WAINWRIGHT BANK

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Jan A. Miller
President/CEO

March 16, 2009

Mr. Neil Barofsky
Special Inspector General - TARP
1500 Pennsylvania Avenue, NW, Suite 1064
Washington, DC 20220

Re: Response to February 6, 2009 Use of Funds Letter

Dear Mr. Barofsky;

On December 19, 2008 Wainwright Bank & Trust Company received a $22 million investment from the U.S. Treasury for the Capital Purchase Program. The CPP was established to provide cost effective capital for healthy banks to enable them to continue to meet the credit needs of their communities. We believed that we met the Treasury's profile and were very pleased that we were approved for the investment.

Subsequent to receiving the investment we have become increasingly disappointed with the negativity surrounding banks that have participated in the program, particularly for those firms that have been profitable throughout this period. What was to be a program for healthy banks has been portrayed as a bailout for problem banks. Congress, the Treasury and the large banks have all contributed to this media frenzy. What should be viewed as a positive for Wainwright Bank has become a negative as we spend time and energy defending our decision to accept the investment.

There is also a misunderstanding in Congress, the media and also SIGTARP as to how a capital investment is leveraged into new lending activity. Item #1 in your letter seems to infer that capital is loaned out on a dollar for dollar basis. It can be, but not necessarily. It may be leveraged as much as $12 to $1 to enable the bank to grow. The funds are not segregated other than a separate preferred stock issue on our balance sheet.

However, despite the unintended negative issues surrounding the CPP, we are pleased to have participated. As stated in our original application, we intend to continue to grow our residential and community development lending. We will also selectively seek opportunities in our commercial loan portfolio. In addition, it provides a capital cushion should the recession be longer and/or deeper.

I have enclosed a memo that addresses the six areas of your request letter. Should you have any questions, please feel free to call me.

Sincerely,

Jan A. Miller
President and Chief Executive Officer

Encl.

Response to SIGTARP Request Letter
Wainwright Bank & Trust Company

Item 1

In our original application (addendum 1) we stated that the Capital Purchase Plan (CPP) investment would enable Wainwright to continue to grow its lending in three specific areas; Residential Lending, Community Development/Non-Profit Lending and Commercial Lending. We experienced near record growth in those areas throughout 2008 and while we expect the rate of growth to subside somewhat as the recession continues we still believe that there will be good lending opportunities.

In residential lending, we continue to take advantage of the disruptions in the marketplace, as there has been a contraction of mortgage brokers. Community banks, such as Wainwright, have also seen opportunities as customers want to deal with their local banker. The low rate environment is also enabling some homeowners to refinance out of higher rate mortgages so we are seeing an increase in refinancing activity.

On residential projects where we have provided the construction financing, we are able to offer attractive 30-year fixed rate mortgages to assist in the sales of the units and the ability of homeowners to buy them.

Our non-profit and community development loan portfolio is 50% of our commercial loan outstandings. This is a core business strategy and strength of Wainwright Bank. The CPP investment will enable us to continue to provide these much needed loans. Subsequent to the investment we were able to fund two large ($6 million and $10 million) projects for Boston Collegiate Charter School and Harbor Health Services. The press releases for each of those transactions are attached for reference (addendum 2).

The CPP investment is only segregated by a separate preferred stock issue on our balance sheet. [redacted]

As stated in our press release announcing our 4th Quarter, 2008 results (addendum 3) we have made more than $25.5 million in new loans since the date of the CPP investment. $17 million are in non-profit or community development loans, $6 million in business loans and $2.5 in mortgages.

We intend to continue to monitor the new lending opportunities and report those in periodic press releases.

Item 2

Wainwright Bank has not needed to make any changes to its executive compensation policies as a result of the CPP investment. The restrictions were discussed at a meeting of our Compensation Committee on January 22, 2009. There are no contracts with any executives and therefore no golden parachute agreements. The executive incentive (bonus) compensation is at the sole discretion of the Compensation Committee. [redacted] The Compensation Committee is comprised of only independent directors.

The Bank's Chief Risk Officer will complete his assessment of unnecessary and excessive risk in the Bank's compensation program. It is anticipated that he will find none and provide his certification to the Compensation Committee at their meeting on April 8, 2009.

