FIRST FARMERS BANK & TRUST

Committed
Dedicated
Focused
Fostering
Supportive

2014 Annual Report

We are First Farmers

Almost 130 years ago, our Bank was founded in the heart of one of Indiana's most productive agricultural areas. Since that time, it has built its strengths by providing financial services to the agricultural community. It is the intent and desire of First Farmers Financial Corporation (FFFC) to serve the communities in their market area while specializing in the development and delivery of financial services to the agricultural sector.

First Farmers Financial Corporation believes that we can best serve this market by remaining independent. It recognizes its responsibility to provide economic value to its shareholders. It will do so by maintaining optimum levels of profitability while remaining open to other sound consideration that will benefit the shareholders.

The Corporation will expand its asset size consistent with its goals for profits recognizing that asset growth provides opportunities for customers, employees, and stockholders alike.

The Corporation believes the key to the success of its mission lies in the delivery of competitive products and service in a personalized, caring, and responsive manner. To do so, it is committed to providing the marketing and training necessary to enable Bank employees to deliver the products and service that meet expectations.

2014 ANNUAL REPORT

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To Our Shareholders

It is hard to believe that it has been nearly 130 years since the story of First Farmers Bank began. It is even more remarkable that the very theme on which our institution was founded – of community-banking and putting local people first – has helped us continue to blossom to new levels of growth and success in 2014.

A lot has changed since we opened our doors to serve the rural community; the banking landscape has become increasingly competitive and challenging for community banks in particular. Some have left rural communities or shut their doors completely. Others, have merged with larger, unfamiliar institutions from out of the region or state, leaving their customers to bank with institutions that are not familiar with their industry or vested in their success.

Where other community banks have encountered challenge in 2014, First Farmers has welcomed opportunity to reach out to help more people, families, farms, businesses, and communities in the Midwest flourish.

ACHIEVING GROWTH IN A VARIETY OF WAYS

In the past year, we have continued our commitment to achieving measured growth, so that we can remain financially strong and independent for the customers and communities that have depended on us for so many years.

One of the ways we accomplished this in 2014 was through the acquisition of the deposits of BMO Harris in November. As part of this strategic acquisition, we purchased bank branches in Marion, Logansport, Terre Haute, Farmersburg, Sullivan, Clay City, and Brazil, Indiana. The employees of these branches joined the First Farmers' family, allowing customers in these locations to continue to receive service from local people they know and trust. The acquisition of BMO Harris, which comes on the heels of our 2013 acquisition of four branches of Bank of Indiana, has left us in our greatest position of strength with more than $1.2 billion in assets, 31 offices, and more than 50,000 clients. More importantly, it has demonstrated that our model of community banking

continues to resonate in both large and small, and existing and new geographic areas.

Of course, we recognize that to successfully support our growth in new communities, we must continually build upon the products and services we offer. As such, First Farmers is proud to offer a wide range of services and expertise to assist commercial industries – even beyond the agricultural industry, where we continue to be a leader. To offer our personal banking customers more for their money, we introduced Harvest Rewards Checking, which offers a range of no-fee convenience benefits plus preferred savings rates.

In 2014, we worked to expand our reach to our customers through investments in technology. These investments allowed us to provide more communication points for our customers and deliver greater convenience, something that is especially important in rural areas. Customers can now open accounts online and apply for mortgages from the convenience of their homes. Our technological advancements also allow us to continue to operate efficiently, which is critical in helping make community banking viable today – and well into the future.

Our successful model of measured growth earned us recognition in 2014. In ***American Banker*** magazine's ranking of the Top Community Banks in the nation based on an average three-year return on equity, First Farmers ranked an impressive 13th in the country. We were the only bank in Indiana among the top 75 and one of the only three Hoosier banks in the top 100.

A GREATER REACH – AND A GREATER GOOD

In addition to building upon our strong rural and agricultural banking presence in Indiana, in 2014, we made strategic moves to broaden our presence in Illinois. In October, we announced the future acquisition of Community Bank in Hoopeston; United Community Bank in Oakwood; and First National Bank of Chrisman in Chrisman.

We recognize that with our growth comes change and uncertainty. In some markets, First Farmers has become the "new bank in town" and we recognize that designation has its unique challenges. However, by employing local people and empowering them to make decisions that reflect solid banking principles with community development, we are able to continue the tradition of providing highly personal service that has contributed to our longevity and the success of the people and industries that have entrusted their banking to us.

Our expansion into new communities also allows us to accomplish another important objective that's been critical to our success – a commitment to helping strengthen local communities. By expanding our boundaries, we are able to provide financial support and assistance to local community organizations and events that strengthen local communities and make life better for all.

THE STORY CONTINUES

Though 2014 marked a highly successful year for First Farmers, our commitment to growth is far from complete. We will continue the prudent financial management and sound decision making that allows us to remain strong and independent. We will also continue to explore new ways to grow geographically and technologically to help more people, families, and businesses succeed.

Though the story of First Farmers is far from over, it will always be about the characters that have made it so successful – people.

In the coming pages, you'll read more about some of the people, who have helped write our story.

I thank you for your support in 2014 and look forward to continuing to serve you.

Gene Miles

Gene Miles
President and Chief Executive Officer

I AM FIRST FARMERS

Gene Miles
President and
Chief Executive Officer

Gene has enjoyed a successful 30-year career in the banking industry. Raised on a corn, soybean, and livestock farm in Central Indiana, and having spent time in his family's grain purchasing operation, he understands the unique needs of agricultural clients.
A graduate of Purdue University with a degree in Industrial Management, Gene's experience in both agriculture and finance allows exceptional perspective for oversight of the organization. Prior to becoming President and CEO, he served as Commercial Loan Officer, Compliance Officer, Investment Officer, Marketing Officer, and Accounting Officer. In this role as President and CEO, Gene oversees the general management of the company as well as stockholder and director relations.

