

**FIRST FARMERS AND MERCHANTS CORPORATION
816 SOUTH GARDEN STREET
COLUMBIA, TENNESSEE 38401
(931) 388-3145**

March 9, 2018

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of First Farmers and Merchants Corporation (“First Farmers” or the “Company”) on April 17, 2018 beginning at 11:00 a.m., Central Time, to be held at the Randy and Leesa Stevens Events Center in the First Farmers and Merchants Bank Northside Office, 901 Nashville Highway, Columbia, Tennessee 38401.

At the Annual Meeting of Shareholders, you will be asked to consider and vote on the election of nine individuals to serve as directors of the Company until the Annual Meeting of Shareholders in 2019 or until their successors are qualified and elected.

The board of directors of First Farmers believes that the election of the nominees as directors is in the best interests of First Farmers and its shareholders and unanimously recommends that you vote FOR approval of the election of each of the nominees for director. Directors are elected by a plurality of the votes cast by the shareholders of First Farmers common stock entitled to vote at the Annual Meeting of Shareholders. Whether or not you plan to attend the Annual Meeting of Shareholders, please vote your shares on the internet, over the phone or complete and return the enclosed proxy card. If you sign, date and return your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR approval of the election of the nominees as directors.

The enclosed Proxy Statement gives you detailed information about the Annual Meeting of Shareholders, the election of the nominees as directors and related matters. You are urged to carefully read the enclosed Proxy Statement.

Sincerely,



T. Randy Stevens
Chairman and Chief Executive Officer

FIRST FARMERS AND MERCHANTS CORPORATION
816 South Garden Street, Columbia, Tennessee 38401

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 17, 2018

To the Shareholders of First Farmers and Merchants Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of First Farmers and Merchants Corporation ("First Farmers" or the "Company") will be held at the Randy and Leesa Stevens Events Center in the First Farmers and Merchants Bank Northside Office, 901 Nashville Highway, Columbia, Tennessee, 38401 on April 17, 2018 at 11:00 a.m., Central Time, for the following purposes:

1. Election of Directors: Election of the following nine nominees as directors of the Company:

Jeffrey L. Aiken
Jonathan M. Edwards
Thomas Napier Gordon

Dalton M. Mounger
Timothy E. Pettus
Matthew M. Scoggins, Jr.

T. Randy Stevens
H. Alan Watson
Brian K. Williams

2. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

A list of all shareholders entitled to vote is available for inspection by a shareholder during regular business hours beginning two business days after notice of the Annual Meeting of Shareholders is given, at the principal offices of First Farmers at 816 South Garden Street, Columbia, Tennessee 38401. This list will be available at the meeting.

This Proxy Statement and the Company's 2017 Annual Report to Shareholders are available at <http://ir.myfirstfarmers.com/2018-Annual-Meeting>.

Your vote is very important. Whether or not you plan to attend the Annual Meeting of Shareholders, you are urged to vote and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum. If you attend the meeting, you will have the right to revoke your proxy and vote your shares in person.

Shareholders of record may vote:

- 1. By Internet: go to www.proxyvote.com; or**
- 2. By phone: call 1-800-690-6903 (toll-free); or**
- 3. By mail: complete the enclosed proxy card and return it in the postage prepaid envelope provided.**

Shareholders of record at the close of business on March 1, 2018 are entitled to notice of and to vote at the meeting.

By order of the Board of Directors,



Stephanie G. Harlan
Corporate Secretary

March 9, 2018

FIRST FARMERS AND MERCHANTS CORPORATION
816 South Garden Street
Columbia, Tennessee 38401

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 17, 2018

The accompanying proxy is solicited by and on behalf of the Board of Directors of First Farmers and Merchants Corporation (“First Farmers” or the “Company”) for use at the Annual Meeting of Shareholders to be held on April 17, 2018, at 11:00 a.m., Central Time, and any adjournment thereof (the “Annual Meeting”). The time and place of the Annual Meeting are set forth in the accompanying Notice of Annual Meeting of Shareholders. All expenses incurred in preparing, printing and mailing the proxy, notices of internet availability and all materials used in the solicitation of proxies will be borne by the Company. In addition to the use of the mail, proxies may be solicited in person or by telephone by directors, officers and other personnel of the Company or its subsidiary, First Farmers and Merchants Bank (the “Bank”), none of whom will receive additional compensation for such services. The Company will also request brokers, banks and other agents to forward soliciting materials to the beneficial owners of the Company’s common stock held of record by them and will pay the reasonable expenses of such persons for forwarding such material.

PURPOSES OF THE MEETING

The Annual Meeting will be held for the purposes of (i) electing directors and (ii) transacting such other business as may properly come before the meeting or any adjournments or postponements thereof. As of the record date, the directors and executive officers of First Farmers (12 persons) were entitled to vote 293,337 shares, or 6.5% of the outstanding shares of First Farmers common stock entitled to vote at the Annual Meeting of Shareholders. These shares are expected to be voted for the election of all nominees for directors.

QUORUM AND VOTING

At the close of business on March 1, 2018, the Company had 4,493,855 shares of common stock issued and outstanding. Only holders of record of common stock at the close of business on March 1, 2018 are entitled to notice of and to vote on matters that properly come before the Annual Meeting or any adjournment thereof. A shareholder is entitled to one vote at the Annual Meeting for each share of common stock held of record in his or her name, voted in person or by proxy.

