

FFW CORP PRESS RELEASE

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FFW CORPORATION ANNOUNCES OPERATING RESULTS FOR THE QUARTER AND YEAR TO DATE ENDED DECEMBER 31, 2008

WABASH, INDIANA - - FFW Corporation (**OTCBB: FFWC**) (1/27/2009 Close: **\$14.00**), parent corporation (the "Corporation") of Crossroads Bank, announced operating results for the three and six months ended December 31, 2008.

For the three months ended December 31, 2008, the Corporation reported net income of \$749,000. After deducting preferred stock dividends, the net income available to common shareholders for the same period was \$736,000 or \$0.69 per diluted share. This is compared to net income of \$651,000 or \$0.55 per diluted share for the quarter ended December 31, 2007. The earnings increase for the second quarter of fiscal year 2009 reflected an increase of approximately 13.1% over the same period in fiscal year 2008. The increase is due to higher net interest income, partially offset by an increase to the provision for loan losses.

For the six months ended December 31, 2008, the Corporation reported net loss of (\$2,406,000). After deducting preferred stock dividends, the net loss for common shareholders for the same period was (\$2,419,000) or (\$2.19) per diluted share. This is compared to net income of \$1,285,000 or \$1.08 per diluted share for the six months ended December 31, 2007. The six months ended December 31, 2008 includes a non-cash impairment charge of \$6,692,000 related to certain Federal National Mortgage Association ("Fannie Mae") preferred stocks. These securities were sold prior to December 31, 2008. Losses on these securities are considered ordinary with respect to federal income taxes; therefore, an ordinary tax benefit of \$2,748,000 was recognized. Excluding the non-cash impairment charge and related tax benefit, net income available to common shareholders for the six months ended December 31, 2008 would have been approximately \$1,525,000, which represents an increase of approximately 18.7% from the six months ended December 31, 2007.

Roger K. Cromer, President and Chief Executive Officer, stated, "We are pleased with our quarterly performance in a challenging economic environment. We were able to grow our loan portfolio by \$5.5 million during the first six months of our fiscal year. Our participation in the Capital Purchase Program will further increase our capacity to support economic activity and growth in each of the communities we serve through responsible lending."

The three and six month periods ended December 31, 2008 represent a return on average common equity of 14.09% and (22.49%), respectively. Return on average total assets for the three and six month periods ended December 31, 2008 was 0.94% and (1.50%).

The allowance for loan losses as a percentage of gross loans receivable was 1.42% at December 31, 2008 and 1.20% at June 30, 2008. Nonperforming assets decreased to \$2.4 million at December 31, 2008 from \$3.3 million at June 30, 2008.

As of December 31, 2008, FFWC's equity-to-assets ratio was 8.46% compared to 7.46% at June 30, 2008. Total assets at December 31, 2008 were \$327.4 million compared to \$315.9 million at June 30, 2008. Shareholders' equity was \$27.7 million at December 31, 2008 compared to \$23.6 million at June 30, 2008. Shareholders' equity at December 31, 2008 was increased by \$7.3 million upon completion of the sale of preferred stock under the U.S. Department of the Treasury's Capital Purchase Program. The transaction was completed on December 19, 2008 and resulted in FFW Corporation issuing 7,289 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, with a liquidation preference of \$1,000 per share paying dividends at an annual rate of 5% and 364 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, with a liquidation preference of \$1,000 per share paying dividends at an annual rate of 9%. At December 31, 2008, Crossroads Bank exceeds all applicable regulatory requirements to be considered "well capitalized."

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 Indiana banking centers located in Columbia City, North Manchester, South Whitley, and Syracuse. 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>12/31/2008</u>	<u>6/30/2008</u>
	Unaudited	
<u>Assets</u>		
Cash and due from financial institutions	\$ 6,374,271	\$ 6,095,999
Interest-earning deposits in other financial institutions – short term	<u>8,039,441</u>	<u>2,347,131</u>
Cash and cash equivalents	14,413,712	8,443,130
Securities available for sale	57,098,872	60,367,678
Loans receivable, net of allowance for loan losses of \$3,355,057 at December 31, 2008 and \$2,768,622 at June 30, 2008	232,732,254	227,839,891
Loans held for sale	752,100	77,000
Federal Home Loan Bank stock, at cost	3,627,100	3,627,100
Accrued interest receivable	1,894,090	1,560,163
Premises and equipment, net	4,102,618	4,040,369
Mortgage servicing rights	223,273	488,452
Cash surrender value of life insurance	5,946,427	5,815,227
Goodwill	1,213,898	1,213,898
Other assets	<u>5,404,335</u>	<u>2,412,579</u>
Total Assets	<u>\$ 327,408,679</u>	<u>\$ 315,885,487</u>
<u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Noninterest-bearing deposits	\$ 12,593,381	\$ 13,737,624
Interest-bearing deposits	<u>245,140,803</u>	<u>230,446,720</u>
Total Deposits	257,734,184	244,184,344
Federal Home Loan Bank advances	38,848,030	45,283,087
Accrued expenses and other liabilities	<u>3,124,896</u>	<u>2,856,193</u>
Total Liabilities	299,707,110	292,323,624
Shareholders' Equity:		
Preferred stock, \$.01 par; 500,000 shares authorized;		
Series A, 5% Fixed Rate Cumulative Perpetual Preferred Stock - 7,289 shares outstanding December 31, 2008	6,882,079	---
Series B, 9% Fixed Rate Cumulative Perpetual Preferred Stock - 364 shares outstanding December 31, 2008	406,921	---
Common stock, \$.01 par; 2,000,000 shares authorized;	18,363	18,363
issued: 1,836,328, outstanding: 1,112,260 - December 31, 2008		
issued: 1,836,328, outstanding: 1,100,260 - June 30, 2008		
Additional paid-in capital	9,415,709	9,530,608
Retained earnings	23,056,443	25,965,339
Accumulated other comprehensive income (loss)	(957,959)	(653,825)
Treasury stock at cost, shares: 724,068 - December 31, 2008 and 736,068 - June 30, 2008	<u>(11,119,987)</u>	<u>(11,298,622)</u>
Total Shareholders' Equity	<u>27,701,569</u>	<u>23,561,863</u>
Total Liabilities and Shareholders' Equity	<u>\$ 327,408,679</u>	<u>\$ 315,885,487</u>

Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
	Unaudited	Unaudited	Unaudited	Unaudited
Interest and dividend income:				
Loans, including fees	\$ 3,833,061	\$ 3,970,507	\$ 7,958,892	\$ 7,891,925
Taxable securities	565,538	664,188	1,273,642	1,278,251
Nontaxable securities	187,476	163,581	364,191	305,389
Other	6,327	23,006	28,873	53,398
Total interest and dividend income	4,592,402	4,821,282	9,625,598	9,528,963
Interest expense:				
Deposits	1,660,641	1,954,652	3,497,268	3,894,956
Borrowings	481,435	714,313	988,148	1,422,009
Total interest expense	2,142,076	2,668,965	4,485,416	5,316,965
Net interest income	2,450,326	2,152,317	5,140,182	4,211,998
Provision for loan losses	285,000	120,000	714,000	240,000
Net interest income after provision for loan losses	2,165,326	2,032,317	4,426,182	3,971,998
Noninterest income:				
Net gains on sales of securities	187,336	48,830	187,336	48,830
Net gains on sales of loans	38,217	24,821	58,026	47,441
Other than temporary impairment on securities	-	-	(6,692,000)	-
Commission income	142,322	135,058	288,645	261,652
Service charges and fees	97,103	250,905	403,231	556,584
Earnings on life insurance	75,282	66,617	145,055	132,965
Other	54,926	44,027	53,819	87,674
Total noninterest income (loss)	595,186	570,258	(5,555,888)	1,135,146
Noninterest expense:				
Salaries and benefits	915,578	866,737	1,832,020	1,732,730
Occupancy and equipment	209,804	202,856	413,782	405,768
Professional	67,037	70,186	121,034	122,430
Marketing	31,875	90,538	82,304	125,895
Deposit insurance premium	44,274	6,066	83,353	12,190
Regulatory assessment	23,080	21,608	46,161	43,216
Correspondent bank charges	18,426	20,881	39,938	45,097
Data processing	127,423	135,452	257,743	295,317
Printing, postage and supplies	61,927	50,518	119,570	94,522
Expense on life insurance	21,507	900	46,381	26,629
Contribution expense	16,540	6,828	29,081	12,001
Other	232,524	248,445	466,234	450,355
Total noninterest expense	1,769,995	1,721,015	3,537,601	3,366,150
Income (loss) before income taxes	990,517	881,560	(4,667,307)	1,740,994
Income tax expense (benefit)	241,514	230,457	(2,261,050)	455,499
Net income (loss)	\$ 749,003	\$ 651,103	\$ (2,406,257)	\$ 1,285,495

	Three Months Ended		Six Months Ended	
	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
	Unaudited	Unaudited	Unaudited	Unaudited
Earnings per common share:				
Primary	\$0.69	\$0.56	\$(2.19)	\$1.09
Fully diluted	\$0.69	\$0.55	\$(2.19)	\$1.08
Dividend paid per share	\$0.22	\$0.21	\$0.44	\$0.42
Average shares outstanding	1,112,260	1,180,496	1,110,619	1,187,686
Shares outstanding end of period	1,112,260	1,170,768	1,112,260	1,170,768
Supplemental data:				
Net interest margin **	3.23%	3.05%	3.38%	3.02%
Return on average assets ***	0.94%	0.87%	-1.50%	0.87%
Return on average common equity ***	14.09%	10.14%	-22.49%	10.07%
	<u>12/31/2008</u>	<u>6/30/2008</u>		
Nonperforming assets *	\$2,396,978	\$3,262,262		
Repossessed assets	\$955,759	\$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