

Code of Conduct

This Code of Business Conduct and Ethics sets out basic principles and standards of conduct to guide all employees, officers and directors of First Farmers and Merchants Corporation and First Farmers and Merchants Bank (the "Bank"). All of our employees, officers and directors must conduct themselves in accordance with these principles and standards.

All claims of violations of this Code will be investigated by appropriate personnel or Bank representatives. Those who violate the standards in this Code may be subject to disciplinary action, including dismissal. If you are in a situation which you believe may violate or lead to a violation of this Code, you should consult your supervisor or manager or the Director of Human Resources.

Directors, Officers and Employees Should Act With Honest and Ethical Conduct.

The Bank's directors, officers and employees should act ethically and in good faith, with honesty and integrity, when acting on behalf of the Bank or in connection with the Bank's business or operations.

Directors, Officers and Employees Must Comply with Laws, Rules and Regulations.

Obeying the law, both in letter and in spirit, is the foundation on which this Bank's ethical standards are built. All employees, officers and directors must respect and obey the laws of the jurisdictions in which we operate. The Bank has an Insider Trading Policy that addresses federal securities laws and trading in the Bank's common stock. Any employee, officer or director who is unsure about any aspect of these laws should seek advice from officers, supervisors, managers or other appropriate personnel.

Public Disclosure Should Be Full, Fair, Accurate, Timely and Understandable.

Employees, officers and directors who are involved in the preparation of reports and documents that the Bank files with or submits to the Securities and Exchange Commission or that are otherwise public communications have a responsibility to

promote full, fair, accurate, timely and understandable disclosure in such reports, documents and communications.

Directors, Officers and Employees Must Avoid Conflicts of Interest.

Directors, officers and employees must avoid conflicts of interest involving the Bank or its business. A "conflict of interest" occurs when an individual's private interest interferes in any way, or even appears to interfere, with the interests of the Bank as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her work for the Bank objectively and effectively. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in or with the Bank. Loans to, or guarantees of obligations of, such persons are of special concern, and must comply with all laws. Directors and executive officers must disclose "related interests" to the Bank in a timely manner, and an annual report will be completed by January 31 of each year disclosing such "related interests." Any employee, officer or director who becomes aware of a conflict or potential conflict of interest or any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should bring it to the attention of the Director of Human Resources. Conflicts of interest may not always be clear, so if you have a question, you should consult with the Director of Human Resources of the Bank or other personnel or legal counsel designated by the Bank from time to time.

Insider Transactions

All transactions between the Bank and a director, officers and employees must comply with all laws. Lending policies for bank insiders are set forth as follows:

1. Directors – Loans will be made to directors of the Bank on terms no more favorable than those afforded to other borrowers of comparable credit standing. A current, detailed financial statement will be required. Financial statements will be updated annually or more frequently if necessary. The maximum total loans made to any director by the Bank will not exceed the Bank's legal lending limit. All lines of credit for directors will be approved in advance by a majority of the Board of Directors.
2. Officers – The bank will not lend to any active executive officer as defined under Regulation O and designated by the Board of Directors. The bank will make loans to any non-executive officer in accordance with the guidelines set forth in the Loan Policy manual. Overdrafts by officers are also handled according to the guidelines set forth in the Loan Policy Manual. Loans may be made to any spouse of an

executive officer subject to approval of a credit officer and the Executive Committee.

3. Other Employees – The bank will make loans to any active non-officer employee of the bank according to the guidelines set forth in the Loan Policy Manual. Employee overdrafts will be handled according to the guidelines set forth in the Employee Handbook.
4. Fees or commissions paid or received between the Bank and an insider will be disclosed and must be consistent with fees or commissions paid or received in an arm's length transaction. The use of bank facilities, real or personal property, or personnel by insiders for purposes other than bank business must be approved in advance by senior management, the Executive Committee, or the Board of Directors.

Transactions entered into between the Bank and insiders, insider-related organizations, or vendors who are also bank customers must be handled as arm's length transactions.

Confidentiality of Bank Information Must Be Maintained.

Employees, officers and directors of the Bank must maintain the confidentiality of information entrusted or made available to them by the Bank or its customers, except when disclosure is authorized by the Bank or legally mandated, and must not use that information for personal advantage. Confidential information may not be discussed with anyone outside the organization and may be discussed within the organization only on a need-to-know basis. Confidential information includes all financial and other non-public information and other records that, if disclosed, might be of use to competitors, or harmful to the Bank or its customers.

Directors, Officers and Employees Are Prohibited From Taking the Bank's Corporate Opportunities.

Employees, officers and directors are prohibited from (a) taking for themselves personally opportunities that are discovered through the use of the Bank's property, information or position, without the consent of a majority of the members of the Board of Directors who have no direct or indirect interest in the opportunity as provided under the Tennessee Business Corporation Act, (b) using the Bank's property, information or position for improper personal gain, or (c) competing with the Bank directly or indirectly. Employees, officers and directors owe a duty to the Bank to advance its legitimate interests when the opportunity to do so arises.

Fair Dealing In All Activities Is Expected.

Each employee, officer and director should endeavor to deal fairly with the Bank's customers, suppliers, competitors and employees. An employee, officer or director should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice in connection with the Bank's business.

Directors, Officers and Employees Should Protect and Properly Use the Bank's Assets.

All employees, officers and directors should protect the Bank's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Bank's profitability. All Bank assets should be used for legitimate business purposes. Bank equipment should not be used for non-Bank business, but incidental personal use may be permitted.

Waivers of this Code Must Be Approved and Disclosed.

Any waiver of this Code for executive officers or directors of the Bank may be made only by the Audit/Compliance Committee of the Board of Directors and will be promptly disclosed as required by law.

Directors, Officers and Employees Are Encouraged to Report Illegal or Unethical Behavior or Violations of this Code.

We must all work to ensure prompt and consistent action against violations of this Code. Employees are encouraged to contact the Director of Human Resources or to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior or violations of this Code and when in doubt about the best course of action in a particular situation. Any claim of a possible violation may be made anonymously if the claimant so desires, and all claimants shall be provided confidentiality to the extent practicable in the handling of the potential violation. Employees who have complaints regarding questionable accounting activities, controls and procedures, or auditing matters can report their complaints to a toll-free hotline #866-756-1751. Employees, officers and directors are expected to cooperate in internal investigations of misconduct.

The Director of Human Resources Will Administer this Code.

This Code shall be administered by the Bank's Director of Human Resources, who shall act as the ethical compliance officer of the Bank. Bank employees are encouraged to seek guidance regarding the application or interpretation of this Code from the Director of Human Resources and are expected to cooperate fully in any investigation of any potential violation of this Code.

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