FIRST FARMERS BANK & TRUST

Firmly Planted in the Community

and Here to Stay

2015 Annual Report

We are First Farmers

OUR MISSION

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.

FIRST FARMERS FINANCIAL
FIRST FARMERS BANK & TRUST
SCI LEASING GROUP

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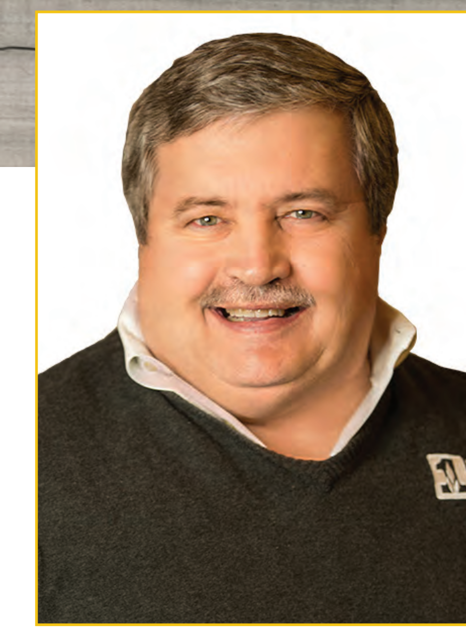
BUILDING ON A 130 YEAR TRADITION OF COMMUNITY BANKING

It has been 130 years since a small seed was planted in Converse, Indiana. That seed, which has come to be known as First Farmers Bank & Trust, was rooted in a single promise – to help the community flourish by supporting the farms and businesses that power their growth.

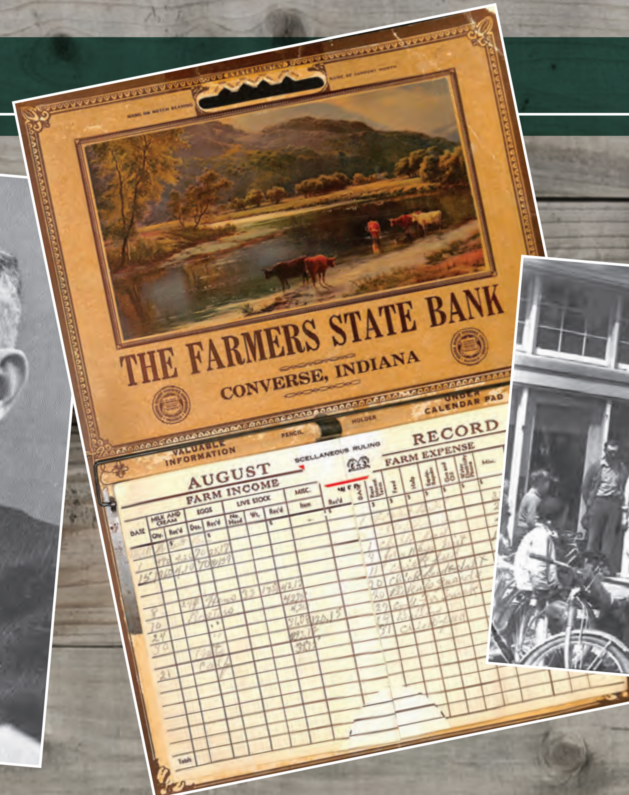
Much has changed since then; The old-fashioned ledgers that allowed depositors to keep track of their money have now been replaced by innovative tools, such as online and mobile banking. The landscape has changed dramatically as well. The small Bank in Converse that was created through investments by local business owners has given way to a strong and growing financial institution with 36 branches in Indiana and Illinois. And as the years have come and gone and regional banks have packed up and left rural areas, First Farmers Bank & Trust has stood proud, strong, and committed – harvesting the seed of community banking on which we were founded.

GROWING ON OUR COMMITMENT TO MAKING LOCAL COMMUNITIES STRONGER.

Since we were formed in 1885, First Farmers has understood that to ensure we continue to serve our customers and communities through changing economic cycles, we must achieve measured growth for the future. In 2015, we delivered on our growth strategy through the strategic acquisition of three banks owned by the Richardson family in Illinois. The merger resulted in the addition of five branches to our growing network and $147.7 million in deposits, allowing First Farmers to achieve a record-high asset size of $1.5 billion. The new branches, located in rural communities, allows us to do what we have done since our founding – to provide the financial solutions and support to help the people and the communities we serve flourish.



Gene Miles
President and
Chief Executive Officer



Entering new rural markets is not without its challenges, as we must counter perceptions as the big out-of-town bank entering new areas. However, our commitment to lending and dedication to giving back to the communities we serve has helped us build relationships with local people and demonstrate that First Farmers is vested in the success of local people.

FOLLOWING A MODEL OF PEOPLE HELPING PEOPLE.

Of course, our success in 2015 would not be possible without the commitment of our dedicated employees – at every level of the organization. As we have grown, we have consciously worked to develop our team to ensure they respond to the needs of local people in all the areas we serve. In 2015, for example, we began hiring young students in all our communities to develop the next generation of lenders, ensuring that First Farmers is in tune to the needs of business owners and farmers in the future.

Our people are a reflection of what has always been our greatest strength – the personal service we provide. From the frontline staff who serve in our branches, to our attentive underwriting staff, to our seasoned commercial lenders, First Farmers has continued to put local people first – even as we have grown markedly.

DELIVERING SERVICES LOCAL PEOPLE AND BUSINESSES NEED TO SUCCEED.

Our growth has also allowed us to continue to develop a robust suite of products and services. Powered by our financial strength, we were able to increase our lending limits and to deliver financial solutions to help agricultural and other businesses capitalize on opportunities for growth.

We also continued to focus on enhancing technology to allow our customers, particularly those in rural areas, to manage their money more easily and conveniently. One of the ways we accomplished this was through the addition of Mobile Check Deposit, which allows customers to deposit checks remotely without having to visit a branch. We also invested in a new website to provide access to our array of services and to offer enhanced mortgage application services to make it easier for local people to reap the benefits of homeownership.

HONORING A TRADITION OF SOUND LEADERSHIP.

One of the keys to our longevity and financial strength has been the leadership of our esteemed Board of Directors. In August, we mourned the loss of Ronald Powell, Director Emeritus of First Farmers Financial Corporation and former Chairman of the Board. A strong advocate for First Farmers and for local people, Ronnie proudly continued his family's legacy of service to First Farmers since the early 1900s.