Statement Certifying the Accuracy of all Statements, Representations and Supporting Information

I, Jan A. Miller, certify that: I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Jan A. Miller
President/CEO

March 16, 2009

Addendum 1

(b) (8)

[redacted]

Addendum 1

(b) (8)

[redacted]

(b) (8)

[redacted]

WAINWRIGHT BANK & TRUST COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	9/30/08		Pro-forma 9/30/08
Assets:			
Cash and due from banks	$ 8,936		8,936
Federal funds sold and money market funds	19,784	650	20,434
Investment securities	116,029	22,000	138,029
Loans	802,504		802,504
Reserve for credit losses	(8,370)		(8,370)
Net loans	794,134		794,134
Other assets	40,655		40,655
TOTAL ASSETS	$ 979,538	$ 22,650	1,002,188
Liabilities:			
Deposits	$ 682,522		682,522
Borrowed funds	224,736		224,736
Subordinated debentures	4,140	620	4,760
Other liabilities	4,056		4,056
Total Liabilities	915,454	620	916,074
Stockholders' Equity:			
Preferred stock, Series A convertible, $1.00 par value, 200,000 shares	200		200
Preferred stock, Series B		22,000	22,000
Common stock, $1.00 par value, 10,000,000 shares authorized; 7,248,163 shares issued and outstanding at September 30, 2008	7,248		7,248
Additional paid-in capital	50,939	30	50,969
Retained earnings	10,989		10,989
Accumulated other comprehensive loss	(5,292)		(5,292)
Total Stockholders' Equity	64,084	22,030	86,114
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 979,538	$ 22,650	1,002,188
Capital Ratios:			
Tier 1 leverage ratio	6.8%		8.9%
Tier 1 risk-based capital ratio	9.1%		12.0%
Total risk-based capital ratio	10.8%		13.8%

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FOR IMMEDIATE RELEASE

**WAINWRIGHT BANK & TRUST COMPANY
RECEIVES PRELIMINARY APPROVAL FOR $22 MILLION
INVESTMENT FROM U.S. TREASURY**

Boston, MA, November 20, 2008 - - Wainwright Bank & Trust Company (NASDAQ: WAIN) today announced that it has received preliminary approval from the U.S. Department of Treasury for a $22 million investment in Wainwright Bank preferred stock and warrants to purchase Wainwright Bank common stock, as part of the federal government's TARP Capital Purchase Program. The investment represents 3% of the Bank's total risk-weighted assets at September 30, 2008.

"We are pleased to receive preliminary approval for an investment from the Capital Purchase Program," said Jan A. Miller, President and Chief Executive Officer of Wainwright. "As described by Treasury Secretary Henry Paulson, the CPP is designed to inject additional capital into healthy financial institutions. Although we are already 'well capitalized' as defined by federal banking regulations, we believe the Capital Purchase Program represents a unique opportunity to raise additional capital on attractive terms."

The following table summarizes the effect that the TARP investment will have on the Company's capital ratio:

	At 9/30/2008	Pro-forma 9/30/2008
Leverage Capital Ratio	6.81%	9.04%
Tier One Risk-Based Capital Ratio	9.10%	12.07%
Total Risk-Based Capital Ratio	10.82%	13.79%

Completion of the proposed transaction will be subject to receipt of final approval from the Treasury Department and certain other customary conditions.

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A summary of the TARP Capital Purchase Program, including the terms of the preferred stock and warrant to be issued by Wainwright Bank, can be found on the Treasury's website at www.ustreas.gov/initiatives/eesa.

With Boston branches in the Financial District, Back Bay/South End, Jamaica Plain, Dorchester, Cambridge branches within Harvard Square, Kendall Square, Central Square and the Fresh Pond Mall, its Watertown, Somerville, Newton, and Brookline branches, Wainwright is strategically positioned to provide consumer and commercial mortgages, loans, and deposit services to individuals, families, businesses, and non-profit organizations.

This Press Release contains statements relating to future results of the Bank (including certain projections and business trends) that are considered “forward-looking statements” as defined in the Private Securities Legislation Reform Act of 1995. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to changes in political and economic conditions, interest rate fluctuations, competitive product and pricing pressures within the Bank’s market, bond market fluctuations, personal and corporate customers’ bankruptcies, and inflation, as well as other risks and uncertainties.