The presence in person or by proxy of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting or any adjournment thereof. Because Proposal 1 is considered a non-routine matter, broker non-votes will not be included for purposes of determining if a quorum exists. Broker non-votes occur when a broker, bank or other agent returns a proxy, but does not have discretionary authority to vote on a particular proposal because the proposal does not concern a routine matter and the broker has not received voting instructions from the beneficial holder. Accordingly, broker non-votes will not constitute a vote “FOR” or to “WITHHOLD” the shareholder vote for the proposal for election of the nominees as directors presented for shareholder approval at the Annual Meeting and will be disregarded in the calculation of a plurality or of “votes cast” for such proposal.

If a quorum is not present at the time of the Annual Meeting, the Chairman of the meeting has the power to adjourn the Annual Meeting until a quorum is present or represented by proxy.

If the enclosed proxy is properly executed, returned and not revoked, it will be voted in accordance with the instructions, if any, given by the shareholder. Unless shares are held by a broker, bank or other agent, if a proxy is executed and returned but no specification is made, the proxy will be voted “FOR” the election of all nominees as directors of the Company. If any other business is properly presented at the meeting, the proxy holders will vote your proxy in accordance with their discretion.

Any shareholder has the power to revoke his or her proxy at any time, prior to the vote being taken at the Annual Meeting, by written notice or subsequently dated proxy received by the Company, or by revocation by the shareholder in person at the Annual Meeting or any adjournment thereof. If you wish to attend the Annual Meeting and need directions to the First Farmers and Merchants Bank Randy and Leesa Events Center in Columbia, Tennessee, please contact Stephanie Harlan, the Secretary of the Company, at (931) 388-3145.

Proxy Statement dated March 9, 2018 and first mailed to First Farmers shareholders on or about March 9, 2018.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors has nominated the nine individuals below for election as directors to serve until the Annual Meeting of Shareholders in 2019 or until their successors are qualified and elected. Article III, Section 2 of the Company's Amended and Restated Bylaws (the "Bylaws") provide that there shall be no fewer than five (5) directors. The Board of Directors believes it is in the best interest of the Company that there be nine directors of the Company following the Annual Meeting. Proxies cannot be voted for a greater number of persons than the nominees named.

Directors are elected by a plurality of the votes cast by the shares of our common stock entitled to vote at the Annual Meeting, if a quorum is present. The Company's charter does not provide for cumulative voting and, accordingly, shareholders do not have cumulative voting rights with respect to the election of directors. Consequently, each shareholder of record may only cast one vote per share of our common stock for each nominee.

Unless shares are held by a broker, bank or other agent, if a proxy is executed and returned but no specification is made, the proxy will be voted "FOR" the nominees listed below. Should any nominee become unavailable for election, shares covered by a proxy will be voted for a substitute nominee selected by the current Board of Directors.

All of the nine nominees are currently serving as directors and each of the incumbents has served as a director since the 2017 Annual Meeting of Shareholders. Directors are chosen based on their business skills, knowledge, experience, leadership skills and understanding of the Bank's business. Mr. Patrick J. Riley, who is presently a member of the Board of Directors, has reached the mandatory retirement age, and therefore, will not stand for re-election.

Nominees Standing for Election

The following information sets forth the name, age, length of service and a summary of specific experiences, qualifications, attributes or skills for each of the nominees for election as directors. No nominee holds a directorship with any other public company or registered investment company.

Jeffrey L. Aiken, age 54, has served as a director of the Company and the Bank since 2017. Mr. Aiken is the eighth president of the Tennessee Farm Bureau Federation, the nation's largest state Farm Bureau, and a full-time farmer. Mr. Aiken has served as vice-president of Farm Bureau and as a director-at-large on the state board of directors. He has headed up numerous Farm Bureau committees at the state level, as well as being Washington County's president for many years. He has served as chairman of the Tennessee Young Farmers and Ranchers Organization and was the 1992 Tennessee Young Farmer of the Year. He serves on the Tennessee Future Farmer of America Foundation Board of Directors as well as the American Farm Bureau Federation Board of Directors. Mr. Aiken was nominated to be a member of the Board of Directors because of his executive leadership skills, understanding of corporate governance and knowledge of agribusiness.

Jonathan M. Edwards, age 57, has served as a director of the Company and the Bank since 2010. Mr. Edwards has served as president and chief executive officer of the Edwards Group of Companies, including Edwards Oil Company of Lawrenceburg, Inc., Edwards Oil Company, Inc., South Tennessee Oil Company, Inc., Edwards Land Company L. P. and Edwards Real Estate, LLC since 1988. He is a Tennessee native and holds a bachelor's degree from the University of North Alabama. Mr. Edwards' other affiliations include the following: Shell National and Regional Wholesale Councils (2013-present), past president and three-term board member of the Tennessee Fuel and Convenience Association; Chair of the Lawrence County Joint Economic and Community Development Board (2012-2013); Chair of the Tennessee State Petroleum Underground Storage Tank Board (2011-2012); Chairman of the Lawrence County Chamber of Commerce (2006-2007); Columbia State Community College Foundation Board (2004-2007); First Farmers and Merchants Bank Advisory Board (2002-2010); Lawrence County Joint Economic and Community Development Board (1999-2014); Tennessee State Petroleum Underground Storage Tank Board (1996-2004); LifePoint Crockett Hospital Board (1999-2004); Texaco Orlando Regional Wholesale Council (1997-1999); Director of Alabama Oilmen's Association/Alabama Association of Convenience Stores (1996-1999); Bank of America Advisory Board (1993-2002); and Tennessee Grocers Association Director (1990-1993). Mr. Edwards was nominated to be a member of the Board of Directors because of his business management and leadership skills.

