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**First Financial Northwest, Inc.
Announces Special Tax Reform Bonus for Employees**

Renton, Washington – January 2, 2018 - First Financial Northwest, Inc. (the “Company”) (NASDAQ GS: FFNW), the holding company for First Financial Northwest Bank (the “Bank”), today reported that it has given all of its non-executive employees a special \$1,000 after-tax bonus, regardless of role or tenure with the Company. The one-time bonus comes in response to the signing of the U.S. Tax Cuts and Jobs Act of 2017 which provides a lower tax rate for companies like First Financial Northwest, Inc. – a portion of the expected tax savings was shared with its approximately 138 non-executive employees.

Joseph W. Kiley III, President and Chief Executive Officer, included a handwritten note with the surprise payments thanking the team for its efforts in 2017 and looking forward to a great 2018. “Our employees drive the success of our Company, delivering unique, innovative solutions to our customers and building long-term banking relationships in our communities,” said Kiley. “We pride ourselves on providing excellent benefits, competitive salaries and the opportunity for participation in the Company’s long-term success. The expected tax savings give us an opportunity to invest even more in our team.”

The \$1,000 bonus is in addition to the Company’s other compensation and benefit programs, which include a 401(k) with Company matching, an Employee Stock Ownership Plan, and an Annual Incentive Plan (annual cash bonus) for eligible employees. All employees are currently paid an hourly rate above the benchmark of \$15 per hour and substantially higher than the \$11.50 Washington State minimum wage for 2018. The Bank continually strives to recruit the most talented, motivated employees in their respective fields. By providing interesting work, opportunities for personal and professional growth plus an environment that values teamwork and work-life balance, the Bank is able to attract and retain outstanding individuals.

2017 has been a year of significant growth for the Bank which expanded its geographic footprint with the acquisition of four existing branches from another bank and a separate de novo opening to add to its existing network, bringing the total number of branch offices in the Puget Sound region to nine. A tenth branch office is scheduled to open in the first quarter of 2018 at The Junction in Bothell.

First Financial Northwest, Inc. is the parent company of First Financial Northwest Bank; an FDIC insured Washington State-chartered commercial bank headquartered in Renton, Washington, now serving the Puget Sound Region through nine full-service banking offices. We are a part of the ABA NASDAQ Community Bank Index and the Russell 3000 Index. For additional information about us, please visit our website at ffnwb.com and click on the “Investor Relations” link at the bottom of the page.

Forward-looking statements:

When used in this press release and in other documents filed with or furnished to the Securities and Exchange Commission (the "SEC"), in press releases or other public stockholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases "believe," "will," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "plans," or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts but instead represent management's current expectations and forecasts regarding future events many of which are inherently uncertain and outside of our control. Actual results may differ, possibly materially from those currently expected or projected in these forward-looking statements. Factors that could cause our actual results to differ materially from those described in the forward-looking statements, include, but are not limited to, the following: increased competitive pressures; changes in the interest rate environment; changes in general economic conditions and conditions within the securities markets; legislative and regulatory changes; and other factors described in the Company's latest annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission – that are available on our website at www.ffnwb.com and on the SEC's website at www.sec.gov.

Any of the forward-looking statements that we make in this Press Release and in the other public statements are based upon management's beliefs and assumptions at the time they are made and may turn out to be wrong because of the inaccurate assumptions we might make, because of the factors illustrated above or because of other factors that we cannot foresee. Therefore, these factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements. We do not undertake and specifically disclaim any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. These risks could cause our actual results for 2017 and beyond to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us and could negatively affect our operating and stock performance.