

FFW CORP PRESS RELEASE

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FFW CORPORATION ANNOUNCES OPERATING RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008

WABASH, INDIANA - - FFW Corporation (**OTCBB: FFWC**) (**10/28/2008 Close: \$12.00**), parent corporation of Crossroads Bank, announced operating results for the first fiscal quarter of 2009 which includes a non-cash impairment charge of \$6.7 million related to certain Federal National Mortgage Association (Fannie Mae) preferred stocks. As previously announced, management recorded a non-cash impairment charge of \$308,000 related to these securities at June 30, 2008. Further deterioration in the market value of Fannie Mae preferred stock and various other factors have led management to determine that the remaining investment is other than temporarily impaired.

As a result of the non-cash impairment charge, the net loss and diluted net loss per share for the quarter ended September 30, 2008 were \$3.16 million and (\$2.88) instead of net income of \$789,000 and diluted net income per share of \$0.72 without the charge. This is compared to net income of \$634,000 and diluted net income per share of \$0.53 for the quarter ended September 30, 2007.

Net interest income increased \$630,000 and 30.6% from the prior year's same quarter. The increase is partially attributable to recovered interest on a nonperforming commercial loan. Provision for loan losses increased \$309,000 and 257.5% from the quarter ended September 30, 2007 as management prudently reserved for the current economic condition. Primarily due to the non-cash impairment charge, noninterest income decreased \$6.7 million from the prior year's same quarter. Without the charge, noninterest income would have decreased only \$24,000. Noninterest expense increased \$122,000 and 7.4% from the prior year's same quarter. The increase is due to increases in salaries and benefits, deposit insurance premiums and REO expense. Income tax expense includes a \$2.7 million benefit for the ordinary loss treatment of the non-cash impairment charge. Without this benefit, income tax expense would have increased \$20,000 and 8.8% from the prior fiscal year to date. Excluding the tax effect of the non-cash charge, the effective tax rate decreased from 26.2% for the quarter ended September 30, 2007 to 23.7% for the quarter ended September 30, 2008.

Roger K. Cromer, President and Chief Executive Officer, stated, "With the financial crisis that hit the markets during the quarter, I am pleased with the performance of our company with one exception – our ownership of Fannie Mae preferred stock. Our country's financial system has caused a difficult environment, however, we were able to focus and achieve growth in both deposits and loans."

The fiscal 2009 first quarter represents a return on average shareholders' equity of (56.5%) with the charge and 12.0% without the charge. Return on average total assets for the three-month period ended September 30, 2008 was (3.9%) with the charge and 0.97% without the charge.

The allowance for loan losses as a percentage of gross loans receivable was 1.36% at September 30, 2008 and 1.20% at June 30, 2008. Nonperforming assets decreased to \$2.3 million at September 30, 2008 from \$3.3 million at June 30, 2008.

As of September 30, 2008, FFWC's equity-to-assets ratio was 6.34% compared to 7.46% at June 30, 2008. Total assets at September 30, 2008 were \$319.5 million compared to \$315.9 million at June 30, 2008. Shareholders' equity was \$20.3 million at September 30, 2008 compared to \$23.6 million at June 30, 2008. Shareholders' equity at September 30, 2008 was decreased by the \$3.9 million non-cash charge, net of the tax impact. Despite the non-cash charge in the first fiscal quarter of 2009, Crossroads Bank remains "well capitalized" with respect to the tier one core capital ratio according to applicable regulatory capital requirements. On October 27, 2008, Crossroads Bank received preliminary approval for the sale of approximately \$7.3 million in preferred stock and related warrants to the U.S. Department of the Treasury under the Capital Purchase Program. The approval is subject to certain conditions and the execution of a definitive agreement. CEO Cromer noted, "This will enhance our capital position, enable us to take advantage of possible opportunities and expand our customer base through organic growth."

Crossroads Bank is a wholly owned subsidiary of FFW Corporation providing an extensive array of banking services and a wide range of investments and securities products through its main office in Wabash and four banking centers located in Columbia City, North Manchester, South Whitley, and Syracuse, IN. The Bank provides leasing services at its banking centers and its Carmel, IN leasing and commercial loan office. Insurance products are offered through an affiliated company, Insurance 1 Services, Inc. The corporation's stock is traded on the OTC Bulletin Board under the symbol "FFWC.OB." Our website address is www.crossroadsbanking.com.