In 2015, we also saw the retirement of two key board members, former Chairman, Edward McClure, Indianapolis, and Dr. Mark Holt of Sweetser. Edward served 32 years on the board, including roles as Vice Chairman of the Board, and on Loan, Investment and Audit committees, while Mark, served 18 years, assisting with Loan, Investment, Compensation, and Trust.

We were pleased to welcome Kelly McClure of Indianapolis to join the Board. Kelly is the President of McClure Oil Corporation and will be invaluable in helping ensure we continue to understand and meet the changing needs of businesses.

SUCCESS OF THE PAST. PROMISE FOR THE FUTURE.

Our strong financial performance, expansion into new areas, dedicated people, and commitment to service excellence has First Farmers well positioned for the future. We are proud that our continued earnings allow us the capability to be progressive in the industry. We look forward to continuing to sow the seeds of community banking in new areas and to serve generations of families, businesses, and farms for another 130 years.

Thank you for putting your trust in us.

Sincerely,

Gene Miles

Gene Miles
President and Chief Executive Officer

PRESERVING THE LEGACY OF COMMUNITY BANKING IN RURAL COMMUNITIES

Serving the needs of local people and businesses in rural communities. It's the hallmark of community banking – and the solid ground on which our organization was established over 130 years ago. As the needs of local people and farmers grew, we grew with them, continuing the same philosophy of personalized service to all of our valued customers. Today, our Bank proudly serves our clients from 36 locations in communities in Indiana and Illinois. Though these communities differ, they do share one common theme – the commitment of First Farmers Bank & Trust to helping local people reach their goals. Our company is a combination of many different stories, as varied and as rich in history as the respective places where they took place.

In the following pages, we will share some of the stories that make our organization so unique. We are thankful for those that have helped us document our shared history and we're proud that they reflect the core values of community banking.

Where it all began.

The First Farmers story began in two tiny, rural towns just miles apart. Farmers, merchants, and other business owners in these communities endured various economic cycles over 100 years and continued to support a strong environment for local banks to serve.

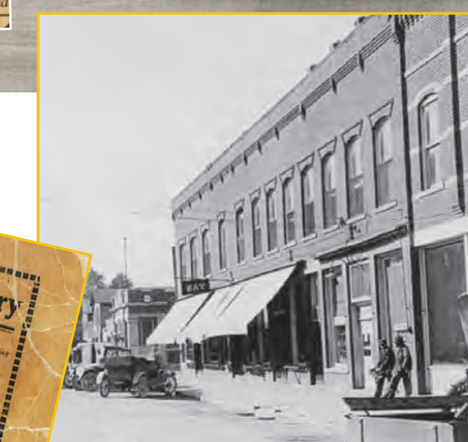
While the overall size of these towns remained steady, the banks in these communities grew and eventually combined to form a solid financial organization able to withstand economic uncertainty.

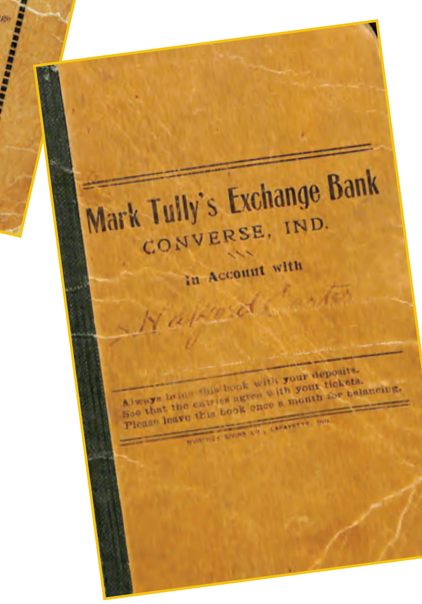
Located in the Wabash River Valley of North Central Indiana, Converse and Amboy were both representative of many rural communities of the Midwest in the late 1800s & early 1900s with small, yet vibrant, local economies. The towns were defined by the collective vitality of local merchants, churches, and other community leaders. They both were surrounded by rich productive farmland and local commerce benefited greatly from convenient access of several railroad companies. The towns were served by local gas companies, newspapers, and commerce was healthy enough to support several banks.

The first of these was Mark Tully's Exchange Bank. Tully had emigrated from Ireland as a boy and, by 1857, had settled in Converse (then called Xenia). In 1885, Tully had established a regular banking business that eventually combined and merged with others in town (Farmers State Bank & First National Bank). By 1945, First Farmers National Bank boasted the financial strength of over $3 million in assets. In nearby Amboy, similar bank consolidation had occurred as the Miami County Bank of Amboy and the Amboy Bank had evolved into a single entity and a third, the State Bank of Amboy was founded in 1919. By 1975, all these organizations had combined under the name First Farmers National Bank. The Bank held $31 million in assets and operated three offices in Converse, Amboy and the nearby railroad town of Bennetts Switch. As the organization grew, local farmers, business owners, and other local leaders helped guide the direction of the organization, always mindful of the importance of local stewardship and support of the rural communities that it served.

"Our Bank branch was built in 1902 and is the original site of the State Bank of Amboy. We're proud of the history of all of the combined Amboy banks and we love that many of the descendants of the original Bank owners are shareholders and customers today. Our community is 387 people and we love what the Bank represents."

Pam Camden
Amboy Office





"It is very interesting that both Converse and Amboy were so similar yet independent in so many ways over the course of 150 years. The local banks, the local churches, the lodges, and the community organizations all had a clear individual identity but they shared so many common philosophies and core values."

Tade J. Powell
Marketing & Advertising

Expanding our footprint

First Farmers entered the markets around its towns of origin as an alternative to the larger regional and national banks that held the vast majority of the market share in the nearby cities and towns.

Bank deregulation and consolidation had rapidly changed the financial landscape in these cities and it was immediately apparent that clients preferred a community banking model over one where policies were set from Chicago, Cleveland, Cincinnati, or New York.

