economic conditions; our ability to provide market competitive products and services; laws and regulations affecting financial institutions in general; changes in our operating or expansion strategy; our ability to compete with other financial services companies; other factors generally understood to affect the financial results of financial services companies and other factors described from time to time in our filings with the Securities and Exchange Commission. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statement were made.

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