He has completed the Graduate School of Banking from the University of Wisconsin and is actively involved with many philanthropic organizations, including Community Foundation of Miami County and the Saint Joseph Hospital Board of Directors. He and his wife Cheryl reside in Greentown, Indiana, and have raised three children.

Committed to local farmers.

Since we were founded in 1885, First Farmers has been dedicated to preserving rural banking traditions and helping local farms prosper. Today, we are proud to expand on our commitment to local farms with a full range of products and services and experienced agricultural lenders ready to help them prosper.

I AM FIRST FARMERS

Norman Lavengood
Senior Vice President,
Director of Commercial and Ag Lending

For our local communities to thrive, we must stimulate the growth of farms and businesses. Throughout his successful career at First Farmers, which began in 1984, Norman Lavengood has helped plant the seeds of growth for local farmers and for the Bank. During his tenure, the Bank has grown from $68 million in assets to $1.3 billion with $720 million in service agricultural loans and $420 million in serviced commercial loans.

Norman has relished in his successes at First Farmers and the people who have made them possible. "I enjoy helping people succeed in their businesses and working with a great team to support their needs. It makes for a very enjoyable workplace."

Norman's commitment to building local businesses earned him the Outstanding Agri-banker Swackhamer Memorial award. Despite his years in the business, Norman continues to expand his knowledge and experience. His travels related to agriculture included an 11-day tour in China.

In addition to building local businesses, Norman and his wife of 38 years, Deborah, have built a family of three children and seven grandchildren. Norman is also an active member of the Indiana Bankers Association and Indiana Society of Agricultural Bankers.

Ken Perkins
Senior Business Development & Sales Training Officer

Many of us spend our lives searching for a passion. Ken Perkins, Senior Business Development Officer has grown his career on one of his passions – nourishing local businesses and communities.

"The most rewarding part of my job is helping local farmers succeed in producing an abundant supply of food for a hungry world."

Ken joined First Farmers in 2004, after spending 24 years with ADM/Moorman Manufacturing Company in various capacities. At First Farmers, he works with livestock and grain clients, agricultural businesses, and Bio-energy customers. He has a personal interest in helping aquaculture clients, as he has been raising multiple species of fish on his farm in Wabash County for 15 years. He has extended his commitment to wiping out hunger by using his expertise to improve food production in the poorer countries of Southeast Asia.

After graduating from Indiana University, Ken married his wife Beth, and together they have grown their family to three children and five grandchildren.

Fostering local business.

Businesses are the lifeblood of the U.S. economy, helping create jobs and stabilizing our communities.

First Farmers is proud to support the growth of businesses of all sizes with a full range of products and services and experienced lenders who are passionate about helping local business owners succeed.

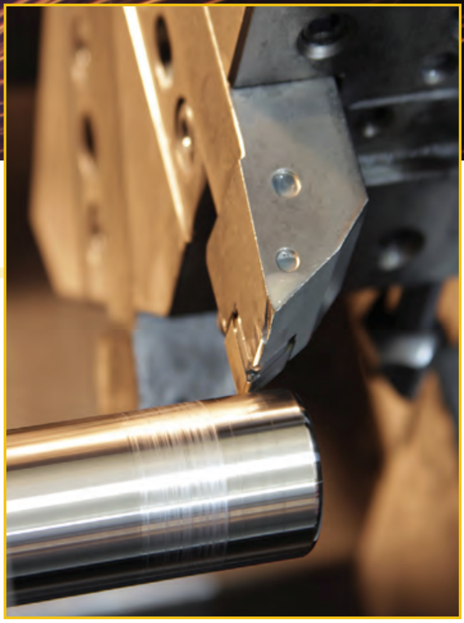
I AM FIRST FARMERS

Cary Mawbey
Senior Commercial Lender

When it comes to serving others, Cary Mawbey has answered the call. As a Senior Commercial Lender, lifelong Kokomo resident, Cary helps serve the credit solutions that local businesses need to grow and prosper. He also understands the value of serving the local community, actively participating in civic and community organizations, including the Rotary Club. Cary currently serves as the Treasurer of the Greater Kokomo Economic Development Alliance, which allows him to stay attuned to the needs of local businesses.

"The most rewarding part of my job is working alongside business owners to help them achieve their goals and dreams."

A graduate of Kokomo High School and Purdue, where he earned a degree in Agricultural Economics, Cary and his wife, Nicole, are proud and busy parents of five children.



Elmer Smith, Sr.
Commercial Lender, Southwest Regional Manager for Commercial Lending

Elmer Smith's expertise in commercial lending stretches back to 1982 and he's proud that he has a diverse client base that includes both small family businesses and larger scale commercial projects.

"I have always felt that, the most rewarding part of anyone's job or life is seeing others succeed, knowing that I had a small part in helping them achieve their goals. Seeing the next generation prepare to take over the family business or operation and knowing that they recognize the amount of work that went into creating the business is incredibly meaningful to me."

Elmer was born, raised, and married in Scottsburg, Indiana. He received his Bachelor's Degree from Union University in Jackson, TN. He and his wife live in Terre Haute where they have raised two daughters. Their two-year old grandson reminds them to stay young at heart and helps them appreciate their family journey.

Elmer has held various leadership and advisory roles in Rotary, FFA, and other community foundations and organizations.

Focused on smart growth.

