



October 15, 2025

Dear Shareholder,

We are pleased to inform you that on September 16, 2025, the Board of Directors declared a quarterly dividend of \$0.50 per share, payable to shareholders of record as of September 30, 2025. This dividend represents a 4.2% increase over the \$0.48 per share paid in October 2024, reflecting our continued commitment to delivering value to our shareholders.

Financial Highlights for the Nine Months Ended September 30, 2025:

- **Record Earnings:** Net income reached \$35.9 million, or \$5.13 per share, an increase of \$12.6 million year-over-year, primarily driven by lower credit costs.
- **Credit Improvement:** The provision for credit losses totaled \$6.3 million, or 0.35% of average loans, returning to our long-term average. In contrast, 2024's provision was elevated due to an unusually large default in the transportation sector.
- **Net Interest Income:** Improved by \$7.6 million, or 9.5%, supported by a 4.9% increase in average earning assets and a 16-basis point improvement in the tax-equivalent net interest margin, increasing to 3.80%.
- **Non-Interest Income:** Rose by \$1.2 million, driven by \$0.6 million improvement in unrealized gains on equity securities and a \$0.5 million reduction in losses from building sales.
- **Non-Interest Expenses:** Increased by \$5.9 million, or 13.1%, with notable increases in personnel costs (\$2.6 million), professional services (\$1.6 million), and software/data processing (\$1.1 million).
- **Loan Growth:** Loans grew by \$52.9 million, or 2.2%, amid borrower uncertainty related to U.S. trade policy. Encouragingly, recent favorable trade announcements have prompted renewed borrower activity.
- **Shareholder Equity:** Increased by \$33.0 million to \$306.6 million, driven by \$25.4 million in retained earnings and a \$10.0 million reduction in net Accumulated Other Comprehensive Loss (AOCL). These gains were partially offset by \$2.6 million in net treasury stock purchases, reducing outstanding shares by 36,023.
- **Performance Metrics:** Return on average assets and equity improved to 1.47% and 16.63%, respectively—both top quartile results.

Leadership Transition Announcement

As part of our long-term succession plan, we are announcing that Gene Miles, CEO of First Farmers Financial Corp., will retire from his corporate role effective December 31, 2025. Mr. Miles will continue to serve on the board of directors. He was elected to the board in 1995 and has served the organization for 46 years in various roles including cashier, internal auditor, branch manager, executive vice president, president, and CEO. We are pleased to share that Keith Hill, Chief Financial Officer of First Farmers Bank & Trust since 2001 and a board member since 2016, will succeed Mr. Miles as CEO of the corporation and that Allison Bobeck, Senior Vice President and Controller since 2013, will succeed Mr. Hill as Chief Financial Officer.

Building Stronger Communities Together

First Farmers Bank & Trust remains deeply committed to the health and growth of our local communities—supporting businesses, public projects, schools, and charitable organizations. As we approach year-end, we encourage shareholders to consider tax-advantaged donations of appreciated shares or IRA-held shares. Potentially amplifying the impact of your gifts is the recently announced Lilly Endowment Inc. GIFT IX program which offers matching grants to eligible community foundations to build unrestricted endowed assets and support current community needs. For eligibility and guidance, please consult your tax advisor and local community foundation.

Thank you for your continued trust and support.

Gene Miles
President & CEO
First Farmers Financial Corporation

Mark Holt
President & CEO
First Farmers Bank & Trust