Thomas Napier Gordon, age 66, has served as a director of both the Company and the Bank since 1986. Mr. Gordon is actively involved in real estate investments. His civic and community endeavors have included Business and Industry Chairman of the March of Dimes Annual Drive, Director of King's Daughters' School, Trustee of Zion Christian Academy and deacon at Zion Presbyterian Church and Trustee of Lawrence Cemetery Association. Mr. Gordon received his Bachelor of Arts degree in 1973 and his Doctorate of Jurisprudence degree in 1976, both from Vanderbilt University. He has practiced law in Columbia, Tennessee since that time. Mr. Gordon was nominated to be a member of the Board of Directors because of his experience as an attorney and businessman and his extensive experience as a director of the Company.

Dalton M. Mounger, age 67, has served as a director of the Company and the Bank since 2010. Mr. Mounger is an attorney in private practice in Columbia, Tennessee. He holds bachelor's and juris doctor degrees from the University of Mississippi. Mr. Mounger has served on the boards of the Maury Alliance, Maury County YMCA, Columbia State Community College Foundation, Columbia Main Street, Maury County Public Education Foundation, First Farmers and Merchants Bank Advisory Board, Columbia Central High School Academic Boosters and Kiwanis Club of Columbia. Mr. Mounger was nominated to be a member of the Board of Directors because of his legal, accounting and business management skills.

Timothy E. Pettus, age 66, was named Vice Chairman of the Company and the Bank on January 1, 2016. Mr. Pettus has been an officer of the Bank since July 2002 and has served as director of the Company and the Bank since January 2008. He served as the Vice Chairman of the Bank from April 2005 until his appointment as President of the Company and the Bank in January 2007. Mr. Pettus served as Regional President, Southern Region of the Bank, from July 2002 until becoming Vice Chairman of the Bank. From 1998 until July 2002, he was the senior banking executive with Bank of America in Lawrence County, Tennessee. He was first elected as a director of the Company and the Bank in January 2008. Mr. Pettus was nominated to be a member of the Board of Directors because of his 43 years of experience in banking and his leadership skills and knowledge from serving as an executive of the Bank.

Matthew M. Scoggins, Jr., age 67, has served as a director of both the Company and the Bank since 2008. Mr. Scoggins is the Chief Executive Officer Emeritus of Tennessee Farmers Insurance Companies ("TFIC"), having served as its Chief Executive Officer from January 2004 until January 1, 2017. He joined TFIC in 1978, and has served in numerous positions including agent, agency manager, regional manager, lobbyist, and chief operating officer for TFIC's property and casualty division. He also serves on the Board of the Tennessee Insurance Guaranty Association. Mr. Scoggins is a Tennessee native who holds a bachelor's degree from the University of Tennessee and an M.B.A. from Belmont University. Mr. Scoggins was nominated to be a member of the Board of Directors because of his leadership skills and his executive experience in the insurance industry.

T. Randy Stevens, age 66, is Chairman of the Board of Directors, Chief Executive Officer and a director of the Company and the Bank. He has been employed by the Bank since 1973 and was promoted to Commercial Bank Officer in 1974. He was appointed Assistant Vice President in 1976 and promoted to Vice President in 1979. Mr. Stevens was appointed Vice President and Trust Officer of the Bank in 1982 and promoted to First Vice President in 1984. He was promoted to Executive Vice President and Chief Administrative Officer of the Bank in 1990. Mr. Stevens was elected as a director of the Bank and the Company in 1991 and appointed Vice President of the Company in 1991. He was appointed President and Chief Operating Officer of the Bank, effective December 31, 1995, and President and Chief Operating Officer of the Company in April 1996. He was appointed Chief Executive Officer of the Bank and the Company in June 2002. He has been Chairman of the Board of Directors of the Company and the Bank since April 2005. Mr. Stevens was nominated to be a member of the Board of Directors because of his 44 years of experience in banking, his position as Chief Executive Officer of the Company and the Bank and his leadership experience as a long-time director of the Bank, the Company and other organizations.

H. Alan Watson, age 53, has served as a director of both the Company and the Bank since 2017. Mr. Watson has served as the Chief Executive Officer of Maury Regional Health System since 2012. Mr. Watson served as the Chief Operating Officer of Maury Regional Health System from 2010 to 2012. Prior to coming to Columbia, Mr. Watson served as the Chief Executive Officer of Baptist Hospital West, St. Mary's Medical Center of Campbell County and St. Mary's Medical Center of Scott County in the Knoxville, Tennessee area and as the Chief Executive Officer of Bradley Memorial Hospital in Cleveland, Tennessee. Mr. Watson is a Tennessee native and holds a Master's Degree in Community Health Administration from California College for Health Sciences. His affiliations include: Fellow of American College of Healthcare Executives, Tennessee Hospital Association, Hospital Alliance of Tennessee, Tennessee Center of Performance Excellence, and Columbia State Community College. He serves on the Board of Directors and Past Chair of Maury County Chamber and Economic Alliance and as a member of the Kiwanis Club. Mr. Watson was nominated to be a member of the Board of Directors because of his executive leadership experience, strong business acumen and understanding of corporate governance.

Brian K. Williams, age 47, was named President of the Company and the Bank on January 1, 2016. He has been employed by the Bank since 1993 and previously served as Executive Vice President of the Bank from 2013 through 2015. During his tenure, he has held numerous leadership roles including Chief Financial Officer and Treasurer of the Company and the Bank in 2015; Senior Executive of Commercial Banking from 2008 through 2013; Chief Credit Officer from 2004 through 2008; Vice President/Assistant Credit Officer from 2002 until 2004 and Trust Officer from 1994 through 2002. Mr. Williams was nominated to be a member of the Board of Directors because of his 24 years of experience in banking, his position as President of the Company and the Bank and his business, leadership and management skills as developed through his oversight of numerous areas of the Bank's operations over more than two decades.

