

# 2009 First Quarter Report

- Converse**  
123 North Jefferson  
Converse, IN 46919
- Amboy**  
115 South Main Street  
Amboy, IN 46911
- Culver**  
101 Main Street  
Culver, IN 46511
- Elwood**  
St. Rd. 37 at St. Rd. 13  
Elwood, IN 46036
- Galveston**  
112 S. California  
Galveston, IN 46932
- Greentown**  
603 W. Main  
Greentown, IN 46936
- Huntington**  
211 Hauenstein Road  
Huntington, IN 46750
- Knox**  
1402 S. Heaton Street  
Knox, IN 46534
- Kokomo North**  
2041 N. Reed Road  
Kokomo, IN 46901
- Kokomo South**  
US 31 at Center Rd.  
Kokomo, IN 46904
- Logansport**  
3910 East Market Street  
Logansport, IN 46947
- Marion**  
830 North Baldwin  
Marion, IN 46952
- North Judson**  
310 Lane Street  
North Judson, IN 46366
- Peru River**  
120 S. Broadway  
Peru, IN 46970
- Peru Square**  
2 N. Broadway  
Peru, IN 46970
- Sheridan**  
2400 W. State Road 38  
Sheridan, IN 46069
- Tipton**  
825 E. Jefferson  
Tipton, IN 46072
- Wabash**  
1004 North Cass Street  
Wabash, IN 46992

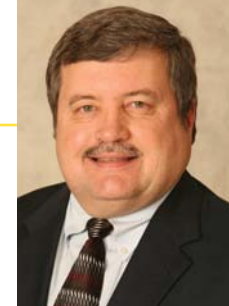


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## Letter to our shareholders

GENE MILES



Generally speaking, the banking industry has witnessed an obvious period of uncertainty over the course of the past year. In my expectations, the outlook for the general economy and the financial industry in particular, continues to hold a great deal of caution for the rest of the fiscal year contingent upon the successful implementation of federal fiscal and monetary policies.

Thankfully, our adherence to long held practices of conservative underwriting with strong capital positioning has allowed First Farmers Bank & Trust to maintain a comfortable growth rate while increasing market share and sustaining record earnings. The organization achieved record 1st quarter earnings of \$1.9 million, or \$1.10 per share, an increase of 13.4% over the same period in 2008. Such performance in a challenging environment demonstrates a distinct performance advantage over peers as it reflects client appreciation of specialized care from a locally based

*...our performance in several key areas reflect the favorable impact of our market position.*

organization. Exceptional efficiency ratios continue to show that our controllable operating expenses reflect conservative operating philosophy and show a diligent effort to maintain a lean operating structure.

And while the organization is certainly not immune to the national and local economic conditions, our performance in several key areas reflect

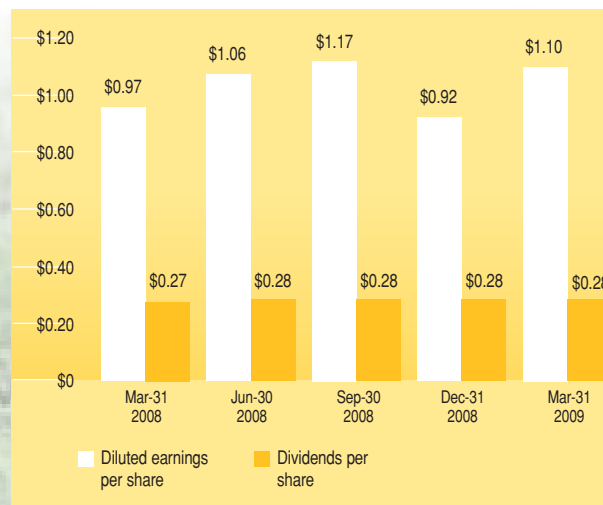
the favorable impact of our market position. Portfolio loan balances increased 13.8% during the 12 months ended March 31, 2009, and the increase in residential mortgage loan originations reflect market preference for local FFBT loan servicing over mortgage brokerages and out-of-state lenders. In our fourth quarter last year, we agreed to participate in the Temporary Liquidity Guarantee Program, allowing our clients to benefit from extended FDIC Insurance, including an increase in coverage from \$100,000 to \$250,000 until December 31, 2013. Our past and recent performance allows us to increase our capacity to do incremental business and handle sizeable relationships with our clients.

Continued achievement in these areas allows our organization to explore further possible expansion into markets similar to those that we serve and allows the corporation to provide a continually increasing return to our investors.

Sincerely,

Gene Miles, President and Chief Executive Officer

### Earnings & Dividends



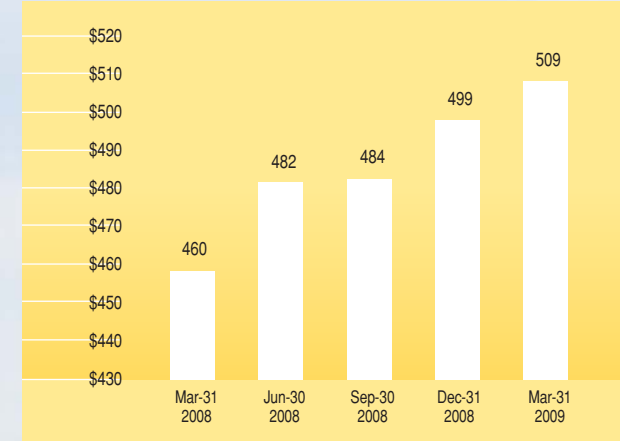
# First Farmers Financial Corporation: Consolidated Quarterly Results

(Dollars in thousands except per share data.)

