STILWELL VALUE PARTNERS, L.P.
111 BROADWAY • 12TH FLOOR
NEW YORK, NY 10006
(212) 269-1551

April 17, 2012

Dear Fellow FFNW Owner,

I was gratified to see our board mention Keefe Bruyette & Woods as our Company's investment banker in their letter yesterday. Unfortunately, they then immediately write about not wanting to sell FFNW in a 'fire sale'. Only corporate idiots would talk about a 'fire sale'. A redeemable board would direct their fine investment banker—KBW—to solicit bids from all potential buyers to maximize the price at which FFNW is sold, for the highest price in a corporate auction is surely one that is fair to us, the owners. And a redeemable board would make their intention to do so clear.

For this situation, our nominee, Spencer Schneider, would be an excellent replacement on the board for Victor Karpiak, the current board's million-dollar man. Our Group, including Spencer, has substantial experience sitting on corporate boards and directing the sale of financial institutions. To my knowledge, the eight current board members have a collective total experience in this area of one. It's time to add someone dedicated to maximizing shareholder value to the board.

To sum up the case for throwing Victor Karpiak off the board and sending our message to the entire board that they have done a poor job fulfilling their responsibilities:

- FFNW came public in 2007.
- Under the current board and CEO, FFNW had a net loss totaling $90 million during the ensuing five-year period.
- During those five years, the board paid the CEO (according to Company filings with the SEC):
  - $556,736 in 2007
  - $2,101,520 in 2008
  - $850,001 in 2009
  - $704,605 in 2010
  - $1,016,987 in 2011
- According to a January 4, 2012 article in the Puget Sound Business Journal, Victor Karpiak said that 'hopefully [FFNW] can ultimately start to acquire other banks.' The board has not disavowed his comments.
- Ergo, the board members, in my estimation, are either deficient in judgment or lacking in character.

If you would like to maximize shareholder value, please vote to remove Victor and to add Spencer to the board.

Sincerely,

/s/ Joseph Stilwell
Joseph Stilwell

P.S. The Company's annual meeting of shareholders will be held at the Carco Theatre, located at 1717 SE Maple Valley Highway, Renton, Washington, on Thursday, May 24, 2012, at 9:00 a.m., local time.