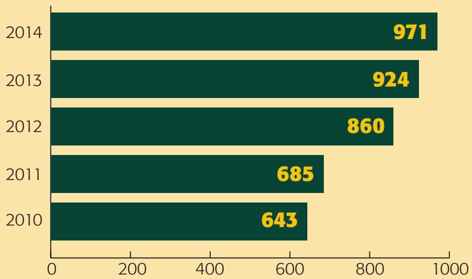
For a seventh consecutive year First Farmers Financial Corporation reported record earnings. For 2014 that was $16.2 million, an increase of 2.6% from the prior year. This translated to $4.55 in earnings per share while dividends declared increased to $1.05 for the year. As a percentage of earnings dividends rose to 23.1% as capital ratios returned above long-term historical operating preferences and the pending regulatory capital framework became certain. The year also marked the 24th consecutive one in which the Corporation has raised dividends, a telling indicator of the consistency in its performance. While returns on average assets and equity for 2014, at 1.29% and 15.14% respectively, fell from 2013's exceptional levels, they still approached or surpassed our average returns over the past decade. Also notable, our return on average equity for 2014 exceeded each of our peers. (1)

As with earnings and dividends, total assets, portfolio loans and total deposits all reached record levels during 2014. Average portfolio loan balances, excluding loss reserves, increased $67.6 million, or 7.8%, to $936.3 million during 2014. Demand within the agricultural and commercial sectors once again drove that growth. In addition, ending loans and leases serviced for unrelated financial firms, which are not reflected on our balance sheet, increased $2.9 million to $612.3 million by December 31, 2014.

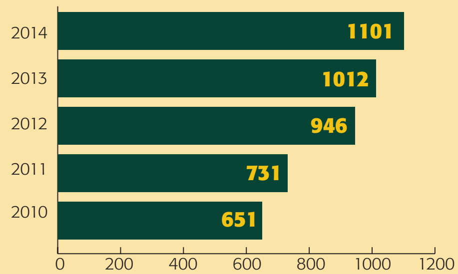
Average deposits increased $69.7 million, or 7.3%, to $1.023 billion during 2014. Only partially reflected in the average deposit growth is the mid-November acquisition of deposits from nine branches of a regional bank in our existing markets of Logansport, Marion and Terre Haute and new markets in Brazil, Clay City, Farmersburg and Sullivan, Indiana. Within the existing markets, the seller's branch locations were in close proximity to our existing facilities. This allowed us to improve our operating leverage by consolidating the approximately $75 million in combined deposits in those markets within three offices rather than the six that were operated separately by the two banks. In addition, deposits from two of the seller's smaller branches were consolidated into the remaining four. This transaction effectively provided $120.9 million in deposits with the operating costs of a little more than four new branches and resulted in a bargain

(1) Peers defined as Indiana-based C-corporation bank holding companies with assets over $500 million.

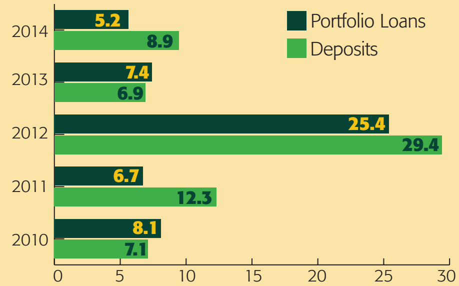
Portfolio Loans & Leases
As of December 31, *Dollars (in Millions)*



Deposits
As of December 31, *Dollars (in Millions)*



Growth in Portfolio Loans and Deposits (1)
Year Ended December 31



(1) excluding allowance for loan loss

purchase gain of $0.3 million. We are excited that these new markets will expand banking convenience for customers in our Western Indiana-Eastern Illinois region and reintroduce the seller's customers to community banking. In October, we also announced an agreement to acquire three commonly owned banks with approximately $150 million in deposits and approximately $60 million in loans between five branches in Edgar and Vermilion counties in Illinois. We expect this transaction will bring the convenience of First Farmers Bank & Trust (FFBT) locations into the communities of Chrisman, Danville, Hoopeston and Oakwood, Illinois during the second quarter of 2015. The branches in both transactions announced during 2014 reside in communities similar to those which we have been so successful serving throughout our 130-year history. The abnormal interest rate environment which has persisted for several years now has generally served to diminish the perceived value of deposits by the banking industry. We are confident that deposits will once again reflect their long-term importance once the banking system is no longer awash in engineered liquidity and we will be pleased to have added these offices at a favorable time.

Like the rest of the industry, the interest rate environment that persisted throughout the year remained a significant challenge for First Farmers. In spite of the Federal Reserve gradually eliminating its quantitative easing program by October 2014, rates beyond 5 years in term generally trended down over the course of the year. With earning asset yields falling 0.12% during 2014 and the cost of funds declining only 0.04%, the tax equivalent net interest margin fell 0.09% to 3.94%. This still compares favorably to the banking industry which experienced a 0.12% decline in net interest margin during 2014 to 3.14%. Margin compression coupled with a decline in loans sales gains of $1.3 million held operating revenue growth to $1.6 million, or 2.9%. Declining loans sales were primarily due to fewer 1-4 family fixed rate refinancing transactions.

Improvements in credit costs, as reflected in the $1.9 million reduction in the provision for loan and lease losses, also dropped to the bottom line during 2014. Net charge-offs remained historically low at 0.16% of average loans for a second consecutive year. In addition, specific reserves associated with impaired loans declined during 2014. The allowance for loan and lease losses ended the year at 1.27% of portfolio loans, down from 1.33% at December 31, 2013. Declining agricultural commodity prices during 2014 were a major consideration in establishing the allowance for loan and lease losses as of December 31, 2014 and they suggest further headwinds to credit costs going forward relative to recent years.

Operating expenses increased $2.8 million, or 9.7%, in 2014 as personnel and occupancy costs constituted three-quarters of the increase with the addition of seven net branches throughout 2013 and 2014. Also contributing to rising operating expenses during 2014 were increased legal and advisory costs associated with strategic initiatives and increased data processing costs associated with debit card activity and acquisition-related costs.

Rarely an organization to confuse activity with achievement, First Farmers had plenty of both during 2014. We are pleased to report such a successful outcome this past year and look forward to the potential opportunities that our strategic efforts will present in coming years.

I AM FIRST FARMERS

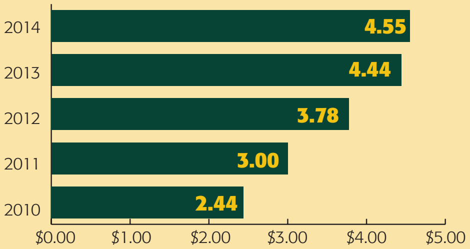
Keith Hill
Chief Financial Officer

The key to First Farmers longevity and success has been our commitment to sound and prudent financial management. As Chief Financial Officer, Keith Hill has played an important role in ensuring the Bank's short and long-term financial success. A graduate of Barat College of DePaul University with an economics degree, Keith has accumulated more than 22 years of banking experience. He believes First Farmers has a very valuable and rare asset – exceptional people.

