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March 5, 2009

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

Dear Mr. Barofsky:

This is in response to your letter dated February 6, 2009 regarding Bridgeview Bancorp, Inc.'s ("BBI") receipt of \$38,000,000 under the Troubled Asset Relief Program ("TARP"). Specifically, you have requested information regarding BBI's use of the above referenced funds and compliance with the executive compensation requirements contained in the Emergency Economic Stabilization Act of 2008 ("EESA").

In conjunction with your request, the following information is provided as of February 28, 2009:

1(a) **Anticipated use of TARP funds.**

BBI's plan for the use of TARP funds is threefold:

- (i) Support Bridgeview Bank Group's ("Bank") existing capital structure so that the Bank can continue to serve the convenience and needs of the communities in which it operates;
- (ii) Use as a source of liquidity for prudent new loans and to renew existing loans in the communities we serve; and
- (iii) Acquire core deposit liabilities of troubled financial institutions.

1(b) **Whether the TARP funds are segregated from other institutional funds.**

TARP funds have not been segregated from other institutional funds.



When BBI received \$38,000,000 in TARP funds on December 19, 2008, it issued to the U. S. Treasury 38,000 shares of cumulative perpetual preferred Series A stock. BBI also issued to the U. S. Treasury 1,900 shares of cumulative perpetual preferred Series B stock.

Prior to year-end 2008, using TARP funds, there was an injection of \$25,000,000 of capital from BBI to the Bank.

1(c) **Actual use of the TARP funds to date.**

While it is impractical to isolate the specific use of TARP funds, TARP funds have enabled BBI to increase its capital ratios to:

Tier 1 leverage	10.84%
Tier 1 risk-based capital	11.93%
Total risk-based capital	13.19%

Subsequent to the injection of \$25,000,000 in capital from BBI to the Bank, the Bank has improved its capital ratio's as follows:

Tier 1 leverage	9.66%
Tier 1 risk-based capital	10.63%
Total risk-based capital	11.88%

From a lending perspective, since the receipt of TARP funds on December 19, 2008, through close of business on February 28, 2009, the Bank has:

- (i) Renewed 46 loans with ledger balances of \$13,020,030.82; and
- (ii) Approved and funded 61 new loans with ledger balances of \$6,373,934.55.

1(d) **Expected use of unspent TARP funds.**

TARP funds have become part of the capital structure of BBI and the Bank.

Management will continue to utilize TARP funds to maintain minimum capital ratio's of both BBI and the Bank at levels not less than the following:

Tier 1 leverage	7.00%
Tier 1 risk-based capital	8.00%
Total risk-based capital	11.00%

Furthermore, Management remains committed to provide funding of prudent loan opportunities in the communities we serve.



To the extent the opportunity becomes available, and only with the regulatory approvals that would be necessary, the Bank will also consider an opportunity to assume the deposit liabilities and assets of a distressed financial institution.

2. At its January, 2009 Board of Directors Meeting, a Compensation Committee of the two (2) outside Board Members was established. The Committee will meet prior to March 19, 2009 (90 days since receiving TARP funds) with the Bank's Chief Risk Officer to review the Bank's incentive compensation arrangements. The Bank did not pay bonuses or provide salary increase to its Officers in 2008. When the Compensation Committee meets, the Bank's incentive compensation arrangements will be reviewed with the Bank's Chief Risk Officer to ensure that the Senior Executive Officers ("SEO's") are not encouraged to take unnecessary and excessive risks impacting BBI and the Bank. The Bank will monitor regulations to be adopted by Treasury to ensure that its compensation program remains compliant with any such regulations that may be adopted. This entire process will be documented in the Minutes of the Compensation Committee.

In conjunction with the receipt of TARP funds, BBI and the Bank initiated a teleconference on December 19, 2008 for all its Officers to discuss the receipt that day of TARP funds. The Chairman of the Board and the CEO led the discussion and reviewed for the Officers the reasons BBI applied for TARP funds and the anticipated use of these funds. As a follow-up to this conference call, a memo (Exhibit A) was distributed to all Officers regarding the receipt and use of TARP funds. While BBI did not issue a press release in conjunction with the receipt of TARP funds, certain press media in the communities we serve did identify BBI and Bank as a recipient of TARP funds.

We trust this information is responsive to your letter of February 6, 2009. If you should require any further information at this time, or anytime in the future, please do not hesitate contacting me.

I, the undersigned Vice Chairman and CEO of Bridgeview Bancorp, Inc., certify the accuracy of all statements and representations provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Very truly yours,

William L. Conaghan  
Vice Chairman and CEO

Enc.

cc: Board of Directors

**"EXHIBIT A"**

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**MEMORANDUM**

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**TO:** ALL OFFICERS  
**FROM:** BILL CONAGHAN  
**SUBJECT:** TARP  
**DATE:** DECEMBER 22, 2008

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**On December 19th, Bridgeview Bank Group ("BBG") received \$38MM pursuant to the Capital Purchase Program under TARP, the Troubled Assets Recovery Program implemented by the U.S. Treasury Department earlier this year. As we mentioned in our conference call last week, only the strongest financial institutions are eligible for TARP. BBG decided to apply for TARP funding for several reasons:**

- 1) BBG's financial strength is further enhanced, enabling us to even better serve the credit needs of both new and existing customers in the communities that we serve.**
- 2) Approval for this funding demonstrates the strength of BBG, as only the strongest financial institutions are eligible for TARP.**
- 3) TARP is an economically viable source of capital in an environment where access to capital is generally limited.**

**In the event you are asked about BBG's participation in TARP, please emphasize these above-listed factors. In the event you are unable to answer more specific questions on TARP please refer the inquiry to Don Benziger, CFO, at 773-989-2994.**