FIRST MIDWEST BANCORP INC
Form S-4
February 14, 2019

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As filed with the Securities and Exchange Commission on February 14, 2019.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6021**	**36-3161078**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

**8750 West Bryn Mawr Avenue, Suite 1300
Chicago, Illinois 60631
(708) 831-7483**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Nicholas J. Chulos
Executive Vice President, General Counsel and Corporate Secretary
Steven C. Babinski
Senior Vice President and Assistant General Counsel
First Midwest Bancorp, Inc.
8750 West Bryn Mawr Avenue, Suite 1300
Chicago, Illinois 60631
(708) 831-7260
(708) 831-7229**
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

John J. Martin William C. Hermann Chapman and Cutler LLP 111 West Monroe Street Chicago, Illinois 60603 (312) 845-3000	Peter J. Haleas Chairman of the Board of Directors Bridgeview Bancorp, Inc. 7940 South Harlem Avenue Bridgeview, Illinois 60455 (708) 594-7400	James M. Kane John T. Blatchford Vedder Price P.C. 222 North LaSalle Street Chicago, Illinois 60601 (312) 609-7500

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value $0.01	4,728,587 shares(1)	N/A	$82,197,644(2)	$9,963(3)

(1) Represents the estimated maximum number of shares of common stock of the registrant to be issued upon completion of the merger described in the proxy statement/prospectus contained herein. This number is based upon the product of (x) 17,089,218, which represents the shares of common stock, par value $0.10 per share, of Bridgeview Bancorp, Inc. outstanding or deemed to be outstanding as of February 14, 2019, multiplied by (y) 0.2767, which is the number of shares of the registrant's common stock to be issued per share of Bridgeview Bancorp, Inc. common stock under the Agreement and Plan of Merger, dated as of December 6, 2018, between Bridgeview Bancorp, Inc. and First Midwest Bancorp, Inc., which is attached to the proxy statement/prospectus as *Appendix A*. Under certain circumstances as described herein, First Midwest Bancorp, Inc. could issue a larger or smaller number of shares, the exact number of which is not determinable at this time. Such additional indeterminable number of shares are also hereby registered.

(2) Pursuant to Rule 457(f)(2) and (3), and solely for the purpose of calculating the registration fee, the proposed maximum offering price was computed on the basis of $82,197,643.80, which is the result of (i) $112,787,344, which is the product of the maximum number of shares of common stock of Bridgeview Bancorp, Inc. that may be received by the registrant pursuant to the merger (17,089,218 shares) multiplied by the book value per share of

common stock of Bridgeview Bancorp, Inc. as of September 30, 2018 ($6.60), less (ii) $30,589,700.20, the estimated cash to be paid by the registrant in connection with the transaction.

(3) Calculated by multiplying the proposed maximum aggregate offering price of securities to be registered by First Midwest Bancorp, Inc. by 0.0001212.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to First Midwest Bancorp, Inc.'s common stock to be offered in this transaction has been filed with the Securities and Exchange Commission. These securities may not be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell, or the solicitation of an offer to buy, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 14, 2019

, 2019

Dear Stockholders of Bridgeview Bancorp, Inc.:

On December 6, 2018, First Midwest Bancorp, Inc. ("First Midwest") and Bridgeview Bancorp, Inc. ("Bridgeview") entered into an Agreement and Plan of Merger ("merger agreement") that provides for the combination of the two companies. Under the merger agreement, Bridgeview will merge with and into First Midwest, with First Midwest being the surviving company (the "merger"). Following the merger at such time as First Midwest may determine, Bridgeview Bank Group, an Illinois state chartered bank and a wholly owned subsidiary of Bridgeview, will merge with and into First Midwest Bank, an Illinois state chartered bank and a wholly owned subsidiary of First Midwest, with First Midwest Bank being the surviving bank (the "bank merger"). Following the bank merger, First Midwest Bank will continue its corporate existence as a commercial bank organized under the laws of the State of Illinois.