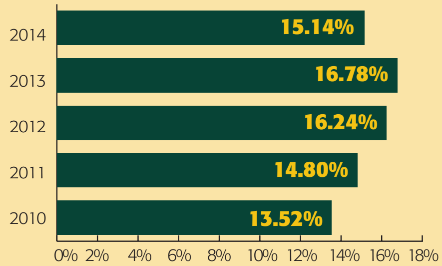
"It's so nice to be part of an organization with colleagues who genuinely care about the well-being of their co-workers, customers, and the communities they serve."

In his hometown of Kokomo, Keith is a proud father of two daughters whom he describes as "wonderful young ladies."

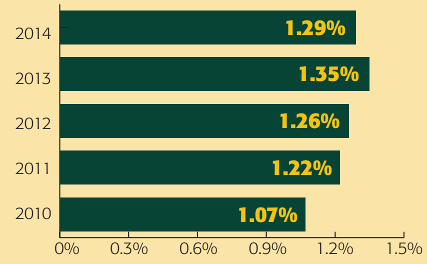
Earnings Per Share
Year Ended December 31
Basic and Diluted



Return on Average Equity



Return on Average Assets



SUMMARY FINANCIAL HIGHLIGHTS

(Dollars in Thousands, Except Per Share Data)

	2014	2013	2012	2011	2010
Results of Operations					
Net Interest Income	$ 45,894	$ 43,352	$ 38,685	$ 33,246	$ 30,291
Provision for Loan Losses	1,500	3,435	3,750	4,875	4,500
Non-Interest Income	10,402	11,062	11,458	8,343	8,203
Non-Interest Expense	32,242	29,404	27,808	22,178	22,343
Income Taxes	6,328	5,758	5,179	3,890	2,977
Net Income	16,226	15,817	13,406	10,646	8,674
Financial Ratios					
Return on Average Assets	1.29 %	1.35 %	1.26 %	1.22 %	1.07 %
Return on Average Equity	15.14	16.78	16.24	14.80	13.52
Net Interest Margin (1)	3.94	4.03	3.99	4.16	4.13
Efficiency Ratio (2)	54.18	51.25	53.05	50.08	54.31
Balance Sheet Data					
Average Total Assets	$ 1,259,880	$ 1,168,760	$ 1,062,182	$ 875,777	$ 810,350
Average Loans (3)	924,913	860,382	761,881	645,194	604,790
Average Deposits	1,023,206	953,479	864,741	704,657	646,652
Per Share Data					
Basic Earnings Per Share (5)	$ 4.55	$ 4.44	$ 3.78	$ 3.00	$ 2.44
Diluted Earnings Per Share (5)	4.55	4.44	3.78	3.00	2.44
Cash Dividends Declared (5)	1.05	0.79	0.70	0.65	0.60
Book Value (5)	31.42	27.58	24.70	21.52	18.83
Capital (First Farmers Bank & Trust Co.)					
Leverage Ratio	9.5 %	9.2 %	8.4 %	9.2 %	9.1 %
Tier I capital to risk-weighted assets	12.0	11.4	10.1	11.3	10.8
Total capital to risk-weighted assets	13.2	12.6	11.2	12.5	12.0
Asset Quality					
Allowance to Total Portfolio Loans (4)	1.27 %	1.33 %	1.19 %	1.24 %	1.29 %
Non-performing Loans / Total Portfolio Loans (4)	1.50	0.85	0.59	0.65	1.42
Net Charge Offs / Average Portolio Loans (4)	0.16	0.16	0.25	0.73	0.63

(1) Fully tax equivalent

(2) Fully tax equivalent, excludes gain (loss) on sales of bonds, amortization of intangibles, charges on early retirement of debt for 2013 and 2009, and removal of facility/operating lease impairments.

(3) Including loans held for sale, net of allowance for loan and lease losses

(4) Excludes loans held for sale

(5) Reflects two-for-one stock split that occurred in 2013.

CONDENSED CONSOLIDATED BALANCE SHEETS

December 31, 2014 and 2013

(Dollar amounts in thousands except share and per share data)

	2014	2013
ASSETS		
Cash and due from financial institutions	$ 69,777	$ 36,264
Money market funds	6,838	12,849
Cash and cash equivalents	76,615	49,113
Interest-bearing deposits in other financial institutions	2,920	2,620
Securities available for sale	216,386	179,072
Securities held to maturity (fair value $14,784 in 2014 and $20,632 in 2013)	14,259	19,873
Restricted stock, at cost	7,477	7,790
Loans held-for-sale	3,978	3,173
Loans, net of allowance of $12,327 and $12,284	959,049	911,357
Premises and equipment, net	16,680	15,277
Goodwill	8,729	8,482
Core deposit and other intangibles	3,121	2,470
Bank-owned life insurance	4,748	4,622
Investments in affordable housing partnerships	9,598	10,237
Accrued interest receivable and other assets	16,110	14,501
	$ 1,339,670	$ 1,228,587
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non-interest-bearing deposits	$ 258,659	$ 228,587
Interest-bearing deposits	842,737	783,181
Total deposits	1,101,396	1,011,768
Federal Home Loan Bank (FHLB) advances	85,250	79,625
Notes payable	10,883	9,751
Subordinated debentures	18,000	18,000
Accrued interest payable and other liabilities	11,997	11,199
Total liabilities	1,227,526	1,130,343
Stockholders' equity		
Common stock, $1 stated value, 5,000,000 shares authorized, 3,571,812 issued and 3,568,758 outstanding in 2014; 3,571,812 issued and 3,562,172 outstanding in 2013;	3,572	3,572
Additional paid-in capital	3,626	3,434
Retained earnings	104,861	92,381
Treasury Stock (3,054 shares in 2014 and 9,640 shares in 2013)	(86)	(254)
Accumulated other comprehensive income (loss)	171	(889)
Total stockholders' equity	112,144	98,244
	$ 1,339,670	$ 1,228,587