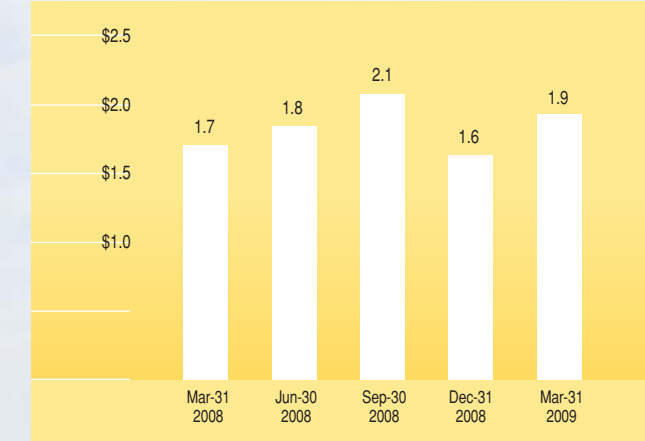
	Three months ended March 31	
	2009 Mar-31	2008 Mar-31
<b>Average Balance Sheet</b>		
Assets .....	\$651,706	\$595,291
Loans .....	503,403	448,459
Deposits .....	501,010	475,107
Equity .....	55,897	50,251
<b>Ending Balance Sheet</b>		
Assets .....	\$662,581	\$596,113
Loans .....	514,912	448,986
Deposits .....	509,312	459,527
Equity .....	55,875	50,310
<b>Income Statement</b>		
Interest & Dividend Income .....	\$8,789	\$9,451
Interest Expense .....	2,712	3,868
Net Interest Margin .....	6,077	5,583
Loan Loss Provision .....	1,100	555
Non Interest Income .....	2,392	1,826
Net Gains / (Losses) .....	(4)	(1)
Non Interest Expense .....	4,524	4,392
Pretax Income .....	2,840	2,461
Income Tax Expense .....	892	743
Net Income .....	1,948	1,717
<b>Earnings Ratios</b>		
Return on average assets .....	1.21%	1.16%
Return on average equity .....	14.14%	13.71%
Net interest margin (1) .....	4.21%	4.23%
Efficiency Ratio .....	53.4%	59.3%
<b>Capital</b>		
Bank Total / RWA .....	13.1%	13.4%
Bank Tier 1 / RWA .....	11.9%	12.1%
Bank Leverage .....	10.1%	10.0%
<b>Per Share Information</b>		
Earnings / Share .....	\$1.10	\$0.97
Dividends / Share .....	0.28	0.27
Book / Share .....	\$31.63	\$28.42
Tangible Book / Share .....	26.86	23.25

Interim financial information is unaudited.  
 (1) Net interest margin presented on a tax-equivalent basis.

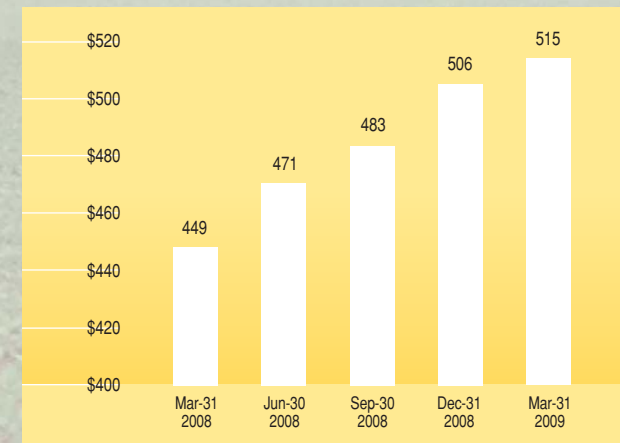
Deposits (dollars in millions)



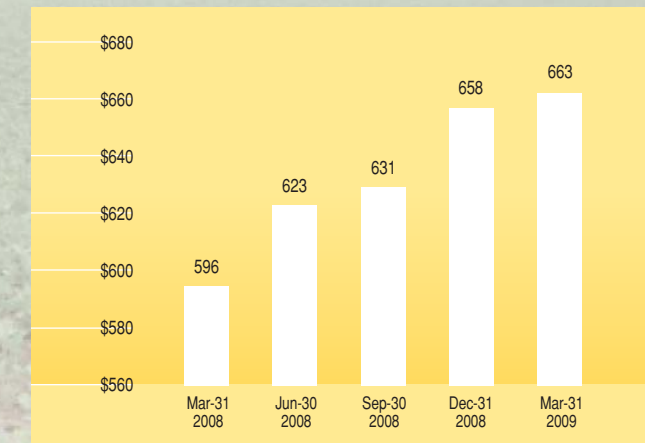
Net Income (dollars in millions)



Loans (dollars in millions)



Assets (dollars in millions)



Here in Central Indiana, no financing partner has deeper roots.  
 We've been cultivating agricultural growth  
 in Central Indiana since 1885.