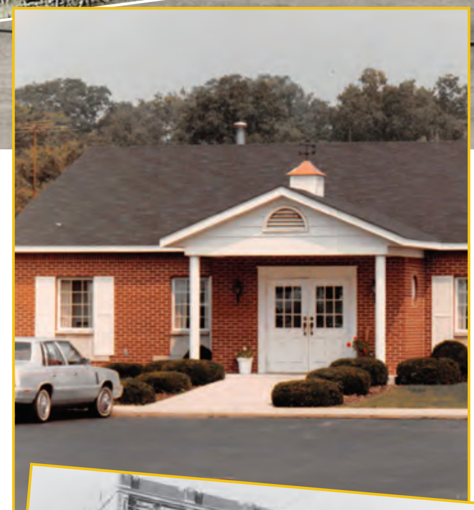
"I'm sure there were plenty of people that didn't think that we would be able to compete with the more established banks in larger towns. People immediately recognized that they were working face to face with someone they knew and who was able to personally help them. It was very apparent that we were committed to supporting and being active in the new communities as other banks seemed to follow a more corporate model."

David Eikenberry
Chief Operating Officer

In the 1980s and 1990s, First Farmers began to slowly expand client reach and service locations into some of the areas around its towns of origin. As banking deregulation had significantly affected the operational management of the larger local banks, customers were eager to support a bank that still was based in the area and preserved the values and core philosophy of community banking. The Bank itself had emerged from the agricultural recession of the 1980s as a strong efficient operation that embraced the technology of the industry and was exceptionally suited to understanding the unique characteristics of agricultural underwriting. From a competitive standpoint, fewer regional or national banks embraced local community reinvestment or were interested in the specialty of agricultural and community banking. First Farmers flourished and grew rapidly in this environment and was able to attract key employees and clients alike during this period. Now called First Farmers Bank & Trust, the Bank built, acquired, or relocated locations in the surrounding core market areas of Greentown, Elwood, Tipton, Kokomo, Peru, Sheridan, Galveston, Logansport, and Wabash over the course of the next two decades. As the Bank became a regional leader in commercial and agricultural lending, they also stayed at the forefront of deposit service convenience by incorporating digital check imaging, Internet banking, and expanding client access to alternative financial services through association with Raymond James. The success of these efforts led to continued growth of the Bank footprint into the new millennium with the acquisition of Central National Bank in Kokomo and Russiaville and the construction of new branches in nearby Huntington & Marion making First Farmers the preeminent community Ag bank in North Central Indiana. While growth certainly has changed the size and scope of our customer base, our branch operations remain characterized by their individual management teams and local decision making is an important aspect to effectively service our clients.

"There was certainly apprehension when our Bank was acquired – you're always concerned with the unknown. I realized, almost immediately, that First Farmers was growing and expanding for all the right reasons and that I was going to be a more effective banker by having their resources and service offerings at my disposal. I went from being concerned about my customers to being excited that I could better serve their specific needs."

Dirk Webster
Mortgage Lender




INDIANA FEDERAL STAR

Vol. 1, No. 6 — Valparaiso, Indiana — October 15, 1985

KNOX OPENS ITS DOORS WITH "CLASS"

Many attend V.I.P. party.

The expansion and remodeling of the Knox Banking Center was completed in time for the special VIP party and ribbon-cutting ceremony held on September 23. Many of our Knox customers attended, along with the many contractors and suppliers who were responsible for the renovation.

Members of the board of directors and senior management were on hand to help celebrate the completion of the project. Champagne and abundant specially prepared hors d'oeuvres were enjoyed by all.

When the Knox Banking Center originally opened for business on January 5, 1976, the square footage was 1,791. The new expansion increased the office's area to 3,037 square feet, and features four teller windows, a walk-in vault with safe deposit boxes, three private offices, and a secretary/receptionist station. The office has been completely redecorated in shades of grey and ivory with dark blue or burgundy accents.

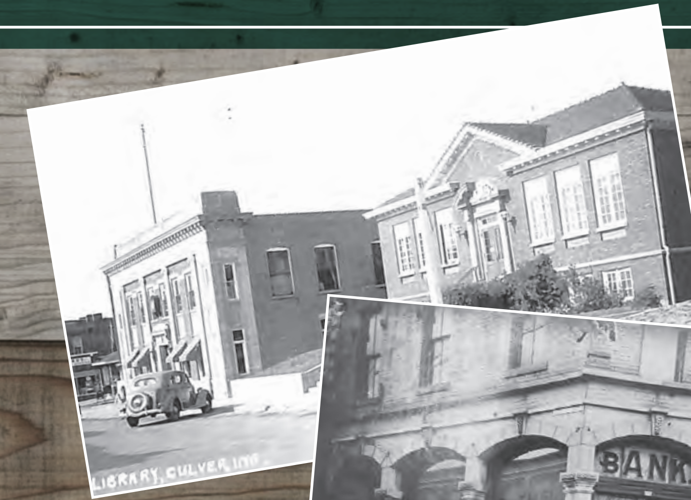
Champagne was poured after the ribbon cutting at the newly remodeled Indiana Federal Banking Center in Knox on September 24. Pictured are: (left to right), [illegible]

The grand opening for customers was held from September 26 to October 2 with coffee, punch and cookies being served to all who visited the office. A grand opening prize drawing for a 19-inch color television set completed the week. Max and Muriel Wolff of Knox were the lucky winners.

PARTY PLANNED AT KNOX

All employees are invited to view the newly-remodeled office of our Knox Banking Center. The party is planned for Thursday, October 24, from 2:00 P.M. to 5:00 P.M.

Reservations for the party should be made by contacting the Knox office at Ext. 296.



North & South

Two separate acquisition projects allowed First Farmers to reintroduce community banking into several markets with a rich banking history.

As large regional and national organizations sought to divest from the communities of Culver, Knox, and North Judson in Northern Indiana and from Brazil, Clay City, Terre Haute, and Sullivan in Southern Indiana, First Farmers saw opportunity to grow into markets very similar to our core areas.

First Farmers' goal in these markets is to highlight and build upon the legacy of these former community banks and uphold the philosophy that made them so successful.

The Culver office of First Farmers was once the home setting for The State Exchange Bank near the shores of Lake Maxinkuckee and the famous Culver Military Academies. Schulyler Schilling purchased the private exchange bank in 1901 and headed the organization until 1951. At the time of the Bank's 75th anniversary in 1976, The State Exchange Bank and its subsidiaries employed over 150 employees and held $122 million in assets. At that time, the Bank operation was presided and guided by the esteemed bank veteran W. O. Osborn and served clients throughout Marshall County from 4 operational offices.