Complete audited financial statements are available upon request from the Company's corporate offices.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

December 31, 2014 and 2013

(Dollar amounts in thousands except share and per share data)

	2014	2013
Interest and dividend income		
Loans, including fees	$ 46,776	$ 44,414
Securities		
Taxable	2,515	2,213
Non-taxable	1,827	1,829
Other	83	68
	51,201	48,524
Interest expense		
Deposits	3,130	3,235
Short-term borrowings	12	33
Note payable and FHLB advances	1,695	1,426
Subordinated debentures	470	478
	5,307	5,172
Net interest income	45,894	43,352
Provision for loan losses	1,500	3,435
Net interest income after provision for loan losses	44,394	39,917
Other income		
Trust and investment product fees	852	1,001
Service charges on deposit accounts	2,086	2,007
Interchange income	1,998	1,672
Net gain (loss) on sale and redemption of securities	(13)	13
Net gain on sale of loans	2,563	3,856
Other income	2,916	2,513
	10,402	11,062
Other expenses		
Salaries and employee benefits	19,188	17,510
Occupancy and equipment expense	4,368	3,829
Amortization of intangible assets	646	705
FDIC insurance	732	675
Other operating expenses	7,308	6,685
	32,242	29,404
Income before income taxes	22,554	21,575
Provision for income taxes	6,328	5,758
Net income	$ 16,226	$ 15,817
Basic and diluted earnings per common share	$ 4.55	$ 4.44
Basic and diluted weighted average common shares outstanding	3,566,604	3,559,410

Complete audited financial statements are available upon request from the Company's corporate offices.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

December 31, 2014 and 2013

(Dollar amounts in thousands except share and per share data)

	2014	2013
Net income	$ 16,226	$ 15,817
Other comprehensive income (loss):		
Change in securities available for sale:		
Unrealized holding gains/(losses) on securities available-for-sale	2,307	(4,603)
Reclassification adjustments for (gains)/losses later recognized in income	13	(13)
Net unrealized gains/(losses)	2,320	(4,616)
Tax effect	(844)	1,618
Net of tax amount	1,476	(2,998)
Cash flow hedges:		
Change in fair value of derivatives used for cash flow hedges	(724)	419
Reclassification adjustments for (gains)/losses realized in income	–	–
Net unrealized gains/(losses)	(724)	419
Tax effect	308	(166)
Net of tax amount	(416)	253
Other comprehensive income (loss), net of tax	1,060	(2,745)
Comprehensive income	$ 17,286	$ 13,072

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

December 31, 2014 and 2013

(Dollar amounts in thousands except share and per share data)

	Common Stock	Additional Common Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stock-holders' Equity
Balance at January 1, 2013	$ 1,786	$ 3,440	$ 81,174	$ (510)	$ 1,856	$ 87,746
Net income			15,817			15,817
Other comprehensive loss					(2,745)	(2,745)
Purchase of treasury stock, 594 shares				(18)		(18)
Sale of treasury stock, 3,596 shares		18		93		111
Retirement of treasury stock, 464 shares	–		(12)	12		–
Restricted stock awards from treasury, 7,400 shares		(178)		178		–
Stock-based compensation, net of 350 shares forfeited		154		(9)		145
Stock split	1,786		(1,786)			–
Dividends declared ($0.79 per share)			(2,812)			(2,812)
Balance at December 31, 2013	3,572	3,434	92,381	(254)	(889)	98,244
Net income			16,226			16,226
Other comprehensive income					1,060	1,060
Purchase of treasury stock, 230 shares				(10)		(10)
Sale of treasury stock, 2,566 shares		40		67		107
Restricted stock awards from treasury, 4,250 shares		(111)		111		–
Stock-based compensation		163				163
Stock activity under incentive compensation plan		100				100
Dividends declared ($1.05 per share)			(3,746)			(3,746)
Balance at December 31, 2014	$ 3,572	$ 3,626	$ 104,861	$ (86)	$ 171	$ 112,144

Complete audited financial statements are available upon request from the Company's corporate offices.