Required Vote

If a quorum is present, the election of directors requires a plurality of the votes cast in person or by proxy by the shares of our common stock entitled to vote at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” EACH OF THE NOMINEES.

INFORMATION ABOUT FIRST FARMERS AND ITS AFFILIATES

Directors and Executive Officers of First Farmers

Directors

Information about the Directors of First Farmers is provided in the previous section entitled “PROPOSAL 1: ELECTION OF DIRECTORS.”

Executive Officers

The biographical information of the executive officers of the Company and the Bank, as of March 1, 2018, is presented below. None of these executive officers has a family relationship with any officer or employee of the Company or the Bank. The biographies of Messrs. Pettus, Stevens and Williams are provided in the previous section entitled “PROPOSAL 1: ELECTION OF DIRECTORS.”

Robert E. Krimmel, age 36, is Chief Financial Officer and Treasurer of the Company and the Bank. Mr. Krimmel previously served as the Chief Accounting Officer of HeritageBank of the South from 2011 to 2015. Prior to joining HeritageBank of the South, Mr. Krimmel served as Controller for GreenBank and also held other various finance and accounting positions with the bank from 2004 to 2011. Mr. Krimmel serves as treasurer on the volunteer board of the Williamson-Maury Habitat for Humanity, the Federal Reserve Bank of Atlanta Decision Maker Panel and Maury County College, Career and Technical Education Department Advisory Council. Mr. Krimmel holds Masters of Accountancy and Bachelors of Business Administration degrees from East Tennessee State University. Mr. Krimmel is a certified public accountant and a member of the American Institute of Certified Public Accountants.

Barry B. White, age 68, was General Counsel for the Bank until his retirement on February 28, 2018. He began his employment at the Bank in 2003 as Marshall County President. He served as Senior Trust Officer from 2009 until 2011 and in 2011 was named Corporate Legal Counsel and then General Counsel in 2013.

Market for Common Stock, Stock Valuation and Dividends

First Farmers common stock is not listed on any public exchange but is traded occasionally on the OTC Pink Open Market under the ticker symbol “FFMH”. First Farmers had a total of 4,493,855 shares outstanding at March 1, 2018. As of March 1, 2018, there were 1,070 shareholders of record.

The Company retained an independent third party to perform a stock valuation as of December 31, 2017. The Company accepted the fair market value of the outstanding common stock of First Farmers of \$41.50 per share which was determined using industry accepted appraisal methodology. The Company intends to use this stock valuation to assist in establishing the fair market value of First Farmers’ common stock for the purpose of repurchasing stock.

Holders of First Farmers common stock are entitled to receive dividends when, as and if declared by our Board of Directors out of funds legally available therefore. While historically we have paid dividends on our common stock, there is no assurance that we will continue to pay dividends in the future.

The principal source of cash revenues to First Farmers is dividends paid by the Bank with respect to the Bank’s capital stock. There are certain restrictions on the payment of such dividends imposed by federal and state banking laws, regulations and authorities.

The cash dividends we declared per share for the periods indicated were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fourth quarter	\$ 0.20	\$ 0.19	\$ 0.37
Third quarter	0.20	0.19	-
Second quarter	0.19	0.37	0.37
First quarter	0.19	-	-

First Farmers Common Stock Purchase and Sale Information

Purchases by First Farmers of First Farmers Common Stock During the Past Two Years. During the last two years, we purchased shares of our common stock as set forth in the table below in privately negotiated transactions.

<u>Period</u>	<u>Number of Shares</u>	<u>Price Range Paid Per Share</u>	<u>Average Price Paid Per Share</u>
Fourth quarter 2017	16,527	\$ 39.90	\$ 39.90
Third quarter 2017	9,158	\$ 39.75	\$ 39.75
Second quarter 2017	10,425	\$ 38.20	\$ 38.20
First quarter 2017	12,338	\$ 38.00	\$ 38.00
Fourth quarter 2016	15,812	\$ 32.90	\$ 32.90
Third quarter 2016	29,456	\$ 32.75	\$ 32.75
Second quarter 2016	151,931	\$ 30.25	\$ 30.25
First quarter 2016	-	\$ -	\$ -

Security Ownership of Certain Beneficial Owners and Management

The table below sets forth certain information, as of December 31, 2017, with respect to the beneficial ownership of the Company's common stock by (i) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of the Company's common stock, (ii) each director and nominee, (iii) each of the Named Executive Officers and (iv) all of the Company's directors and executive officers as a group:

<u>Name of Beneficial Owner</u>	<u>Amount of Beneficial Ownership</u>	<u>Percent of Class</u>
FAMCO	505,293	11.2%
Thomas Napier Gordon	136,648	3.0%
T. Randy Stevens	75,000	1.7%
Patrick J. Riley	40,029	*
Timothy E. Pettus	21,217	*
Matthew M. Scoggins, Jr.	7,574	*
Brian K. Williams	5,300	*
Jonathan M. Edwards	3,200	*
Dalton M. Mounger	1,939	*
Robert E. Krimmel	800	*
Barry B. White	630	*
Jeffrey L. Aiken	500	*
H. Alan Watson	500	*
Directors and Executive Officers as a Group (12 Persons)	293,337	6.5%

* Less than 1%

Corporate Governance

Director Qualifications

The Board of Directors has not established formal qualification guidelines for its members. The Board considers only potential nominees who have several years of relevant business experience. Non-management director nominees generally need to be independent, as defined by the listing standards of the New York Stock Exchange. Any nominee must be willing to serve for the director's compensation paid by the Company. In addition, the Board of Directors evaluates nominees with the goal of maintaining a diversity of background, viewpoints and experience that complements the other directors.