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WAINWRIGHT BANK PROVIDES $6 MILLION TO BOSTON COLLEGIATE CHARTER SCHOOL AND ANNOUNCES RECEIPT OF $22 MILLION U.S. DEPARTMENT OF TREASURY INVESTMENT

Boston, MA, December 23, 2008 -- Wainwright Bank & Trust Company (NASDAQ: WAIN), announced today that it has completed the purchase of a $6 million Qualified Zone Academy Bond to finance the expansion of one of Massachusetts' premier charter schools, the Boston Collegiate Charter School. This financing will enable Boston Collegiate to create a new campus for its middle school and greatly increase the number of students it serves. With this second major financing, Wainwright has provided over $20 million in financing to facilitate the School's growth.

The Bank is also pleased to announce that it has completed the sale and issuance of $22 million in preferred stock to the U.S. Department of the Treasury as part of the TARP Capital Purchase Program. The TARP Capital Purchase Program is a voluntary program designed to provide capital for healthy banks.

The Company issued to the Treasury 22,000 shares of Series D Fixed Rate Non-Cumulative Perpetual Preferred Stock, and a related 10-year warrant to purchase 390,071 shares of its common stock, with an exercise price of $8.46 per share. The additional $22 million of new capital, on a pro forma basis at September 30, 2008, would have increased Wainwright Bank's Total Risk Based Capital from 10.82% to 13.79%.

Mr. Jan Miller, President & CEO, stated, "We are pleased that the U.S. Treasury chose to make an investment in Wainwright and are pleased to be among the initial group of Massachusetts banks to complete the transaction. The Capital Purchase Program was established by the U.S. Treasury to attract participation by healthy financial institutions and is designed to increase the availability of credit. This capital will give Wainwright one of the strongest capital ratios in the marketplace and will allow us to continue to provide financing to consumers, businesses, and community development projects."

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FOR IMMEDIATE RELEASE

Wainwright Bank Provides $10.6 Million to Harbor Health Services, Inc.

Boston, MA, January 20, 2009-- Wainwright Bank & Trust Company (NASDAQ: WAIN), announced today that it has completed two bond purchases totaling $10.6 million, including a New Markets Tax Credit Leveraged Loan in excess of $7.6 million, to help finance the expansion of Harbor Health Services, Inc.'s Elder Service Program.

Harbor Health is one of only six health centers in Massachusetts that follow the Program of All inclusive Care for the Elderly (PACE) model which is centered around the belief that it is better for the well being of seniors with chronic care needs to be served in the community whenever possible. Harbor Health is one of the country's oldest community health centers and provides comprehensive outpatient health care, educational, community and social services to the residents of Dorchester, Quincy, Hyannis, Harwich and surrounding communities through its key facilities: Neponset Health Center, Geiger-Gibson Community Health Center and Mid Upper Cape Community Health Center.

Dan Driscoll, President/CEO of Harbor Health noted: "Harbor Health Services, Inc. is very pleased that its collaboration with Wainwright Bank will result in funding to expand its Elder Service Plan, a federally recognized PACE program. Elder Service Plan will now be able to serve over 300 frail elders, providing comprehensive health services designed to keep elders in their homes and out of nursing homes."

In making the announcement, Jan A. Miller, President/CEO stated, "We are pleased to team with Harbor Health to assist in the relocation and expansion of their Elder Services Program. Non-profit and community development lending is a core business strategy of the Bank."

Previously, in December, the Bank announced that it had received a $22 million investment from the U.S. Treasury's Capital Purchase Program, designed to provide capital for healthy banks to continue to lend in the communities they serve. Since receipt of the investment, the Bank has made more than $17 million in community development loans, more than $6 million in business loans and more than $2.5 million in residential mortgages. Miller said, "We are pleased that the U.S. Treasury chose to make an investment in Wainwright to enhance our strong capital position and enable us to continue to meet the financing needs of our customers."
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FOR IMMEDIATE RELEASE