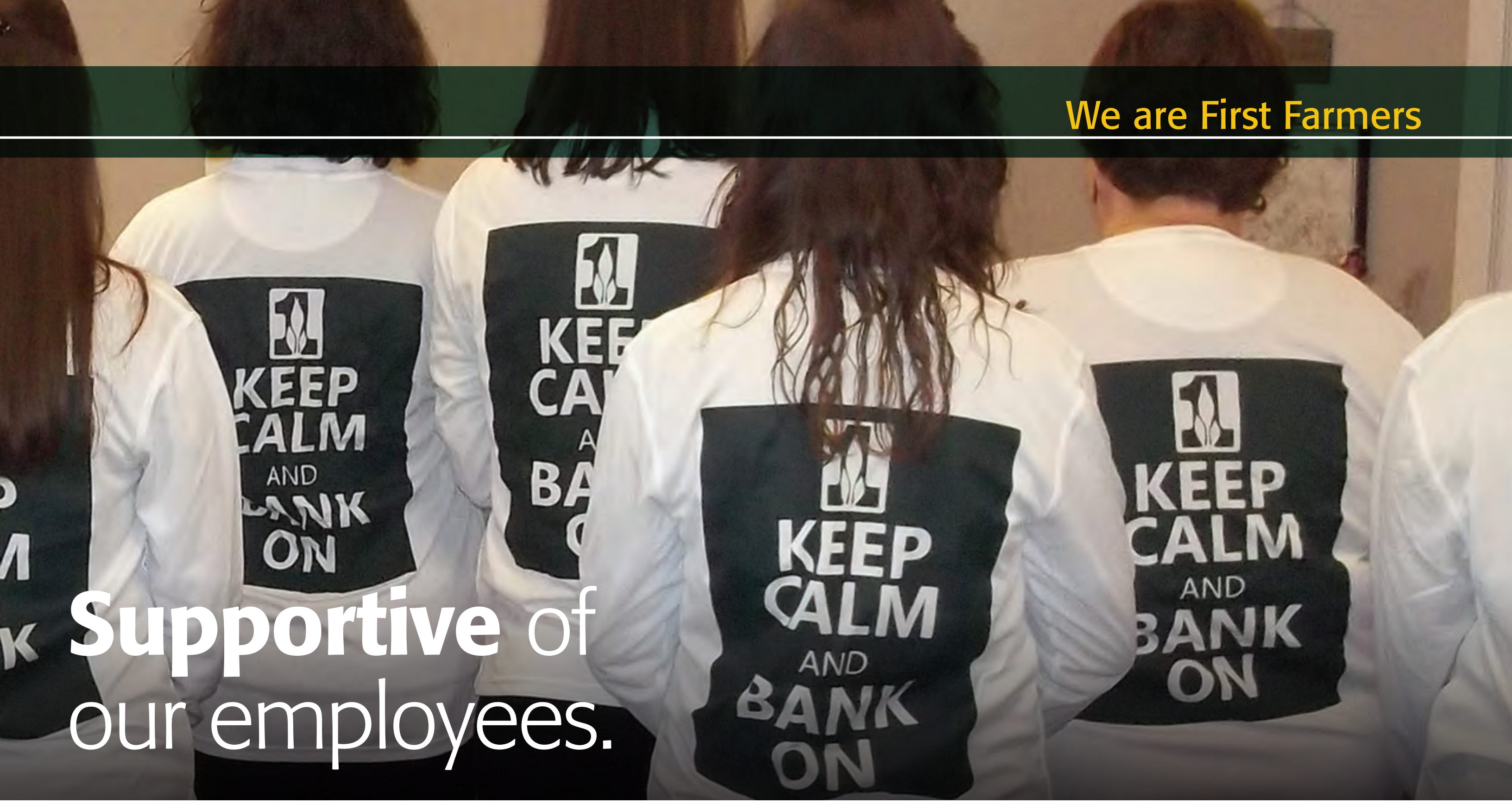
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2014 and 2013

(Dollar amounts in thousands except share and per share data)

	2014	2013
Cash flows from operating activities		
Net income	$ 16,226	$ 15,817
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	1,322	1,231
Amortization of intangible assets	646	705
Net securities amortization	385	683
Servicing rights amortization and impairment	810	548
Stock-based compensation	163	145
Provision for loan losses	1,500	3,435
Net gain on sale of loans	(2,563)	(3,856)
Net (gain)/loss on sale and redemption of securities	13	(13)
Net loss on sale and write-down of premises and equipment	–	102
Net loss on sale and write-down of other real estate	33	22
Impairment of branch facility	300	218
Earnings on bank-owned life insurance	(125)	(130)
Bargain purchase gain	(265)	–
Pass thru losses in community development investments	639	533
Loans originated for resale	(43,841)	(70,689)
Proceeds from sale of loans	44,974	95,829
Changes in assets and liabilities		
Interest receivable and other assets	(1,906)	2,343
Interest payable and other liabilities	1,173	(3,327)
Net cash from operating activities	19,484	43,596
Cash flows from investing activities		
Net change in interest-bearing deposits in other financial institutions	(300)	(2,620)
Securities available-for-sale		
Proceeds from sales	2,594	795
Purchases	(67,241)	(68,599)
Proceeds from principal payments, calls and maturities	29,263	49,603
Securities held-to-maturity		
Proceeds from principal payments, calls and maturities	5,603	2,750
Loans made to customers net of payments received	(49,916)	(43,342)
Net cash received in acquisition	117,929	50,367
Premises and equipment expenditures	(1,825)	(1,201)
Proceeds from the sale of fixed assets	–	184
Investments in affordable housing partnerships	(970)	(2,213)
Proceeds from the sale of other real estate owned	508	2,336
Proceeds from redemption of restricted stock	501	–
Purchase of restricted stock	(188)	(222)
Net cash from investing activities	35,958	(12,162)
Cash flows from financing activities		
Net change in deposit accounts	(31,301)	(11,588)
Net change in short-term borrowings		(10,850)
Advances from notes payable	2,500	10,000
Payments on notes payable	(1,367)	(4,749)
Payments on FHLB advances	(152,375)	(32,725)
Proceeds from FHLB advances	158,000	29,000
Purchase of treasury stock	(10)	(18)
Sale of treasury stock	107	111
Dividends paid	(3,494)	(2,029)
Net cash from financing activities	(27,940)	(22,848)
Net change in cash and cash equivalents	27,502	8,586
Cash and cash equivalents at beginning of year	49,113	40,527
Cash and cash equivalents at end of year	$ 76,615	$ 49,113
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	$ 5,367	$ 5,257
Income taxes	5,441	5,387
Supplemental non-cash disclosures		
Transfers from premises and equipment to real estate owned	416	–
Real estate acquired in satisfaction of debts previously contracted	578	455
Assets acquired	119,981	76,687
Liabilities assumed	(121,013)	(77,311)

Complete audited financial statements are available upon request from the Company's corporate offices.



Supportive of our employees.

The driving force behind the continued success of First Farmers Bank & Trust has always been their effective and enthusiastic team of employees. The positive operational environment of the organization is a product of dedicated personnel who share a common goal of providing exceptional customer service. A concerted effort to remain at the forefront of the industry is evident in the Bank's commitment and support of its employees and its goal of long-term professional development.

I AM FIRST FARMERS

David Eikenberry
Chief Operating Officer

At First Farmers Bank & Trust, we have always put people first. According to David Eikenberry, that is a product of the culture throughout the entire organization.