Upon completion of the merger, each holder of shares of Bridgeview common stock will receive 0.2767 of a share (the "exchange ratio") of First Midwest common stock in exchange for each share of Bridgeview common stock held immediately prior to the completion of the merger, plus a fixed amount of cash equal to $1.79, which amount of cash is subject to certain adjustments (as so adjusted, the "cash consideration" and, collectively with the First Midwest common stock issued in the merger, the "merger consideration").

All unvested Bridgeview restricted stock awards outstanding immediately prior to the merger will become fully vested upon completion of the merger, and the holders thereof will be entitled to receive the same merger consideration for the shares of Bridgeview common stock subject to such awards as all other holders of Bridgeview common stock. Additionally, Bridgeview will take all actions necessary to cause the holders of options for Bridgeview common stock to execute agreements prior to the merger to cancel such options in exchange for a lump sum cash payment.

The exchange ratio is not subject to adjustment but the value of the First Midwest common stock to be received by holders of Bridgeview common stock in the merger will fluctuate based on the trading price of First Midwest common stock. The cash consideration of $1.79 per share of Bridgeview common stock is subject to potential increases or decreases based on the occurrence of certain events as provided in the merger agreement. These events and the corresponding adjustments are summarized as follows:

- if any of the specified leases or contracts related to Bridgeview's residential home mortgage business have not been disposed of as of February 28, 2019, the cash consideration will be reduced by a multiple of the amounts remaining under such agreements;

- if there are any outstanding principal balances under any mortgage loans related to Bridgeview's residential home mortgage business remaining as of March 1, 2019 totaling more than $500,000 in the aggregate, the cash consideration will be reduced by all or a portion of the outstanding principal loan balances depending on the aggregate amount of such balances outstanding at that time;

the cash consideration will be increased or decreased depending on whether or not Bridgeview sells the real property identified in the merger agreement (the "identified real property") prior to the completion of the merger and the price at which it may be sold;

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- if Bridgeview sells any of the life insurance contracts identified in the merger agreement prior to the completion of the merger, the cash consideration may be increased or decreased based on whether the life insurance contract is sold for greater or less than its book value determined pursuant to the merger agreement; *however,* if Bridgeview fails to sell any of the life insurance contracts identified in the merger agreement, an independent insurance consultant will be engaged to solicit three bids for each of the unsold life insurance contracts and the cash consideration will be increased or decreased based on such bids as provided in the merger agreement;

- if Bridgeview sells or otherwise disposes of certain assets identified in the merger agreement (the "identified assets"), the cash consideration will be increased or decreased by the difference between the proceeds of the disposition and the assumed value of each asset as determined pursuant to the merger agreement;

- if Bridgeview is unable to cure or remove any conditions listed on the title of any real property transferred to First Midwest or there are any costs or expenses necessary to address any environmental conditions at any real property transferred to First Midwest, the cash consideration may be reduced; and

- if Bridgeview's adjusted tangible common equity as of its December 31, 2018 fiscal year-end is different than the minimum year-end adjusted tangible common equity identified in the merger agreement, the cash consideration will be increased or decreased based on whether the year-end adjusted tangible common equity is greater or less than the identified minimum year-end adjusted tangible common equity.

Due to the fact that certain of these adjustments may not be determinable prior to the date of the special meeting, at the time of the vote on the merger agreement at the special meeting, stockholders of Bridgeview common stock may not know the amount of cash consideration they will receive as part of the merger consideration. Based on information available as of the date of this proxy statement/prospectus, the range of the adjustments to the cash consideration of $1.79 per share of Bridgeview common stock is reasonably expected to be from no adjustment to the cash consideration to a decrease of $0.   per share of Bridgeview common stock.

First Midwest common stock trades on the Nasdaq Stock Market under the symbol "FMBI." The following table shows the implied value of the merger consideration that would be received by Bridgeview stockholders in exchange for each share of Bridgeview common stock if the per share price of First Midwest common stock was $21.87, which was the closing per share price of First Midwest common stock on the Nasdaq Stock Market on December 6, 2018, the last completed trading day before the announcement of the merger, and if such price was $, which was the closing per share price of First Midwest common stock on the Nasdaq Stock Market on   , 2019.