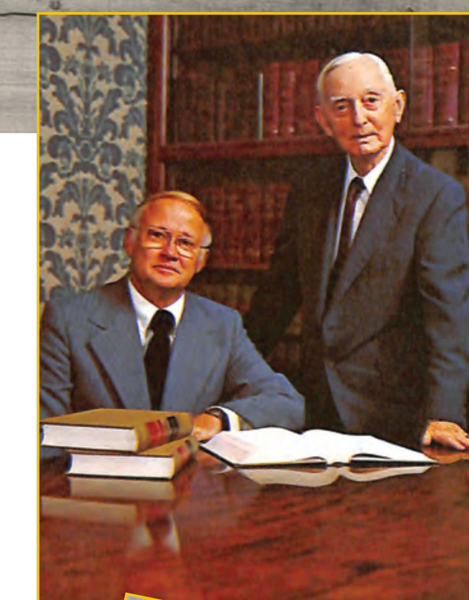
Our Knox office traces its roots to the 1976 branch expansion of the First Federal Savings Bank of Valparaiso. In 1985, the local branch team celebrated the remodeling and renovation of the property under the umbrella of the Indiana Federal Banking Center in Knox.

"Our Culver location has so much character and such historical significance. The State Exchange Bank played such an important role in the town and really was representative of the golden age of community banking in our region. The building needed its own cafeteria on the premises to support the number of people that worked here. It certainty shows how much our industry has evolved from a technological standpoint over the generations but we still enjoy having a close relationship with the people we deal with every day. The way that we interact with people may have changed, but the relationship is still the most important aspect of banking."

Jackie Hedges
Culver Office

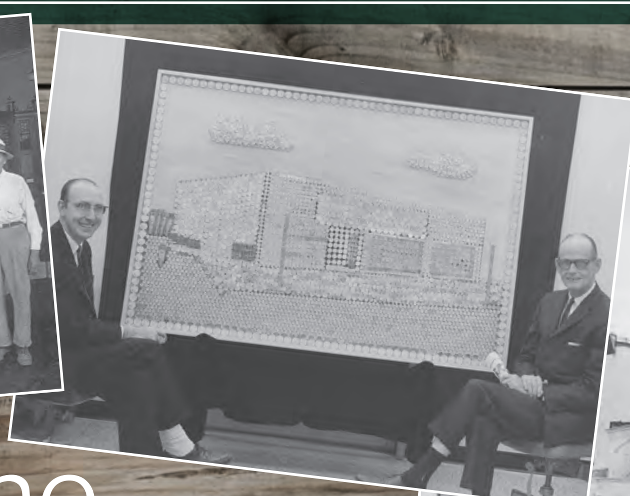
The humble origins of our Sullivan branch began in 1870 when brothers Medford and Luke Wilson placed a few chairs and a counter near an iron safe in the back of their dry goods store starting a legacy that would grow to include nine bank names over 145 years in operation. Gus Lowery served as an officer and director for the organization continuously for 47 years starting in 1923 and proudly notes that of the 15 banks operating in Sullivan County in the 1920s, our location was the only one to survive the panic period of the great depression.

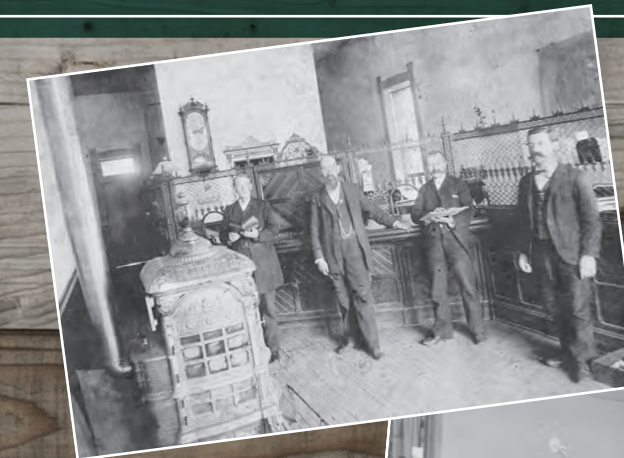
Farmers and Merchants Bank in Clay City was founded in 1895 by Josiah S. Goshorn who later passed leadership to his son Ernest. In 1918, an ownership group by Jimmy Burns purchased the Bank starting a family legacy of ownership and management that passed to his sons Dane and Dudley and would last through a merger with Brazil Trust Company in 1967.



"The more one reads and learns about the history of our location in Sullivan, the more you appreciate just how significant its accomplishments have been. The Bank itself has been in continuous operation since being established in 1870 and that is only 5 years after the end of the Civil War. To have that kind of continuity in a community is impressive and it speaks a great deal about the manner in which the Bank has done business over time. We're all proud of that commitment to Sullivan County and we're proud to continue that tradition of service."

Courtney L. Walters
Sullivan Office





Entering the Land of Lincoln

Our commitment to preserving community banking in strong agricultural markets combined with a challenging regulatory environment for smaller institutions has led to growth opportunities in Illinois. Expanding across state lines and building on the strength of other community banks allows First Farmers to enter markets that are very similar to those where we have been traditionally successful in helping clients.

While a good distance from our original office in Converse, our Illinois locations all serve communities that represent strong Midwestern work ethics and values. They have an equally rich heritage in community banking we respect and wish to build upon as we add to the types of products and services available to them.

Citizens National Bank in Paris was established in November of 1902 in what was described as a warm balmy day of 77 degrees. Bank visitors on the first day of operation were treated to apples, pencils, and small account books as gifts and were welcomed into a lobby adorned with mahogany finishing and a custom vault built by Halls Safe and Lock Co. Bankers played musical instruments of popular music of the day to a delighted crowd and bank deposits for the day were recorded at $39,895.57. Ninety five years later in 1997, Citizens acquired Oakland National Bank. Originally chartered in 1874, the bank is the oldest continuous business establishment in Coles County.

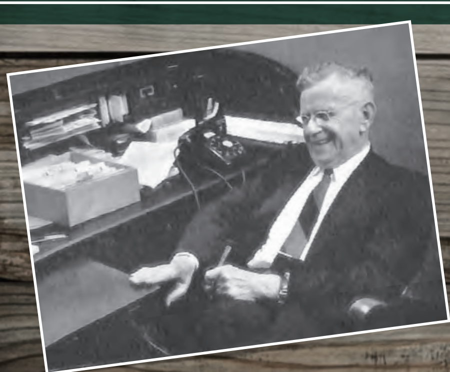
Offices in Hoopeston trace their banking heritage back to local leaders I. E. Merritt and M.R. Kaplan who established a private bank in 1913 in space rented from a general store in Wellington. The Bank served area customers so successfully over time that a Hoopeston location was added in 1983. The main Bank office was relocated to Hoopeston a few years later in 1988 and a name change led to the establishment of Community Bank.