"We're very proud of the people in our organization and our positive work environment is a direct result of the sincere appreciation we have for each other. I really enjoy working with our staff as we work toward a common goal of providing old-fashioned service."

Dave has enjoyed a long and successful career in banking, including over 30 years with First Farmers. He is a graduate of Purdue University Ag Banking School and the IBA Commercial Lending School. He and his wife Andrea have three children, 4 grandchildren, and reside in Greentown, Indiana.

Dedicated to local homeowners.

American values have changed considerably over the past thirty years, but one value has stood the test of time – the American dream of owning a home.

As a community bank, First Farmers is dedicated to making homeownership possible for individuals and families with a wide range of loan programs and local people who can help them select the right program for their needs.

I AM FIRST FARMERS

Dirk Webster
Vice President, Mortgage Officer

"The best thing about my job is the long-term relationships I get to build with my customers. It's not just about helping them get a mortgage to buy a home, but helping them and their family members at every stage of life."

First Farmers was proud to welcome Dirk in 2009. His extensive experience in various positions earlier in his career, including customer service and branch management, has allowed him to truly understand the needs of his customers – and the importance of delivering solutions to solve them.

With local roots as a graduate of Kokomo High School and Indiana University, Dirk is playing an integral role in helping build homeownership opportunities for local families and stronger communities for us all.

Susan McCormack
Assistant Vice President, Loan Officer

When it comes to real estate mortgages, you could say that Susan McCormack has the ability to wear many hats. In banking since 1982, she's experienced in various areas of bank lending and management. She also holds a real estate brokers license, a title producers license and is a certified tax preparer. You can imagine the perspective that she brings to the table for her clients. Her unique blend of work experience allows her specialized insight in assisting them.

"Simply put, I enjoy helping people better their lives and I feel I get an opportunity to do that. The most rewarding projects involve assisting people that are not approved initially. When you've coached someone through a challenging underwriting process and have used unique resources to help them, you know that you've had a positive impact on your community."

Sue and her husband call San Pierre home. They enjoy riding their Harleys or traveling via a1972 Ford Mustang while pulling their vintage camper. Their unique family pets include a boxer, some miniature donkeys, and her draft horse, "Smudge."

Personal

Supportive of customers & community.

At First Farmers, we recognize that every individual in our community has financial goals. For some, it involves saving for a home while others are looking for affordable ways to fix up their home, buy a car, or finance their child's college education.

We're proud to offer an array of personal banking services and knowledgeable people to help all our customers reach their goals.

I AM FIRST FARMERS

Cherie Planalp
Senior Vice President &
Chief Retail Banking Officer

In her 30 years in the business world, Cherie Planalp has learned a thing or two about business success – including the most important one – success is about people. "I'm fortunate in that I get to collaborate with a great group of people to provide solutions that help our customers succeed."

Cherie also understands one of the most important attributes of a well-designed product and service platform is maintaining a healthy balance between accepted traditional practices and the need to further develop products and delivery channels that will meet the needs of an ever changing customer base.

Under Cherie's guidance, we continually reevaluate the way we do business with our customers while maintaining a direct focus on providing a great customer experience.

A graduate of Purdue University, she and her husband, Neil, live in Tipton and are the proud parents of two children.

At First Farmers, we have always believed that our role as a community bank goes far beyond helping individuals, families, business owners, and farmers with their financial needs.

We have always strived to invest in the communities we proudly serve in a variety of ways.

Visit FFBT.com for a list of contributions in 2014.

I AM FIRST FARMERS

Tade J. Powell
Vice President,
Marketing & Public Relations

First Farmers Bank & Trust's commitment to its respective communities extends further than providing exceptional financial products and services. Tade Powell helps coordinate the communication and philanthropic outreach that further strengthens the bond between the community and FFFC.

Unlike many of our peer organizations, First Farmers Bank & Trust maintains a locally driven method of community and charitable support that is initiated at the branch level.

"It's an incredibly important aspect of the manner in which the Bank remains connected to each of our communities. It's certainly challenging to manage and the practice is very unique for organizations of our size. However it clearly follows in line with our corporate culture of being very tied in to the communities that we serve."

A graduate of Marion High School and Indiana University – Bloomington, where he earned a Bachelor's Degree in History and Political Science, Tade resides in Marion, Indiana with his wife Robyn and their two sons.

SENIOR MANAGEMENT

Gene Miles
President & Chief Executive Officer

David Eikenberry
Senior Vice President, Chief Operating Officer

Keith Hill
Chief Financial Officer

Mark Jones
Senior Vice President

Craig Langley
Senior Vice President

Norman Lavengood
Senior Vice President, Director of Commercial and Agricultural Lending

Joe Lenon
Senior Vice President, Director of Mortgage and Consumer Lending

Cherie Planalp
Senior Vice President, Chief Retail Officer

Mark Wolf
Senior Vice President

BOARD OF DIRECTORS

Brian Renbarger
Chairman
Area Farmer
Greentown

Freddie Barnard
Professor of Agricultural Economics, Purdue University
West Lafayette