Any shareholder, by written notice submitted to the Corporate Secretary, can nominate candidates for election to the Board of Directors of the Company. The written notice should be provided in accordance with the process contained in the Bylaws as more fully described in the "GENERAL INFORMATION – Items of Business for 2019 Annual Meeting of Shareholders" section of this Proxy Statement. Candidates nominated by shareholders are evaluated in the same manner as the candidates nominated by the Board of Directors.

Director Independence

The Board has determined that six of its nine existing directors are independent in accordance with the listing standards of the New York Stock Exchange. The three individuals who are not independent, Messrs. Stevens, Pettus and Williams, are executive officers of the Company.

During 2017, there were no relationships or transactions that the Board of Directors discussed in making its independence determinations with respect to each director identified as independent, and no relationships or transactions precluded any such directors from being independent. The Company is not aware of any family relationships among any of its directors and executive officers.

Board Leadership Structure and Role in Risk Oversight and Management

Mr. Stevens has served as both the Chairman of the Board of Directors and the Chief Executive Officer of the Company since 2005. The Board believes that a unified chairman and chief executive officer position has provided clarity of leadership and operating efficiencies. Additionally, Mr. Stevens' management experience and close relationship with the other officers of the Company improves the Board's effectiveness in its role of monitoring the management of the Company. The Board does not have a lead independent director. The Board is actively involved in oversight of risks that could affect the Company. Although the full Board has retained responsibility for general oversight of risks, this oversight is conducted primarily through committees of the Board, as disclosed in the description of each of the committees below and in the charters of each of the committees, as applicable. The Board receives full reports by each committee chair regarding the committee's determinations and actions, as well as regular reports directly from officers responsible for oversight of particular risks within the Company.

Committees of the Board of Directors

The Board of Directors conducts its business through its own meetings and through committees of the Bank's Board of Directors, which are described below. There are no standing committees of the Board of Directors of the Company because the principal business of the consolidated company is conducted by the Bank rather than the Company, which is a bank holding company. The Board of Directors of the Bank is identical to the Board of Directors of the Company.

The Company does not have a standing nominating committee. The entire Board of Directors of the Company fulfills the role of a nominating committee. Factors such as the Company's size and the nature of its business, the consistently high rate of participation in meetings by each director, the fact that a majority of the Company's directors are independent (as defined by the listing standards of the New York Stock Exchange) and are individuals who come from diverse backgrounds, and the infrequent historical turnover in the membership of the Board of Directors contribute to the belief of the Board of Directors that a separate, independent nominating committee is not necessary. The entire Board of Directors serving as a nominating committee currently does not have a charter and, as noted above, not all of the directors are independent, as defined by the listing standards of the New York Stock Exchange. Further, the Board of Directors has not specifically adopted a policy regarding the consideration of shareholder nominees for directors, but the Board of Directors will consider for nomination as director of the Company any director candidate recommended or nominated by shareholders in accordance with the process outlined under the section below entitled "GENERAL INFORMATION – Items of Business for 2019 Annual Meeting of Shareholders."

The Bank's Board of Directors has four standing committees:

- Audit Committee;
- Compensation Committee;
- Executive Committee; and
- Trust Committee.

The following table sets forth the current members of the committees of the Board of Directors of the Bank:

Name	Audit	Compensation	Executive	Trust
Jeffrey L. Aiken		X		X
Jonathan M. Edwards	X		X	
Thomas Napier Gordon			X	Vice Chair
Dalton M. Mounger	Vice Chair		X	
Timothy E. Pettus			Vice Chair	X
Patrick J. Riley			X	Chair
Matthew M. Scoggins, Jr.	Chair			X
T. Randy Stevens			Chair	X
H. Alan Watson	X	Chair		
Brian K. Williams		X		X

Audit Committee

Number of 2017 meetings: 11

The Bank has a separately designated a standing Audit Committee. This committee provides assistance to the Bank’s Board of Directors in fulfilling its responsibilities related to internal controls monitoring, accounting procedures, reporting practices, regulatory compliance and quality and integrity of the financial reports of the Bank. The Audit Committee is composed solely of directors who are independent based on the listing standards of the New York Stock Exchange and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a committee member. Mr. Scoggins serves as the Audit Committee Financial Expert. The Audit Committee has implemented procedures to ensure that during the course of each fiscal year it devotes the attention that it deems necessary or appropriate to each of the matters assigned to it under the committee’s charter. The Audit Committee Charter is available on the Bank’s website at www.myfirstfarmers.com under “Investor Relations – Corporate Information.”

Compensation Committee

Number of 2017 meetings: 4

The Compensation Committee’s primary duties and responsibilities include establishing and monitoring compensation and benefit plan policies of the Bank and making recommendations regarding compensation and benefits for the officers of the Bank. The Compensation Committee has the authority to conduct or authorize investigations into any matters within the scope of its responsibilities and has the authority to retain such outside counsel, experts and other advisors as it deems appropriate to assist it in conducting of any such investigation. This committee recommends to the Board of Directors of the Company and the Bank fees for attendance at board and committee meetings. The Compensation Committee reviews, evaluates and recommends to the Board of Directors of the Bank the officers’ compensation program and deferred profit-sharing contributions for all eligible employees. The charter of the Compensation Committee is available on the Bank’s website at www.myfirstfarmers.com under “Investor Relations – Corporate Information.”

Executive Committee

Number of 2017 meetings: 27

The Executive Committee reviews and recommends to the Bank’s and the Company’s Boards of Directors for its approval, selected actions with regard to the general direction and conduct of the Company and the Bank. This committee acts on loan applications in accordance with the Bank’s policies that have been approved by the Board of Directors. The Executive Committee also reviews risk management reports related to the Bank’s operations.