WAINWRIGHT BANK & TRUST COMPANY
REPORTS 5% INCREASE IN FOURTH QUARTER RESULTS

Boston, MA, February 3, 2009 - - Wainwright Bank & Trust Company (NASDAQ:WAIN) reported consolidated net income of $1,228,000 for the fourth quarter of 2008 and diluted and basic earnings per share of $.15. This compares to $1,165,000 for the fourth quarter of 2007 and diluted and basic earnings per share of $.14. Consolidated net income for 2008 was $3,344,000 with diluted earnings per share of $.40 ($.41 per share basic). This compares to consolidated net income of $6,036,000 and diluted earnings per share of $.71 ($.76 per share basic) for 2007. The decline in net income is primarily the result of two significant items. The Bank recorded net securities losses of $3,129,000 in 2008 compared to net securities losses of $307,000 in 2007. The 2008 loss included $2,017,000 recognized on certain investments in Lehman Brothers which declared bankruptcy in the third quarter. Furthermore, in the first quarter 2007, the Bank recorded an $850,000 gain on the sale of one property held for investment purposes. In addition, the Bank recorded a provision for credit losses of $1,800,000 for the twelve months ending December 31, 2008 compared to $700,000 in 2007. The increased provision is primarily due to the substantial growth in the loan portfolio.

The Bank's assets increased $141 million, or 15%, to $1.055 billion from $914 million for the years ended December 31, 2008 and 2007, respectively. The outstanding loan balances grew $129 million, or 18%, from December 31, 2007 to $842 million at December 31, 2008. Residential real estate loans (primarily first mortgages) increased $87 million, or 28% during the period and accounted for the majority of the increase. The Bank also saw increases in its commercial and commercial real estate loans in the amounts of $37 million and $17 million, respectively, which were partially offset by net payoffs of $12 million in the commercial construction portfolio.

Previously, in December, the Bank announced it had received a $22 million investment from the U.S. Treasury's Capital Purchase Program. Since receipt of the investment, the Bank has made more than $17 million in community development loans, more than $6 million in business loans and more than $2.5 million in residential mortgages. Jan A. Miller, President and CEO stated, "We are pleased that the U.S. Treasury chose to make an investment in Wainwright to enhance our strong capital position and enable us to continue to meet the financing needs of our customers. We have been able to continue to achieve solid loan growth while maintaining high credit standards in today's challenging economy. The turmoil in the financial markets has continued to create opportunities for Wainwright to capture additional market share in our residential real estate products. We are pleased that there continues to be a market for conservatively underwritten residential mortgages. Commercial loan growth was also strong, particularly community development and non-profit lending which is a core business strategy of the Bank, while our portfolio of construction loans continues to see net payoffs."

"Our deposit base has also seen growth in core transaction accounts. We are encouraged with the excitement generated after opening our newest branch at Ashmont Station, Dorchester. As we have with our prior three new branches, we are seeking LEED certification from the U.S. Green Building Council. Wainwright has also been awarded a $25 million allocation of federal New Market Tax Credits and a $300,000 2008 Bank Enterprise Award. The New Markets Tax Credit allows the Bank to provide critical capital to investments in low-income neighborhoods that could not happen without the program. The Bank Enterprise Award from the U.S Treasury's Community Development Financial Institutions Fund is in recognition of providing financial services and support within distressed communities. Wainwright was one of only two New England banks to receive the award."

Deposits increased $100 million, or 16%, from December 31, 2007 to $717 million at December 31, 2008. As market rates have decreased to unprecedented low levels, certificate of deposit products have attracted the majority of the increase in deposit volumes. The Bank also uses advances from the Federal Home Loan Bank as a component of its balance sheet management to help fund the growth in earning assets. Borrowed funds increased $20 million to $241 million at December 31, 2008.

Net interest income increased almost $3 million, or 11%, to $29.1 million for the twelve months ending December 31, 2008 compared to $26.2 million for 2007. The Bank's net interest yield rose to 3.20% in the three months ending December 31, 2008 compared to 2.97% for the same three-month period in 2007. However, the Bank's net interest yield for the twelve months ending December 31, 2008 is 3.11%, a slight decline of 2 basis points, from 3.13% for the same twelve-month period in 2007.