The State Bank of Oakwood was established in 1907 in a 600 square foot brick building that would later became a telephone station and a post office. Bank officers included J.H. Van Allen as President and Richard Seymour as Vice President. Charles Andrews served as bank cashier and his daughter, Aldythe, a teller. A permanent office was constructed in 1918 that would house all banking operations until 1978 when the current facility was completed. Our Chrisman location was formally The First National Bank of Chrisman and has been an active part of the community since its establishment on February 1, 1904.

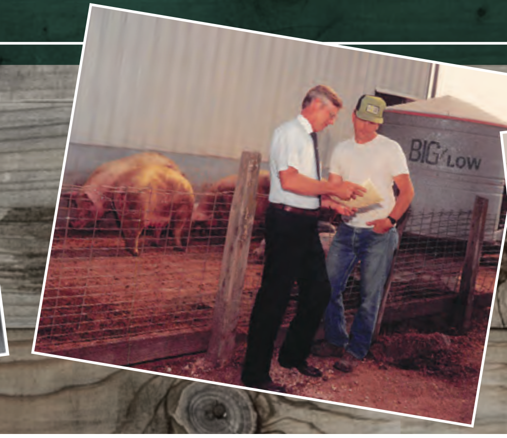
Our entire team at First Farmers is exceptionally proud of the shared history of all of our locations. We've tried our best to feature some unique highlights and there are certainly many more stories we could have included. We again appreciate all of the employees and customers that contributed information as they are the true stewards of our organization. We pledge to continue to serve them with the highest of ideals and the most ambitious purposes and we are eternally pleased to represent them all.

"First Farmers' continued commitment to agriculture over the past 130 years is what sets it apart from other banks of similar size. Farming is a cyclical industry and our clients depend on an organization that recognize that type of business cycle and have a wide variety of services that meet the varied needs of their operations year after year."

Jerry Harper
Commercial and Ag Lender








First Farmers Financial Corporation achieved its eighth consecutive year of record earnings in 2015 with net income of $16.8 million, an increase of $0.6 million, or 3.6%, over 2014. Earnings per share for the year increased $0.15, to $4.70, an increase of 3.3%. Dividends declared rose $0.13 per share, or 12.4%, to $1.18. Beginning in 1991 with an increase of 12.8%, dividends have now increased every year over the past quarter century with a compound annual growth rate of 14.2%. Return on average assets, at 1.18%, declined slightly from the past couple years as interest rates continued to pressure the net interest margin much of the year.

FINANCIAL CONDITION

Ending the year at $1.09 billion, portfolio loan balances increased $117.2 million during 2015 and averaged $1.04 billion for the year. Partially accounting for the increase was $57.8 million in loans acquired in April. For the full year the Company's loan-to-asset ratio declined to 72.7% from 74.4% as deposits from the November 2014 branch purchase and April 2015 bank purchases provided excess liquidity at closing. By December the ratio had improved to 73.8% of total assets. Excess liquidity was held in investment securities and interest-bearing deposits during 2015 where average balances increased 26.0% and 25.2%, respectively.

Average deposit balances increased 15.5%, or $158.9 million, between 2014 and 2015 to $1.18 billion and concluded the year at $1.23 billion. Included in the year-over-year annual growth was $147.7 million in deposits acquired in April 2015. The increase in average balance was also impacted by the $120.9 million in deposits acquired in November 2014. Throughout 2015 the Harvest Rewards Checking product, introduced in the fourth quarter of 2014, continued to attract customers. A de novo branch office was also established in Flora, Indiana during September 2015.

Shareholder's equity increased $12.4 million, or 11.0%, during 2015 to $124.5 million. The dividend payout ratio increased to 25.1% resulting in $12.6 million of the $16.8 million in net income being retained. The Company's return on average equity for 2015 was 14.06%. This was a slight decline from 2014 but still well above Midwest bank holding companies which averaged 9.09% for 2015 and the banking industry as a whole which averaged 9.31%. As of December 31, 2015 regulatory capital ratios comfortably exceeded regulatory requirements and capital policy guidelines. All measures strengthened in comparison to 2014 as retained earnings, reserve accumulation and intangible amortization more than offset the addition of core deposit intangibles and growth in the balance sheet.

RESULTS OF OPERATIONS

Net interest income increased 10.1% during 2015 as a 14.0% increase in average earning assets was partially offset by a 0.14% decline in the tax-equivalent net interest margin. 2015's margin compression was partially the result of the increase in short-term lower yielding investments from the 2014 and 2015 business combinations. While it did not have a material impact on 2015's margin, the Federal Reserve Board of Governors raised certain managed interest rates by 0.25% on December 16, 2015. The Fed also disclosed intentions, subject to economic conditions, to implement further increases during 2016 as they seek to remove extraordinary monetary policy accommodations. With its asset sensitive balance sheet the Company should benefit from rising short-term rates when these policy actions are carried out. The interest rate environment that persisted for most of 2015, however, contributed to a 0.05% decline in yields on outstanding loans while total deposit costs fell only 0.03%. Driving the decline in deposit costs was the shift toward non-maturity deposits with customers demonstrating a liquidity preference. Non-maturity deposits typically carry a lower average cost of funds relative to term deposits.

Non-interest income increased $2.4 million, or 23.1%, in 2015 with the benefit of additional branches and strength in mortgage banking and debit card activity. The Company's expanded market presence and the appeal of its service-oriented approach to residential mortgage lending and continued affordability of mortgage rates during 2015 led to $2.4 million in gains from the sale of single family residential mortgages, up $1.1 million, or 82.5% from the prior year. Total single family residential origination volume increased 52.2% to $66.7 million. At $2.5 million, debit card interchange increased $0.5 million, or 26.5%, during 2015 as average transaction accounts increased 24% and the Harvest Rewards checking account became increasingly popular with depositors.