Trust Committee

Number of 2017 meetings: 12

The Trust Committee supervises the operations of the Trust and Financial Management Department of the Bank to ensure proper exercise of the fiduciary powers of the Bank.

Directors' Attendance at Meetings

The Board of Directors of the Company met 13 times during 2017. Each member of the Board of Directors of the Bank and the Company attended at least 75% of the aggregate meetings of the Board of Directors and committees of which he was a member.

The Company does not have a policy regarding director attendance at Annual Meetings of Shareholders because of the willingness of each director to be present at all Annual Meetings and the historical attendance of each director. Ten of the directors attended the 2017 Annual Meeting of Shareholders.

Shareholder Communication with the Board of Directors

The Board of Directors of the Company has adopted a process to facilitate written communications by shareholders or other interested parties to the Board of Directors. Persons wishing to write to the Board of Directors of the Company or a specified director or committee of the Bank Board of Directors should send correspondence to the Corporate Secretary at First Farmers and Merchants Corporation, P.O. Box 1148, Columbia, Tennessee, 38402-1148.

All communications properly received from shareholders or other interested parties will be forwarded to the members of the Board of Directors, or to a specific director or committee if so designated. Any shareholder who wishes to communicate with a specific Board member should send instructions asking that the material be forwarded to the director. Solicitations, junk mail and frivolous communications will not be forwarded but will be made available to any director who wishes to review them.

Code of Conduct

The Board of Directors of the Bank has adopted a Code of Conduct for all employees. A copy of this Code of Conduct is available on the Bank's website at www.myfirstfarmers.com under "Investor Relations – Corporate Information" or can be obtained without charge by a written request to Human Resources Director, First Farmers and Merchants Bank, P.O. Box 1148, Columbia, Tennessee, 38402-1148.

Compensation Discussion and Analysis

The executive officers of the Company do not receive compensation for service as executive officers of the Company but instead receive compensation from the Bank for service as executive officers of the Bank. The Compensation Committee of the Bank approves and oversees compensation programs to attract, retain and motivate officers, employees and directors by offering what the Compensation Committee believes to be attractive and competitive compensation elements and amounts. These goals are balanced against the need to control expenses for the benefit of the shareholders of the Company. The compensation programs are designed to promote profitability, reward production and foster loyalty while taking into account the risk-management process and oversight designed to ensure the safety and soundness of the Bank. To be competitive, the Bank seeks to provide salaries and benefits comparable to the median of those provided by other banking companies of similar asset size operating in the Southeastern United States.

General Compensation Philosophy

The Compensation Committee reviews the compensation of all executive officers of the Bank and believes that the actions of each executive officer have the potential to impact the short-term and long-term profitability of the Company and the Bank. Consequently, the Compensation Committee places considerable importance on its task of approving and overseeing an executive compensation program that rewards short-term and long-term profitability of the Company and the Bank. Decisions with respect to the compensation of the Company's Named Executive Officers are made by the Compensation Committee. The Compensation Committee consults with and receives recommendations from the Chief Executive Officer of the Company with respect to the compensation of Named Executive Officers other than the Chief Executive Officer, but the Compensation Committee retains the sole authority to approve the compensation of the Named Executive Officers.

The Bank has a performance-based executive compensation program that considers factors such as shareholder value and the overall performance of the Company and the Bank. The main components of the executive compensation program are base salary, cash bonus plan, employee benefits and perquisites. The Company and the Bank currently do not have equity-based incentive compensation programs.

In 2017, the Compensation Committee engaged Blanchard Consulting Group to advise the Compensation Committee with respect to the compensation of the Company's executive officers and directors. In 2017, the Bank paid \$25,000 to Blanchard Consulting Group in connection with executive and director compensation consulting services. The Compensation Committee has considered the relationships that Blanchard Consulting Group has with the Company, the members of the Compensation Committee and the Company's executive officers and determined that the work of Blanchard Consulting Group as the Compensation Committee's compensation consultant in 2017 did not raise any conflicts of interest.

Employee Benefits

The Bank provides the following benefits for all employees of the Bank, including the Named Executive Officers:

- Health, life, vision and dental insurance;
- "Cafeteria" Plan under Internal Revenue Code Section 125 that gives employees the opportunity to pay for certain benefits on a pre-tax basis rather than on an after-tax basis;
- Deferred Profit Sharing Plan, which is a tax-qualified profit sharing retirement plan that has received a favorable determination letter from the Internal Revenue Service. The aggregate amount the Bank contributed to the Deferred Profit Sharing Plan for the 217 participants during 2017 was \$712,000.
- One physical examination and one flu vaccination each year; and
- Group term replacement/split-dollar insurance for key officers that provide life insurance benefits that continue after retirement.

Perquisites

In addition to salaries, bonus opportunities and employee benefits, the Bank provides to certain executive officers, including the Named Executive Officers, certain perquisites so that the Bank remains competitive in its ability to hire and retain talented employees. These perquisites include the use of a company vehicle or a vehicle allowance, certain club memberships and the payment of dues for those clubs. The Bank currently provides these perquisites to all of the Named Executive Officers. The Bank's policy for providing perquisites is based on the number of years of experience within the banking industry and the executive's position with the Bank. The Compensation Committee periodically reviews perquisites that are made available to the executive officers, including the Chief Executive Officer, to ensure that they are in line with market practice.

