

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name First Farmers Financial Corp.		2 Issuer's employer identification number (EIN) 31-1248326	
3 Name of contact for additional information Keith Hill	4 Telephone No. of contact 765-395-3316	5 Email address of contact keith.hill@ffbt.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P.O. Box 690		7 City, town, or post office, state, and Zip code of contact Converse, IN 46919	
8 Date of action June 15, 2018		9 Classification and description Common Stock	
10 CUSIP number 320173107	11 Serial number(s)	12 Ticker symbol FFMR	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **A two-for-one stock split, completed in the form of a stock dividend of one share of Common Stock for each share of Common Stock outstanding.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The stock split was a non-taxable transaction under the Internal Revenue Code (IRC) Section 305(a) and accordingly a stockholder's basis shall be allocated under IRC Section 307(a). Under IRC Section 307(a) each stockholder will allocate the basis in a share owned prior to the stock split over that share and the additional share issued in the two-for-one stock split. As a result, a stockholder will multiply the basis in each share held before the stock split by 50% to determine the basis, after the stock split, in that share and the additional share distributed in the stock split. See the example below in #16.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **A shareholder will multiply the basis in each share held before the stock split by 50% to determine the basis, after the stock split, in that share and the additional share distributed in the stock split.**

Example:
Before the stock split: A stockholder holds 100 shares of First Farmers Financial Corp Common Stock with a basis of \$70 per share and \$7,000 in total.
After the stock split: A stockholder holds 200 shares of First Farmers Financial Corp Common Stock with a basis of \$35 per share and \$7,000 in total

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRS Section 305(a) and IRS Section 307(a)

18 Can any resulting loss be recognized? ▶ No loss can be recognized in connection with the two-for-one stock split completed in the form of a stock dividend.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the calendar year ending December 31, 2018.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ June 8, 2019

Print your name ▶ Keith D. Hill Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.