Crossroads BANK
Where Your Bank and Your Life Meet.

February 24, 2009

Mr. Neil M. Barofsky
Office Of The Special Inspector General – Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky,

We are providing this letter in response to your request dated February 6, 2009 to provide information with respect to the use of TARP funds. Our narrative response outlining the use of TARP funds and an outline of our plans with respect to executive compensation are enclosed at Addendum A. Supplemental supporting documentation has been included at Addendum B. For further inquiries, please don't hesitate to contact me at (b) (6) [redacted]

Sincerely,

Roger K. Cromer
President & Chief Executive Officer

Enclosures: Addendum A
Addendum B

Addendum A

On December 19, 2008, FFW Corporation (FFW), holding company for Crossroads Bank (the Bank), completed the Capital Purchase Program (CPP) transaction with the U.S. Treasury. FFW Corporation received $7,289,000 and immediately contributed $6,000,000 of those funds to the Bank. FFW retained $1,289,000 to meet newly issued preferred stock dividend obligations, monthly line of credit payment obligations and the declared quarterly dividend to common shareholders. FFW would typically rely on regulator approved quarterly dividends from the Bank to meet these obligations, however, given the current regulatory environment, FFW did not want to place complete reliance on the Bank for these funds.

At the time the transaction was completed, the Bank anticipated utilizing funds to purchase low risk-weight investments and increase lending. Although not specifically segregated, the TARP proceeds have been deployed as follows:

TARP Proceeds	$7,289,000
Proceeds retained at the holding company	($1,289,000)
Purchase of GNMA mortgage backed securities	($3,500,000)
Increase in loans	($2,000,000)
Amount remaining	$500,000

The Bank intends to deploy the remaining funds through responsible lending.

The Bank intends to establish a board compensation committee to review employee compensation plans and meet twice per year. The board of directors will fulfill this role as the Bank received less than $25,000,000 in TARP funds. The Chief Executive Officer has been identified as the highest compensated employee and the Bank's preliminary assessment of the compensation limitations indicates that the CEO's compensation does not violate any of the limitations. In addition, executive compensation is not dependent upon loan growth or other such production incentives. A formal analysis will be performed and reviewed by the compensation committee. In addition, the CEO and CFO will certify that the Bank has complied with the compensation requirements.

The statements, representations and supporting information included herein are true and accurate.

Roger K. Cromer
President & Chief Executive Officer

Emily S. Boardman
Treasurer

Addendum B

- FFW Corporation Earnings Release For The Period Ended September 30, 2008
- FFW Corporation Press Release Regarding Completion of CPP Transaction
- FFW Corporation Earnings Release For The Period Ended December 31, 2008

FFW Corporation Earnings Release For The Period Ended September 30, 2008

FFW CORP PRESS RELEASE

FOR MORE INFORMATION Contact: Emily Boardman, Treasurer, at 260-563-3185
FOR IMMEDIATE RELEASE Date: October 29, 2008

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

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

Consolidated Statements of Income

	Three Months Ended	
	9/30/2008	9/30/2007
	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	22,546	30,393
Total interest and dividend income	5,033,197	4,707,678
Interest expense:		
Deposits	1,836,626	1,940,306
Borrowings	506,713	707,696
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	(1,106)	43,648
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	233,711	201,907
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)	**$ (3,155,263)**	**$ 634,390**

	Three Months Ended	
	9/30/2008	9/30/2007
	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%

	9/30/2008	6/30/2008
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

FFW Corporation Press Release Regarding Completion of CPP Transaction

FFW CORP PRESS RELEASE

FOR MORE INFORMATION Contact: Emily Boardman, Treasurer, at 260-563-3185
FOR IMMEDIATE RELEASE Date: December 19, 2008

FFW CORPORATION COMPLETED U.S. TREASURY INVESTMENT UNDER CAPITAL PURCHASE PROGRAM

WABASH, INDIANA - - FFW Corporation **(OTCBB: FFWC) (12/18/2008 Close: $14.00)**, parent corporation of Crossroads Bank, announced today that the U.S. Department of the Treasury ("Treasury") has completed its investment in FFW Corporation under the voluntary Capital Purchase Program (CPP). On October 29, 2008, FFW Corporation announced that preliminary approval had been received from the Treasury for participation in the CPP. The Company received approximately $7.3 million in capital and, in return, issued the Treasury shares of FFW Corporation preferred stock and warrants to purchase FFW Corporation preferred stock. Upon completion of the transaction, the Treasury immediately exercised the warrant to purchase additional preferred shares. As a result of this transaction, FFW Corporation has issued 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%.

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 Earnings Release For The Period Ended December 31, 2008

FFW CORP PRESS RELEASE

FOR MORE INFORMATION Contact: Emily Boardman, Treasurer, at 260-563-3185
FOR IMMEDIATE RELEASE Date: January 28, 2009

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

	12/31/2008 Unaudited	6/30/2008
Assets		
Cash and due from financial institutions	$ 6,374,271	$ 6,095,999
Interest-earning deposits in other financial institutions – short term	8,039,441	2,347,131
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 $2,768,622 at June 30, 2008	232,732,254	227,839,891
Loans held for sale	752,100	77,000
Federal Home Loan Bank stock, at cost	3,627,100	3,627,100
Accrued interest receivable	1,894,090	1,560,163
Premises and equipment, net	4,102,618	4,040,369
Mortgage servicing rights	223,273	488,452
Cash surrender value of life insurance	5,946,427	5,815,227
Goodwill	1,213,898	1,213,898
Other assets	5,404,335	2,412,579
Total Assets	**$ 327,408,679**	**$ 315,885,487**
Liabilities and Shareholders' Equity		
Liabilities:		
Noninterest-bearing deposits	$ 12,593,381	$ 13,737,624
Interest-bearing deposits	245,140,803	230,446,720
Total Deposits	257,734,184	244,184,344
Federal Home Loan Bank advances	38,848,030	45,283,087
Accrued expenses and other liabilities	3,124,896	2,856,193
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, $.01 par; 2,000,000 shares authorized; issued: 1,836,328, outstanding: 1,112,260 - December 31, 2008 issued: 1,836,328, outstanding: 1,100,260 - June 30, 2008	18,363	18,363
Additional paid-in capital	9,415,709	9,530,608
Retained earnings	23,056,443	25,965,339
Accumulated other comprehensive income (loss)	(957,959)	(653,825)
Treasury stock at cost, shares: 724,068 - December 31, 2008 and 736,068 - June 30, 2008	(11,119,987)	(11,298,622)
Total Shareholders' Equity	27,701,569	23,561,863
Total Liabilities and Shareholders' Equity	**$ 327,408,679**	**$ 315,885,487**

Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
	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	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
	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%

	12/31/2008	6/30/2008
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