Risk Management Considerations

The Compensation Committee believes that the Bank's performance-based cash bonus program creates incentives to create long-term shareholder value. Several elements of the program are designed to promote the creation of long-term value and thereby discourage behavior that leads to excessive risk:

- Rather than determining cash bonus awards based on a single metric, the Compensation Committee applies a structured, principled framework that takes into account a balanced set of financial performance metrics that the Compensation Committee believes collectively best demonstrate successful management; and
- The performance metrics used to determine the amount of an executive's bonus are those that the Compensation Committee believes drive long-term shareholder value. Moreover, the Compensation Committee attempts to set goals for these metrics that encourage success without encouraging excessive risk taking to achieve short-term results.

The Bank generally uses the same performance metrics for its cash bonus programs for the Named Executive Officers, other executive officers and non-executive employees.

Management and the Compensation Committee periodically evaluate the risks involved with all of the Bank's compensation programs and do not believe that any of the Bank's compensation programs create risks that are reasonably likely to pose a material adverse impact to the Company.

Conclusion

The Compensation Committee believes that this mix of market-based salaries, cash bonuses, employee benefits and perquisites represents a balance that will motivate the management team to continue to undertake to produce strong returns. The Compensation Committee further believes this program strikes an appropriate balance with the interests and needs of the Bank in operating a financial services business without encouraging the taking of excessive risk.

Compensation Committee Interlocks and Insider Participation

Messrs. Aiken, Watson and Williams served as members of the Bank's Compensation Committee throughout 2017. Mr. Williams serves as President of the Company and the Bank. Neither of the other members of the Compensation Committee have at any time been an officer or employee of the Company or the Bank. None of the Compensation Committee members has any other relationship with the Company or the Bank. During 2017, none of the executive officers of the Bank or the Company served as a member of another entity's compensation committee, one of whose executive officers served on the Bank's Compensation Committee or was a director of the Company, and none of the executive officers of the Bank or the Company served as a director of another entity, one of whose executive officers served on the Bank's Compensation Committee. Members of the Compensation Committee may, from time to time, have banking relationships in the ordinary course of business with the Bank, as described in the section below entitled "RELATED PERSON TRANSACTIONS."

Related Person Transactions

Transactions by the Bank with related parties are subject to a formal written policy, as well as regulatory requirements and restrictions. These requirements and restrictions include Sections 23A and 23B of the Federal Reserve Act (which govern certain transactions by the Bank with its affiliates) and Regulation O promulgated by the Federal Reserve (which governs certain loans by the Bank to its executive officers, directors, and principal shareholders). The Bank has adopted policies to comply with these regulatory requirements and restrictions.

In the ordinary course of business, the Bank may provide loans to its directors and principal shareholders, also known as Regulation O insiders. Pursuant to Bank policy, all loans made by the Bank to its directors and principal shareholders are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than the normal risk of collectability or present other unfavorable features. Current Bank policy prohibits loans to executive officers.

During 2017, the Bank engaged in customary banking transactions and had outstanding loans to, deposits from and repurchase agreements with certain of the Company's and the Bank's directors, executive officers and members of their immediate families. The directors, executive officers, affiliates, family members and companies in which they hold 10% or more ownership had outstanding loan balances of \$2.5 million at December 31, 2017. These loans were made in the ordinary course of business and in accordance to Bank policy as described above.

Neither the Company nor the Bank has any written policy with respect to the review, approval or ratification of any related person transaction required to be reported. Nonetheless, as required by Regulation O and Section 23A and 23B of the Federal Reserve Act, the Company and the Bank are responsible for reviewing and approving any transaction between the Company or the Bank and any director or officer of the Company, the Bank or members of their immediate family or entities with which they are affiliated. During 2017, there were certain services and purchased goods provided by certain related parties which totaled \$260,000. These services and purchased goods were approved by the Company's Board of Directors.

Audit Committee Report

In overseeing the preparation of the Company's and the Bank's financial statements, the Audit Committee met with both management and the Company's independent registered public accounting firm to review and discuss all financial statements prior to their issuance and to discuss significant accounting issues. The Company files consolidated financial statements that include the financial condition and results of operation of the Bank for the periods indicated. In addition, the Audit Committee took the following actions:

- (i) The Audit Committee discussed with Dixon Hughes Goodman LLP the matters required to be discussed pursuant to Statements on Auditing Standards No. 114 (AICPA Professional Standards, Vol. 1 AU section 380).
- (ii) The Audit Committee also received the written disclosures and the letter from Dixon Hughes Goodman LLP regarding the independence of such accountants as required by the applicable requirements of the Public Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with such accountants their independence from the Company and its management.
- (iii) Based on its review and discussions with the Bank's management and Dixon Hughes Goodman LLP, the Audit Committee recommended to the Bank's Board of Directors, who recommended to the Company's Board of Directors, approval of the inclusion of the audited consolidated financial statements of the Company and its subsidiary, the Bank, in its Annual Report for the fiscal year ended December 31, 2017.

Audit Committee of the Bank's Board of Directors:

Matthew M. Scoggins, Jr., Chairman
Jonathan M. Edwards
Dalton M. Mounger
H. Alan Watson

Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has selected Dixon Hughes Goodman LLP (“DHG”) to serve as the Company’s independent registered public accounting firm for the year ending December 31, 2018. DHG provided audit services to the Company for the year ended December 31, 2017. We anticipate that representatives of DHG will attend the Annual Meeting and will have the opportunity to make a statement, if they determine to do so, and will be available to respond to appropriate questions at that time. In addition to providing audit services for the year ended December 31, 2017, DHG performed various other services for us.