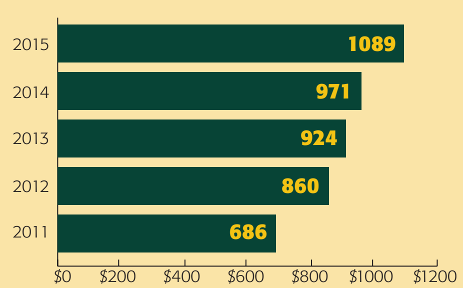
Non-interest expenses, excluding business combination costs, intangible amortization expense and other non-operating expenses increased $6.4 million, or 21.1%, to $36.8 million in 2015. Compensation costs increased $2.5 million primarily due to the addition of four branches in 2014 and six branches in 2015, along with the sales and support staff to handle an approximately 25% increase in customers. Employee benefits costs increased $1.1 million due to increased staffing and higher medical plan costs. Occupancy and equipment costs increased $0.7 million due to the added facilities and data processing increased $0.4 million with greater account volumes and the increased usage of debit cards and Internet and mobile banking.

Credit costs rose slightly in 2015 with the provision for loan and lease losses increasing 10.0% to $1.7 million which exceeded net charge offs of $0.7 million by $1.0 million. At 0.07% of average outstanding portfolio loans, net charge offs declined during 2015 to their lowest level since 2000. Non-performing loans did increase during the year to 2.46%. However, adjusted for balances guaranteed by U.S. government agencies the ratio was 1.66%.

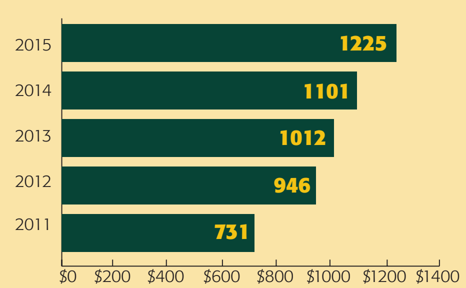
Income taxes decreased fractionally in 2015 with the effective rate declining from 28.1% in 2014 to 27.3% in 2015. The lower effective rate was primarily the result of the statutory Indiana tax rate declining and a slightly higher proportion of tax-exempt income.

Keith Hill
Chief Financial Officer

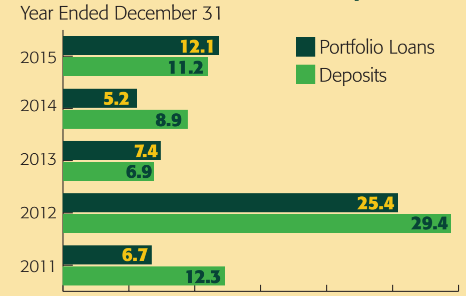
Portfolio Loans & Leases
As of December 31, *(Dollars in Millions)*



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

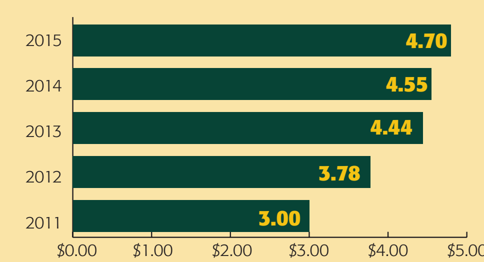


Growth in Portfolio Loans and Deposits [(1)]
Year Ended December 31

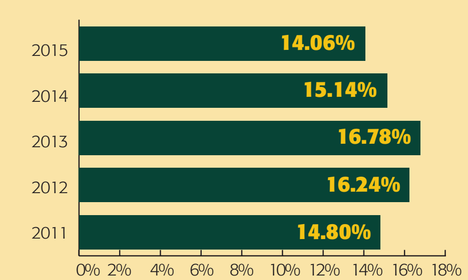


(1) excluding allowance for loan loss

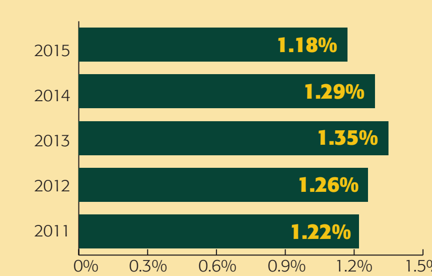
Earnings Per Share
Year Ended December 31
Basic and Diluted



Return on Average Equity



Return on Average Assets



SUMMARY FINANCIAL HIGHLIGHTS

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

	2015	2014	2013	2012	2011
Results of Operations					
Net Interest Income	$ 50,528	$ 45,894	$ 43,352	$ 38,685	$ 33,246
Provision for Loan Losses	1,650	1,500	3,435	3,750	4,875
Non-Interest Income	12,800	10,402	11,062	11,458	8,343
Non-Interest Expense	38,562	32,242	29,404	27,808	22,178
Income Taxes	6,309	6,328	5,758	5,179	3,890
Net Income	16,807	16,226	15,817	13,406	10,646
Financial Ratios					
Return on Average Assets	1.18%	1.29%	1.35%	1.26%	1.22%
Return on Average Equity	14.06	15.14	16.78	16.24	14.80
Net Interest Margin (1)	3.80	3.94	4.03	3.99	4.16
Efficiency Ratio (2)	58.01	54.18	51.25	53.05	50.08
Balance Sheet Data					
Average Total Assets	$1,430,354	$1,259,880	$1,168,760	$1,062,182	$875,777
Average Loans (3)	1,026,085	924,913	860,382	761,881	645,194
Average Deposits	1,182,112	1,023,206	953,479	864,741	704,657
Per Share Data					
Basic Earnings Per Share (5)	$ 4.70	$ 4.55	$ 4.44	$ 3.78	$ 3.00
Diluted Earnings Per Share (5)	4.70	4.55	4.44	3.78	3.00
Cash Dividends Declared (5)	1.18	1.05	0.79	0.70	0.65
Book Value (5)	34.83	31.42	27.58	24.70	21.52
Capital (First Farmers Bank & Trust Co.)					
Leverage Ratio	9.8%	9.5%	9.2%	8.4%	9.2%
Tier I capital to risk-weighted assets	12.5	12.0	11.4	10.1	11.3
Total capital to risk-weighted assets	13.6	13.2	12.6	11.2	12.5
Asset Quality					
Allowance to Total Portfolio Loans (4)	1.22%	1.27%	1.33%	1.19%	1.24%
Non-performing Loans / Total Portfolio Loans (4)	2.46	1.50	0.85	0.59	0.65
Net Charge Offs / Average Portolio Loans (4)	0.07	0.16	0.16	0.25	0.73

(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 removal of facility/operating lease impairments for 2015 and 2014.
(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, 2015 and 2014