FFW Corporation
Selected Financial Information

Consolidated Balance Sheets

	<u>9/30/2008</u>	<u>6/30/2008</u>
	<u>Unaudited</u>	
<u>Assets</u>		
Cash and due from financial institutions	\$ 8,043,337	\$ 6,095,999
Interest-earning deposits in other financial institutions – short term	<u>2,963,608</u>	<u>2,347,131</u>
Cash and cash equivalents	11,006,945	8,443,130
Securities available for sale	54,841,444	60,367,678
Loans receivable, net of allowance for loan losses of \$3,181,539 at September 30, 2008 and \$2,768,622 at June 30, 2008	231,262,332	227,839,891
Loans held for sale	209,720	77,000
Federal Home Loan Bank stock, at cost	3,627,100	3,627,100
Accrued interest receivable	1,705,387	1,560,163
Premises and equipment, net	4,112,343	4,040,369
Mortgage servicing rights	455,889	488,452
Cash surrender value of life insurance	5,876,389	5,815,227
Goodwill	1,213,898	1,213,898
Other assets	<u>5,160,512</u>	<u>2,412,579</u>
Total Assets	<u>\$ 319,471,959</u>	<u>\$ 315,885,487</u>
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Noninterest-bearing deposits	\$ 12,287,214	\$ 13,737,624
Interest-bearing deposits	<u>239,295,254</u>	<u>230,446,720</u>
Total Deposits	251,582,468	244,184,344
Federal Home Loan Bank advances	44,033,087	45,283,087
Accrued expenses and other liabilities	<u>3,605,457</u>	<u>2,856,193</u>
Total Liabilities	299,221,012	292,323,624
Shareholders' Equity:		
Preferred stock, \$.01 par; 500,000 shares authorized, none issued	---	---
Common stock, \$.01 par; 2,000,000 shares authorized; issued: 1,836,328, outstanding: 1,112,260 - September 30, 2008 issued: 1,836,328, outstanding: 1,100,260 - June 30, 2008	18,363	18,363
Additional paid-in capital	9,392,722	9,530,608
Retained earnings	22,565,379	25,965,339
Accumulated other comprehensive income (loss)	(605,530)	(653,825)
Treasury stock at cost, shares: 724,068 - September 30, 2008 and 736,068 - June 30, 2008	<u>(11,119,987)</u>	<u>(11,298,622)</u>
Total Shareholders' Equity	<u>20,250,947</u>	<u>23,561,863</u>
Total Liabilities and Shareholders' Equity	<u>\$ 319,471,959</u>	<u>\$ 315,885,487</u>

Consolidated Statements of Income

	Three Months Ended	
	<u>9/30/2008</u>	<u>9/30/2007</u>
	Unaudited	Unaudited
Interest and dividend income:		
Loans, including fees	\$ 4,125,833	\$ 3,921,416
Taxable securities	708,103	614,061
Nontaxable securities	176,715	141,808
Other	<u>22,546</u>	<u>30,393</u>
Total interest and dividend income	5,033,197	4,707,678
Interest expense:		
Deposits	1,836,626	1,940,306
Borrowings	<u>506,713</u>	<u>707,696</u>
Total interest expense	2,343,339	2,648,002
Net interest income	2,689,858	2,059,676
Provision for loan losses	429,000	120,000
Net interest income after provision for loan losses	2,260,858	1,939,676
Noninterest income:		
Net gains on sales of securities	-	-
Net gains on sales of loans	19,808	22,620
Net gains (losses) on fixed assets	-	-
Other than temporary impairment on securities	(6,692,000)	-
Commission income	146,322	126,594
Service charges and fees	306,128	305,681
Earnings on life insurance	69,773	66,348
Other	<u>(1,106)</u>	<u>43,648</u>
Total noninterest income (loss)	(6,151,075)	564,891
Noninterest expense:		
Salaries and benefits	916,443	865,993
Occupancy and equipment	203,978	202,912
Professional	53,997	52,244
Marketing	50,430	35,358
Deposit insurance premium	39,079	6,125
Regulatory assessment	23,081	21,608
Correspondent bank charges	21,512	24,216
Data processing	130,320	159,865
Printing, postage and supplies	57,644	44,004
Expense on life insurance	24,874	25,729
Contribution expense	12,541	5,174
Other	<u>233,711</u>	<u>201,907</u>
Total noninterest expense	1,767,610	1,645,135
Income (loss) before income taxes	(5,657,827)	859,432
Income tax expense (benefit)	(2,502,564)	225,042
Net income (loss)	<u>\$ (3,155,263)</u>	<u>\$ 634,390</u>

	Three Months Ended	
	<u>9/30/2008</u>	<u>9/30/2007</u>
	Unaudited	Unaudited
Earnings per common share:		
Primary	\$(2.88)	\$0.53
Fully diluted	\$(2.88)	\$0.53
Dividend paid per share	\$0.22	\$0.21
Average shares outstanding	1,108,977	1,194,876
Shares outstanding end of period	1,112,260	1,190,518
Supplemental data:		
Net interest margin **	3.53%	2.99%
Return on average assets ***	-3.94%	0.87%
Return on average equity ***	-56.49%	10.00%
	<u>9/30/2008</u>	<u>6/30/2008</u>
Nonperforming assets *	\$2,342,983	\$3,262,262
Repossessed assets	\$908,986	\$846,785

* Includes non-accruing loans, accruing loans delinquent more than 90 days and foreclosed assets

** Yields reflected have not been computed on a tax equivalent basis

*** Annualized