Aggregate fees billed to the Company for the fiscal years ending December 31, 2017 and 2016 by the Company’s principal accounting firm DHG were as follows:

	2017	2016
Audit fees ⁽¹⁾	\$ 138,000	\$ 135,000
Audit related fees ⁽²⁾	25,000	24,500
Total fees	\$ 163,000	\$ 159,500

- (1) Fees for professional services rendered by DHG were in connection with the integrated audit of the consolidated financial statements and the audit of internal controls over financial reporting (pursuant to FDICIA).
- (2) Audit related fees include payments for the audit of the First Farmers & Merchants Bank Profit Sharing Plan, the Housing and Urban Development audit, matters relating to the audit of the Company’s financial statements, and administrative expenses related to the audit of the consolidated financial statements.

The Audit Committee reviews and pre-approves each audit and permitted non-audit service provided by the auditor prior to its engagement to perform such services. The Audit Committee has not adopted any other pre-approval policies or procedures.

GENERAL INFORMATION

Other Matters

As of the date of this Proxy Statement, the management of the Company and the Bank knows of no other business that will be presented at the Annual Meeting.

Items of Business for 2019 Annual Meeting of Shareholders

The Bylaws provide that nominations of persons for election of directors and proposals of business to be transacted by the shareholders at an annual meeting of shareholders may be made by any shareholder of record who is entitled to vote and who provides timely and proper notice. In order to be considered timely, a shareholder's notice must be received by the Corporate Secretary at the principal office of the Company not earlier than the close of business on the date which is 120 calendar days and not later than the close of business on the date which is 90 calendar days prior to the first anniversary of the preceding year's annual meeting of shareholders. However, if the date of the applicable year's annual meeting is more than 30 days before or more than 60 days after the first anniversary of the date of the previous year's meeting, then a shareholder's notice to be timely must be received by the Corporate Secretary not earlier than the close of business on the date which is 120 calendar days prior to the date on which the Company first mailed its proxy statement to shareholders in connection with the applicable year's annual meeting and not later than the date of the later to occur of (i) 90 calendar days before the date on which the Company first mailed its proxy statement to shareholders in connection with the applicable year's annual meeting of shareholders or (ii) ten calendar days after the Company's first public announcement of the date of the applicable year's annual meeting of shareholders. In no event shall any adjournment or postponement of an annual meeting or the public announcement thereof commence a new time period for the giving of a shareholder's notice as described above.

Further, for a shareholder's notice to be proper, it must set forth:

- the name and address of the shareholder;
- the class and number of shares of stock of the Company held of record and beneficially owned by such shareholder;
- the name(s), including any beneficial owners, and address(es) of such shareholder(s) in which all such shares of stock are registered on the stock transfer books of the Company;
- a representation that the shareholder intends to appear at the meeting in person or by proxy to submit the business specified in such notice;
- a brief description of the business desired to be submitted to the annual meeting of shareholders, the complete text of any resolutions intended to be presented at the annual meeting and the reasons for conducting such business at the annual meeting of shareholders;
- any personal or other material interest of the shareholder in the business to be submitted;
- as to each person whom the shareholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required; and
- all other information relating to the nomination or proposed business which may be required to be disclosed under applicable law. In addition, a shareholder seeking to submit such nominations or business at the meeting shall promptly provide any other information reasonably requested by the Company.

Nominations by shareholders of persons for election to the Company's Board of Directors may also be made at a special meeting of shareholders if the shareholder's notice, in the form required by the Bylaws, is delivered to the Corporate Secretary at the principal office of the Company not earlier than the date which is 120 calendar days before the date of such meeting and not later than the date of the later to occur of (i) 90 calendar days before the date of such meeting of shareholders or (ii) ten calendar days after the Company's first public announcement of the date of the meeting of shareholders.

Shareholders who wish to nominate a candidate for election to the Company's Board of Directors (other than the candidates proposed by the Company's Board of Directors) or propose any other business at the 2019 Annual Meeting of Shareholders must deliver written notice to the Corporate Secretary at the address below not earlier than December 18, 2018 or later than January 17, 2019. Shareholders who wish to have a proposal considered for inclusion in the Company's proxy statement for the 2019 Annual Meeting of Shareholders should submit the proposal in writing by mailing it to the Corporate Secretary at the address below no later than January 17, 2019.

Any nomination for director or other proposal by a shareholder that is not submitted in a timely manner and does not comply with these notice requirements will be disregarded, and upon the instructions of the presiding officer of the Annual Meeting all votes cast for each such nominee and such proposal will be disregarded. Nominations or proposals for consideration at an Annual Meeting of Shareholders must be sent to the following address:

First Farmers and Merchants Corporation
Attention: Corporate Secretary
P.O. Box 1148
Columbia, Tennessee 38402-1148

Shareholder Comments at 2018 Annual Meeting of Shareholders

A shareholder who wishes to make comments to or ask questions of the presiding officer at the Annual Meeting on April 17, 2018, must submit in writing the comments or questions no later than April 11, 2018 to: First Farmers and Merchants Corporation, Attention: Corporate Secretary, P.O. Box 1148, Columbia, TN 38402-1148. Management reserves the right to edit or exclude any such comments or questions in the interests of relevance, appropriateness and/or time. A written communication of any such editing or exclusion will be sent to the shareholder before the Annual Meeting.

Annual Report

The Annual Report to Shareholders will be provided to our shareholders with this Proxy Statement.

TO REQUEST ADDITIONAL COPIES OF THE COMPANY'S ANNUAL REPORT, PLEASE PROVIDE YOUR WRITTEN REQUEST TO: STEPHANIE G. HARLAN, CORPORATE SECRETARY, FIRST FARMERS AND MERCHANTS CORPORATION, P. O. BOX 1148, COLUMBIA, TENNESSEE 38402-1148.

By the order of the Board of Directors



Stephanie G. Harlan
Corporate Secretary