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

	2015	2014
ASSETS		
Cash and due from financial institutions	$ 38,758	$ 69,777
Money market funds	6,097	6,838
Cash and cash equivalents	44,855	76,615
Interest-bearing deposits in other financial institutions	8,034	2,920
Securities available for sale	267,722	216,386
Securities held to maturity (fair value $10,439 in 2015 and $14,784 in 2014)	10,100	14,259
Restricted stock, at cost	6,962	7,477
Loans held-for-sale	2,655	3,978
Loans, net of allowance of $13,289 and $12,327	1,075,295	959,049
Premises and equipment, net	18,475	16,680
Goodwill	8,729	8,729
Core deposit and other intangibles	4,000	3,121
Bank-owned life insurance	4,865	4,748
Investments in affordable housing partnerships	8,935	9,598
Accrued interest receivable and other assets	19,016	16,110
	$1,479,643	$1,339,670
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing deposits	$ 290,672	$ 258,659
Interest-bearing deposits	934,608	842,737
Total deposits	1,225,280	1,101,396
Federal Home Loan Bank (FHLB) advances	85,300	85,250
Notes payable	16,012	10,883
Subordinated debentures	18,000	18,000
Accrued interest payable and other liabilities	10,540	11,997
Total liabilities	1,355,132	1,227,526
Stockholders' equity		
Common stock, $1 stated value, 5,000,000 shares authorized, 3,575,033 issued and 3,574,648 outstanding in 2015; 3,571,812 issued and 3,568,758 outstanding in 2014	3,575	3,572
Additional paid-in capital	3,893	3,626
Retained earnings	117,447	104,861
Treasury Stock (385 shares in 2015 and 3,054 shares in 2014)	(18)	(86)
Accumulated other comprehensive income (loss)	(386)	171
Total stockholders' equity	124,511	112,144
	$1,479,643	$1,339,670

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

December 31, 2015 and 2014

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

	2015	2014
Interest and dividend income		
Loans, including fees	$ 51,325	$ 46,776
Securities		
Taxable	2,859	2,515
Non-taxable	1,897	1,827
Other	171	83
	56,252	51,201
Interest expense		
Deposits	3,303	3,130
Short-term borrowings	3	12
Note payable and FHLB advances	1,897	1,695
Subordinated debentures	521	470
	5,724	5,307
Net interest income	50,528	45,894
Provision for loan losses	1,650	1,500
Net interest income after provision for loan losses	48,878	44,394
Other income		
Trust and investment product fees	739	852
Service charges on deposit accounts	2,705	2,086
Interchange income	2,527	1,998
Net gain (loss) on sale and redemption of securities	16	(13)
Net gain on sale of loans	3,617	2,563
Other income	3,196	2,916
	12,800	10,402
Other expenses		
Salaries and employee benefits	22,928	19,188
Occupancy and equipment expense	5,032	4,368
Amortization of intangible assets	1,129	646
FDIC insurance	898	732
Other operating expenses	8,575	7,308
	38,562	32,242
Income before income taxes	23,116	22,554
Provision for income taxes	6,309	6,328
Net income	$ 16,807	$ 16,226
Basic and diluted earnings per common share	$ 4.70	$ 4.55
Basic and diluted weighted average common shares outstanding	3,572,654	3,566,604

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

December 31, 2015 and 2014

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

	2015	2014
Net income	$16,807	$16,226
Other comprehensive income (loss):		
Change in securities available for sale:		
Unrealized holding gains/(losses) on securities available-for-sale	(112)	2,307
Reclassification adjustments for (gains)/losses later recognized in income	(16)	13
Net unrealized gains/(losses)	(128)	2,320
Tax effect	44	(844)
Net of tax amount	(84)	1,476
Cash flow hedges:		
Change in fair value of derivatives used for cash flow hedges	(793)	(724)
Reclassification adjustments for losses realized in income	(13)	-
Net unrealized losses	(806)	(724)
Tax effect	333	308
Net of tax amount	(473)	(416)
Other comprehensive income (loss), net of tax	(557)	1,060
Comprehensive income	$16,250	$17,286

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

December 31, 2015 and 2014

(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, 2014	$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, 4250 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
Net income			16,807			16,807
Other comprehensive loss					(557)	(557)
Purchase of treasury stock, 385 shares				(18)		(18)
Retirement of treasury stock, 150 shares			(5)	5		-
Restricted stock awards, 3,054 shares from treasury, 421 issued	-	(86)		86		-
Stock-basked compensation, net of 150 shares forfeited		178		(5)		173
Stock activity under incentive compensation plan		41				41
Common stock issued, 2,950 shares	3	134				137
Dividends declared ($1.18 per share)			(4,216)			(4,216)
Balance at December 31, 2015	$3,575	$3,893	$117,447	$ (18)	$(386)	$124,511

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2015 and 2014

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

	2015	2014
Cash flows from operating activities		
Net income	$ 16,807	$ 16,226
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	1,537	1,322
Amortization of intangible assets	1,129	646
Net securities amortization	495	385
Servicing rights amortization and impairment	901	810
Stock-based compensation	173	163
Provision for loan losses	1,650	1,500
Net gain on sale of loans	(3,617)	(2,563)
Net (gain)/loss on sale and redemption of securities	(16)	13
Net loss on sale and write-down of premises and equipment	11	-
Net loss on sale and write-down of other real estate	38	33
Impairment of branch facility	-	300
Earnings on bank-owned life insurance	(117)	(125)
Bargain purchase gain	(133)	(265)
Pass thru losses in community development investments	663	639
Loans originated for resale	(66,709)	(43,841)
Proceeds from sale of loans	70,207	44,974
Changes in assets and liabilities		
Interest receivable and other assets	(2,981)	(1,906)
Interest payable and other liabilities	(1,584)	1,173
Net cash from operating activities	18,454	19,484
Cash flows from investing activities		
Net change in interest-bearing deposits in other financial institutions	20,226	(300)
Securities available-for-sale		
Proceeds from sales	-	2,594
Purchases	(64,641)	(67,241)
Proceeds from principal payments, calls and maturities	64,523	29,263
Securities held-to-maturity		
Proceeds from principal payments, calls and maturities	4,150	5,603
Loans made to customers, net of payments received	(60,525)	(49,916)
Net cash received in acquisition	9,224	117,929
Premises and equipment expenditures	(2,184)	(1,825)
Investments in affordable housing partnerships	(479)	(970)
Proceeds from the sale of other real estate owned	1,636	508
Proceeds from redemption of restricted stock	857	501
Purchase of restricted stock	(321)	(188)
Net cash from investing activities	(27,534)	35,958
Cash flows from financing activities		
Net change in deposit accounts	(23,798)	(31,301)
Advances from notes payable	7,500	2,500
Payments on notes payable	(2,372)	(1,367)
Payments on FHLB advances	(88,450)	(152,375)
Proceeds from FHLB advances	88,500	158,000
Purchase of treasury stock	(18)	(10)
Sale of treasury stock	137	107
Dividends paid	(4,179)	(3,494)
Net cash from financing activities	(22,680)	(27,940)
Net change in cash and cash equivalents	(31,760)	27,502
Cash and cash equivalents at beginning of year	76,615	49,113
Cash and cash equivalents at end of year	$ 44,855	$ 76,615
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	$ 5,752	$ 5,367
Income taxes	8,320	5,441
Supplemental non-cash disclosures		
Transfers from premises and equipment to real estate owned	-	416
Real estate acquired in satisfaction of debts previously contracted	420	578
Assets acquired	163,891	119,981
Liabilities assumed	(147,842)	(121,013)