Janice Fern
Retired Business Teacher, Peru Community Schools
Peru

Mark Holt
Doctor of Veterinary Medicine
Sweetser

Edward McClure
Vice Chairman
President, McClure Oil Corporation
Indianapolis

Brad Howell
Co-owner, Brad Howell Ford
Greentown

Gene Miles
President & Chief Executive Officer, FFBT
Greentown

Chris Norris
President, Norris Insurance Agency, Inc.
Amboy

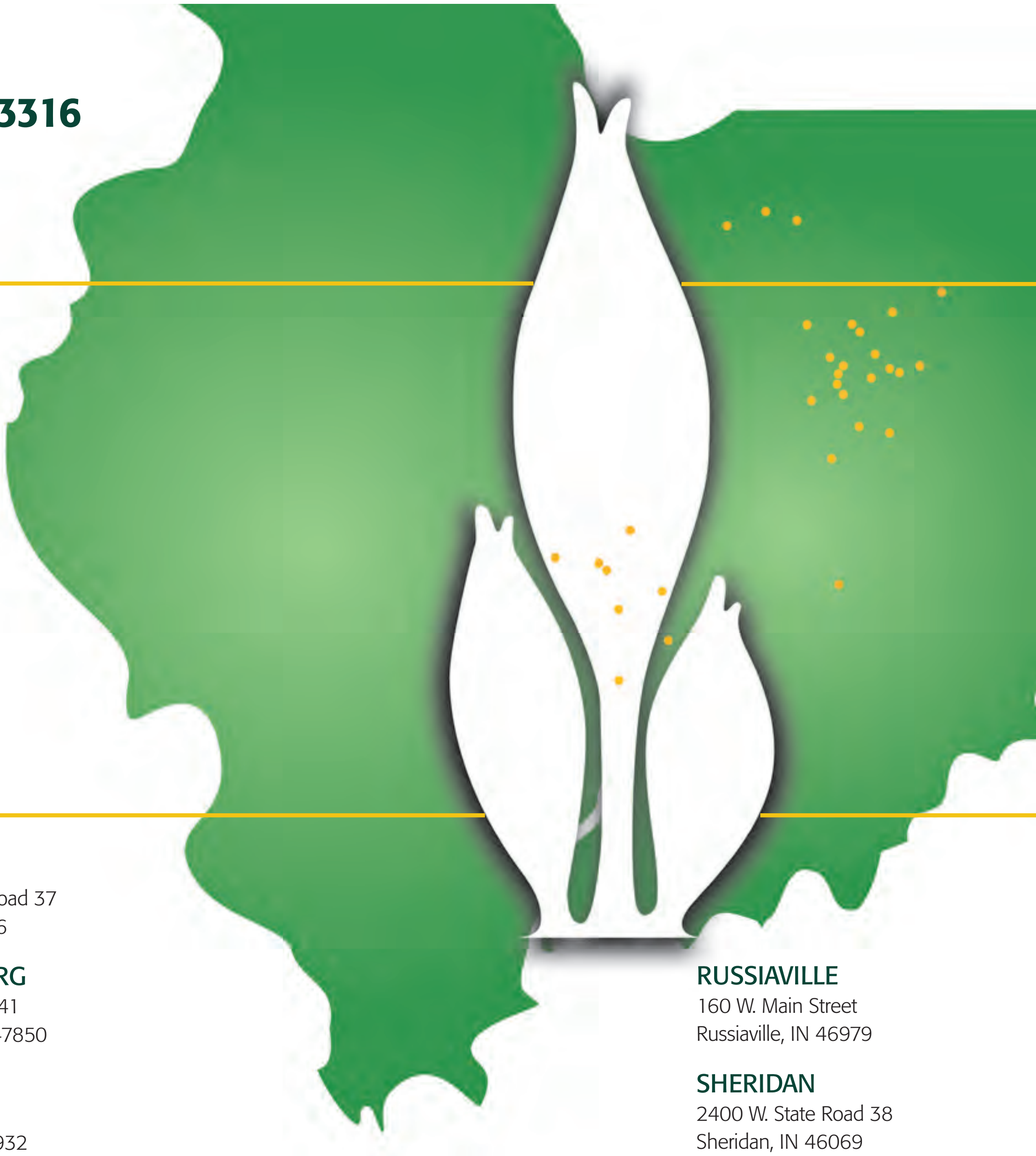
John O'Donnell
CEO, Kokomo Opalescent Glass Company
Kokomo

Jeff Stout
Owner, Stout & Son Funeral Home
Russiaville

Kevin Trimble
Owner, Trimble Farms
Amboy

FIRST FARMERS BANK & TRUST

FFBT.COM | (800) 371–3316



ILLINOIS

PARIS - MAIN
110 W. Court Street
Paris, IL 61944

PARIS EAST
8964 N. Terre Haute Road
Paris, IL 61944

OAKLAND
12 W. Main Street
P.O. Box 950
Oakland, IL 61943

INDIANA

CONVERSE
123 N. Jefferson
Converse, IN 46919

AMBOY
115 S. Main Street
Amboy, IN 46911

BARGERSVILLE
42 S. State Road 135
Bargersville, IN 46106

BRAZIL
103 West National Avenue
Brazil, IN 47834

CLAY CITY
801 Main Street
Clay City, IN 47841

CULVER
101 Main Street
Culver, IN 46511

DANA
129 Maple Street
Dana, IN 47847

ELWOOD
10077 N. State Road 37
Elwood, IN 46036

FARMERSBURG
11612 North US 41
Farmersburg, IN 47850

GALVESTON
112 S. California
Galveston, IN 46932

GREENTOWN
603 W. Main
Greentown, IN 46936

HUNTINGTON
244 Hauenstein Road
Huntington, IN 46750

KNOX
1402 S. Heaton Street
Knox, IN 46534

KOKOMO CENTRAL
501 W. Lincoln Road
Kokomo, IN 46902

KOKOMO NORTH
2041 N. Reed Road
Kokomo, IN 46901

KOKOMO SOUTH
410 Flint Way
Kokomo, IN 46902

KOKOMO SQUARE
101 W. Sycamore Street
Kokomo, IN 46901

LOGANSPORT
3910 E. Market Street
Logansport, IN 46947

MARION
830 N. Baldwin Avenue
Marion, IN 46952

NORTH JUDSON
302 Keller Avenue
North Judson, IN 46366

PERU RIVER
120 S. Broadway
Peru, IN 46970

PERU SQUARE
2 N. Broadway
Peru, IN 46970

RUSSIAVILLE
160 W. Main Street
Russiaville, IN 46979

SHERIDAN
2400 W. State Road 38
Sheridan, IN 46069

SULLIVAN
32 South Court Street
Sullivan, IN 47882

TERRE HAUTE
315 E. Davis Drive
Terre Haute, IN 47802

TIPTON
825 E. Jefferson
Tipton, IN 46072

WABASH
1004 N. Cass Street
Wabash, IN 46992