The provision for credit losses was $1,800,000 and $700,000 for the twelve months ending December 31, 2008 and 2007, respectively. A provision is made based on management's assessment of the adequacy of the allowance for credit losses after considering historical experience, current economic conditions, changes in the composition of the loan portfolio, and the level of non-accrual and other non-performing loans. The provision in the current period is attributable to the growth in the loan portfolio, weakened economic conditions, and both increased nonaccrual loans and charge-offs in 2008. The reserve for credit losses was $8,736,000, $7,638,000, and $6,984,000 representing 1.04%, 1.07%, and 1.10% of total loans at December 31, 2008, 2007, and 2006, respectively. The Bank had net charge-offs of $702,000 and $46,000 in the twelve months ending December 31, 2008 and 2007, respectively, and net recoveries of $54,000 in 2006. Nonaccrual loans amounted to $2,069,000, $50,000, and $86,000 at December 31, 2008, 2007, and 2006, respectively. The nonaccrual loans as of December 31, 2008 consisted of three residential mortgages and four commercial relationships. At December 31, 2008, loans 30 days or more past due represented .88% of the portfolio compared to .45% at December 31, 2007.

Total noninterest income was $1.7 million and $5.4 million for the twelve months ended December 31, 2008 and 2007, respectively, a decline of $3.7 million, or 69%. The increase in securities losses noted above, a prior period gain of $850,000 on the sale of property that is not present in the current period, a reduction in asset management fees of $274,000, and a reduction in deposit service charges of $97,000 account for the decrease. Mortgage banking income and bank owned life insurance income increased $43,000 and $15,000, respectively.

Total operating expenses were $25.5 million and $23.4 million for the twelve months ended December 31, 2008 and 2007, respectively, an increase of $2.1 million, or 9%. Salaries and employee benefits increased $1.1 million, a result of normal merit increases, an increased head count as a result of opening Ashmont branch, commission pay, and increased medical and other benefit costs. Regulatory assessment fees increased $539,000 due to FDIC insurance premiums. Occupancy and equipment costs increased $373,000 due to increased rent, utility costs, and taxes for the branches. Professional fees increased $207,000 primarily due to consultants hired to complete information technology related projects and legal fees. Advertising and marketing costs increased $99,000 as a result of promotional costs for various product specials.

The Bank recorded non-cash charges of $237,000 in the twelve months ended December 31, 2008 compared to $491,000 in the same period of 2007 related to equity investments in affordable housing projects. These pretax charges will be more than offset by tax credits available to the Bank. These community development investments are part of the Bank's nationally recognized commitment to community development activities. The Bank's current CRA rating is "Outstanding". Debit and ATM card expenses decreased $202,000, the result of savings realized from a systems conversion completed in 2007, and postage and courier costs declined $52,000.

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FINANCIAL HIGHLIGHTS:
(dollars in thousands)

Twelve months ended December 31,	2008	2007
Net interest income	$ 29,116	$ 26,247
Provision for credit losses	1,800	700
Noninterest income	1,679	5,427
Other noninterest expense	25,522	23,385
Income before taxes	3,473	7,589
Income tax provision	129	1,553
Net income	3,344	6,036
Net income available to common shareholders	3,007	5,736
Earnings per share:		
Basic	$ 0.41	$ 0.76
Diluted	$ 0.40	$ 0.71
Return on average shareholders' equity	4.85%	8.60%
Return on average assets	.34%	.69%
Net interest yield	3.11%	3.13%
Weighted average common shares outstanding:		
Basic	7,317,485	7,559,938
Diluted	8,287,068	8,560,691
at December 31, 2008 and 2007		
Total Assets	$ 1,055,288	$ 913,695
Total Loans	841,786	713,279
Total Investments	126,628	146,992
Total Deposits	717,134	617,287
Shareholders' Equity	87,439	70,814
Book Value Per Common Share	$ 8.00	$ 8.38

FINANCIAL HIGHLIGHTS:

(dollars in thousands)

Three months ended December 31,	2008	2007
Net interest income	$ 7,810	$ 6,522
Provision for credit losses	400	200
Noninterest income	424	1,170
Noninterest expense	6,646	6,168
Income before taxes	1,188	1,324
Income tax (benefit) provision	(40)	159
Net income	1,228	1,165
Net income available to common shareholders	1,116	1,090
Earnings per share:		
Basic	$ 0.15	$ 0.14
Diluted	$ 0.15	$ 0.14
Return on average shareholders' equity	7.21%	6.51%
Return on average assets	.48%	.51%
Net interest yield	3.20%	2.97%
Weighted average common shares outstanding:		
Basic	7,250,653	7,527,430
Diluted	8,202,134	8,530,200

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