	Closing Price of First Midwest Common Stock on Nasdaq	Exchange Ratio	Cash Consideration Per Bridgeview Common Share*	Total Consideration Per Share of Bridgeview Common Stock
December 6, 2018	$ 21.87	0.2767	$ 1.79	$ 7.84
, 2019	$	0.2767	$ 1.79	$

* The information presented does not reflect the actual value of the merger consideration that will be received by holders of Bridgeview common stock in the merger. This amount assumes no adjustments to the cash consideration of $1.79 per share. The cash consideration is subject to certain adjustments as described above and in the accompanying proxy statement/prospectus. The value of the merger consideration at the closing of the merger will be based partially on the price of First Midwest common stock on the date the merger is completed plus the cash consideration. The information presented above solely illustrates the implied value of the merger consideration based on the price of First Midwest common stock on December 6, 2018 and on   , 2019 and the assumed cash consideration of $1.79 per share of Bridgeview common stock.

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Based on the number of shares of Bridgeview common stock outstanding and the number of restricted stock awards outstanding on February 14, 2019, we expect that the payment of the merger consideration will require First Midwest to issue approximately 4,728,586 shares of First Midwest common stock in connection with the merger. In addition, based on the number of issued and outstanding shares of First Midwest common stock and Bridgeview common stock as of February 14, 2019, and based on the exchange ratio of 0.2767, holders of shares of Bridgeview common stock as of immediately prior to the closing of the merger will hold, in the aggregate, approximately 4.2% of the issued and outstanding shares of First Midwest common stock immediately following the effectiveness of the merger.

Bridgeview will hold a special meeting of its stockholders in connection with the merger. Bridgeview has three classes of common stock: common stock ("Bridgeview voting common stock"), non-voting common stock ("Bridgeview non-voting common stock"), and Series A non-voting common stock ("Bridgeview Series A non-voting common stock"). Holders of Bridgeview voting common stock will be asked to vote to approve the merger agreement and the transactions contemplated thereby, as described in the accompanying proxy statement/prospectus. Approval of the merger agreement and the transactions contemplated thereby requires the affirmative vote of the holders of at least a majority of the outstanding shares of Bridgeview voting common stock. All of the directors and executive officers of Bridgeview, collectively holding an aggregate 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding Bridgeview restricted common stock)(or approximately 33% of the outstanding voting shares) and certain other Bridgeview stockholders who collectively own an additional 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding voting shares) as of the Bridgeview record date, have signed voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby. Accordingly, the holders of approximately 62% of the outstanding voting shares entitled to vote on the merger have entered into voting agreements with First Midwest to vote in favor of the merger proposal. Each of the holders of Bridgeview Series A non-voting common stock has agreed to waive its rights to, among other things, elect to receive in the merger securities that are comparable in rights and restrictions to the Bridgeview Series A non-voting common stock, and the holders of in excess of a majority of the shares of Bridgeview Series A non-voting common stock have agreed to accept in the merger the conversion of the shares of Bridgeview Series A non-voting common stock into shares of First Midwest common stock, which majority acceptance would satisfy the approval provisions of the Bridgeview Series A non-voting common stock as set forth in Bridgeview's certificate of incorporation, as amended.

The special meeting of holders of Bridgeview common stock will be held at the headquarters of Bridgeview Bancorp, Inc., located at 7940 South Harlem Avenue, Bridgeview, Illinois 60455 on , 2019, at p.m. Central Time.

Bridgeview's board of directors unanimously recommends that holders of Bridgeview voting common stock vote "FOR" the approval of the merger agreement and the transactions contemplated thereby and "FOR" one or more adjournments of the Bridgeview special meeting, including adjournments to permit the further solicitation of proxies in favor of the foregoing proposals.

We cannot complete the merger without the approval of the merger agreement and the transactions contemplated thereby by holders of Bridgeview voting common stock. **It is important that your shares be represented and voted regardless of the size of your holdings. Whether or not you plan to attend the special meeting of holders of Bridgeview common stock, we urge you to submit a proxy to have your shares voted in advance of the special meeting by using one of the methods described in the accompanying proxy statement/prospectus.**

The accompanying proxy statement/prospectus provides important information regarding the special meeting and a detailed description of the merger agreement, the merger, certain related transactions and agreements and the matters to be presented at the special meeting. **We encourage you to read the entire accompanying proxy statement/prospectus carefully (including any documents incorporated therein by reference). Please pay particular attention to the section entitled "Risk**

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Factors" in the accompanying proxy statement/prospectus for a discussion of the risks relating to the proposed merger.