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

BOARD OF DIRECTORS

Brian Renbarger
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Area Farmer
Greentown

Freddie Barnard
Professor of Agricultural
Economics, Purdue University
West Lafayette

Janice Fern
Retired Business Teacher,
Peru Community Schools
Peru

Kelly McClure
President, McClure
Oil Corporation
Indianapolis

Brad Howell
Co-owner,
Brad Howell Ford
Greentown

Gene Miles
President & Chief
Executive Officer, FFBT
Greentown

Chris Norris
Vice Chairman
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

SENIOR MANAGEMENT

Gene Miles
President & Chief Executive Officer

David Eikenberry
Senior Vice President, Chief Operating Officer

Keith Hill
Chief Financial Officer

Mark Holt
Senior Consumer Officer

Mark Jones
Senior Vice President

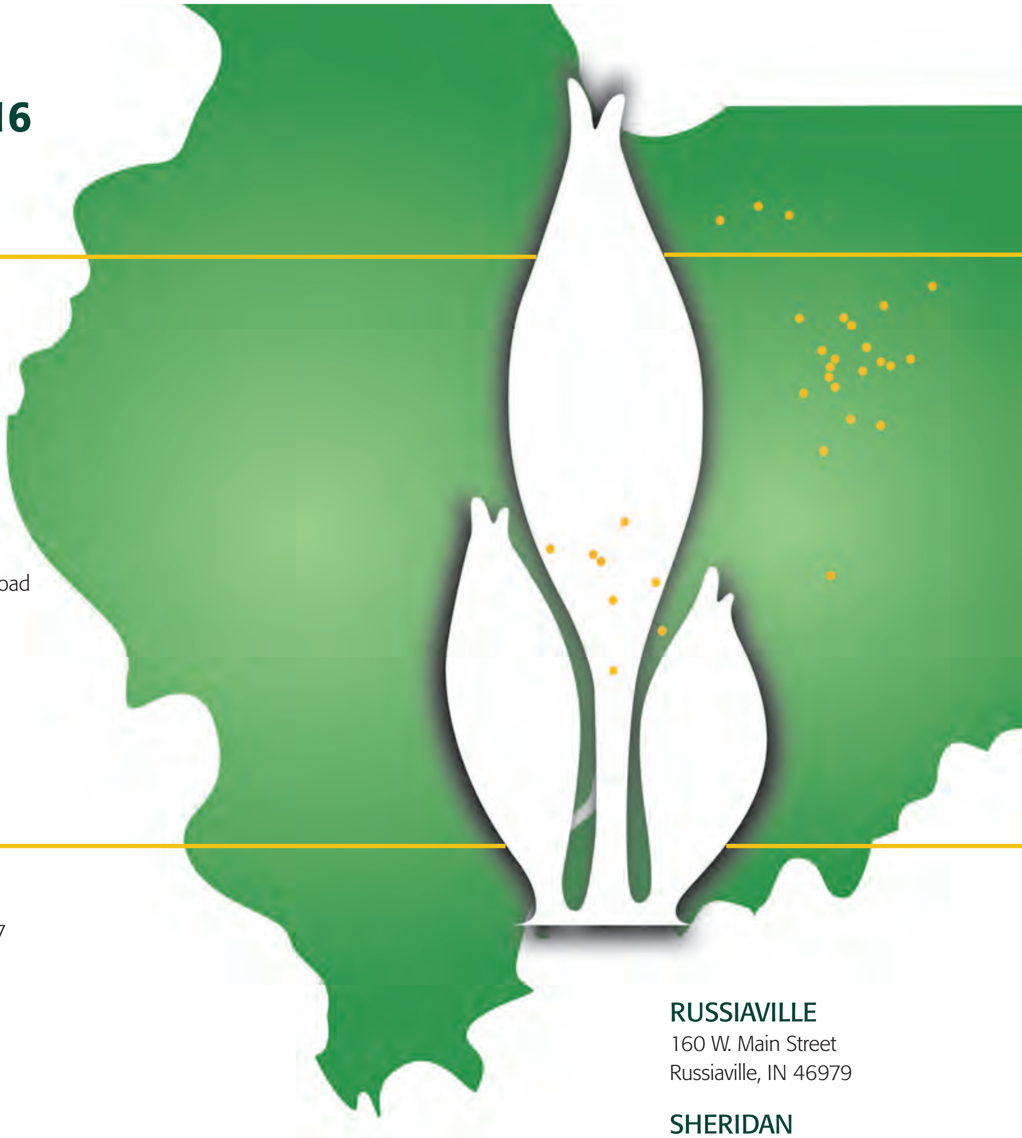
Craig Langley
Senior Vice President

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



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ILLINOIS

CHRISMAN
147 West Monroe Avenue
Chrisman, IL 61924

DANVILLE
821 N Vermilion
Danville, IL 61832

HOOPESTON - MAIN
221 Bank Street
Oakland, IL 61943

HOOPESTON - WEST
Corner of Route 1 & Route 9
Hoopeston, IL 60942

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

OAKWOOD
106 S Oakwood Street
Oakwood, IL 61858

PARIS
8964 N. Terre Haute Road
Paris, IL 61944

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

FLORA
27 West Main
Flora, IN 46929

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
1710 Kem Road
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

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