Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name	2 Issuer's employer identification number (EIN)
First Financial Corporation	35-1546989

3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
Rodger McHargue	812-238-6000	rmchargue@first-online.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and ZIP code of contact
One First Financial Plaza	Terre Haute, IN 47807

8 Date of action	9 Classification and description
07/27/2019	See Attached

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
320218100		THFF	

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 ▶ See Attached

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 ▶ See Attached

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 ▶ See Attached

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached

18 Can any resulting loss be recognized? ▶ See Attached

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached

Sign Here

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.

Signature ▶ _____ Date ▶ _____

Print your name ▶ Rodger A. McHargue Title ▶ Secretary and Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

First Financial Corporation

FEIN: 35-1546989

Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

Part 1, Box 9

First Financial Corporation common stock ("First Financial") issued in exchange for the outstanding stock of HopFed Bancorp, Inc. ("HFBC") as a result of the merger of HFBC into First Financial on July 27, 2019.

Part II, Box 14

The reportable action involves the merger of HFBC with and into First Financial on July 27, 2019. As a result of the merger, each outstanding share of HFBC was converted into the right to receive, at the stockholder's election, either (or a combination of) 0.444 shares of Company common stock, without par value ("Company Common Stock"), or $21.00 in cash, subject to proration provisions specified in the Merger Agreement that provide for an aggregate split of 50% of shares of HopFed Common Stock being exchanged for Company Common Stock and 50% for cash, with cash to be paid in lieu of fractional shares.

Part II, Box 15 and 16

The parties intend for the merger of HFBC into First Financial (the "Merger") to qualify as a "reorganization" under Section 368(a) of the Internal Revenue Code for U.S. federal income tax purposes. In general, a U.S. Holder who receives First Financial common stock in exchange for HFBC common stock will not recognize any gain or loss on the exchange for U.S. federal income tax purposes, except with respect to cash received in lieu of fractional shares of First Financial common stock (as discussed below). The aggregate tax basis of First Financial common stock received by a U.S. Holder in exchange for their HFBC common stock (including any fractional shares of First Financial common stock deemed received and redeemed for cash as described below) will be equal to the U.S. Holder's aggregate adjusted tax basis in their HFBC common stock exchanged. In addition, the holding period of the First Financial common stock received in the Merger (including any fractional shares of First Financial common stock deemed received and redeemed for cash as described below) generally will include the holding period of HFBC common stock surrendered in the exchange. If a U.S. Holder acquired different blocks of HFBC common stock at different times or at different prices, the First Financial common stock received in the Merger will be allocated pro rata to each block of HFBC common stock, and the basis and holding period of each block of First Financial common stock received will be determined on a block-for-block basis depending on the basis and holding period of the blocks of HFBC common stock exchanged for such block of First Financial common stock.

A U.S. Holder who receives cash in lieu of fractional shares of First Financial common stock will be treated as having received such fractional share of First Financial common stock pursuant to the Merger

and then as having sold that fractional share of First Financial common stock for cash. As a result, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder's basis in the fractional share of First Financial common stock determined as described above. Any resultant gain or loss will be capital in nature, and will be long-term or short-term, depending on the period the exchanged HFBC common stock were held. The deductibility of capital losses is subject to limitations.

Part II, Box 17

The parties intend for the Merger to qualify as a "reorganization" under Section 368(a) of the Internal Revenue Code for U.S. federal income tax purposes. The other sections of the Internal Revenue Code that typically impact tax treatment of shareholders under a Section "368(a) reorganization" are 354, 356, 358, 302, 1001, 1221 and 1223.

Part II, Box 18

A U.S. Holder who receives cash in lieu of fractional shares of First Financial common stock will be treated as having received such fractional share of First Financial common stock pursuant to the Merger and-then as having sold that fractional share of First Financial common stock for cash. As a result, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder's basis in the fractional share of First Financial common stock determined as described above. Any resultant gain or loss will be capital in nature, and will be long-term or short-term, depending on the period the exchanged HFBC common stock were held'' The deductibility of capital losses is subject to limitations.

Part II, Box 19

The Merger was consummated on July 26, 2017. As a result, the appropriate reportable tax year of the U.S. Holders for the exchange of HFBC common stock for First Financial common stock would be their taxable year which includes the July 26, 2017 date.