We hope to see you at the special meeting and look forward to the successful completion of the merger.

Sincerely,

Peter J. Haleas
Chairman of the Board of Directors
Bridgeview Bancorp, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued in the merger or determined if this document is accurate or adequate. It is illegal to tell you otherwise. The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of the accompanying proxy statement/prospectus is , 2019, and it is first being mailed or otherwise delivered to Bridgeview stockholders on or about , 2019.

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7940 South Harlem Avenue
Bridgeview, Illinois 60455

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2019

To the Stockholders of Bridgeview Bancorp, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the holders of common stock, par value $0.10 per share ("Bridgeview common stock"), of Bridgeview Bancorp, Inc., a Delaware corporation ("Bridgeview"), will be held at , on , 2019, at Central Time (the "Bridgeview special meeting"), for the purpose of considering and voting upon the following matters:

1. *Merger Proposal.* Approval by the holders of Bridgeview common stock, $0.10 par value per share ("Bridgeview voting common stock"), of the Agreement and Plan of Merger, dated as of December 6, 2018, a copy of which is attached as *Appendix A* to the accompanying proxy statement/prospectus (the "merger agreement"), by and between First Midwest Bancorp, Inc. ("First Midwest") and Bridgeview, and the transactions contemplated thereby (the "merger proposal"), including the merger of Bridgeview with and into First Midwest, with First Midwest being the surviving corporation (the "merger");

2. *Adjournment Proposal.* Approval by the holders of Bridgeview voting common stock of one or more adjournments of the Bridgeview special meeting, if determined necessary and advisable, including adjournments to permit the further solicitation of proxies in favor of the merger proposal (the "Bridgeview adjournment proposal"); and

3. *Other Business.* Transaction of such other business as may properly come before the Bridgeview special meeting and any adjournments or postponements thereof.

We have fixed the close of business on , 2019, as the record date for determining those stockholders entitled to notice of and to vote at the Bridgeview special meeting and any adjournments of the Bridgeview special meeting. There are three classes of Bridgeview common stock: Bridgeview voting common stock, non-voting common stock, $0.10 par value per share ("Bridgeview non-voting common stock"), and Series A non-voting common stock, $0.10 par value per share ("Bridgeview Series A non-voting common stock"). Only holders of record of Bridgeview voting common stock at the close of business on that date are entitled to notice of and to vote on the proposals at the Bridgeview special meeting and any adjournments of the Bridgeview special meeting. Approval of the merger proposal requires the affirmative vote of a majority of the outstanding shares of Bridgeview voting common stock. As a result, abstentions and broker non-votes will have the same effect as votes against approval of the merger proposal. Approval of the Bridgeview adjournment proposal requires the affirmative vote of a majority of the shares of Bridgeview voting common stock present in person or represented by proxy. Abstentions will have the same effect as votes against approval of the Bridgeview adjournment proposal, and broker non-votes will have no effect on the approval of the Bridgeview adjournment proposal assuming a quorum has been established. All of the directors and executive officers of Bridgeview, collectively holding an aggregate 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding restricted Bridgeview voting common stock)(or approximately 33% of the outstanding shares of Bridgeview voting common stock) and certain other Bridgeview stockholders who collectively own an additional 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding shares of Bridgeview voting common stock) as

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of the Bridgeview record date, have signed voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby and the other matters required to be approved or adopted to effect the merger and any other transactions contemplated by the merger agreement. Accordingly, the holders of approximately 62% of the outstanding voting shares entitled to vote on the merger have entered into voting agreements with First Midwest to vote in favor of the merger proposal.

If you wish to attend the Bridgeview special meeting and your shares are held in the name of a bank, broker, trustee or other nominee, you must bring with you an account statement showing that you owned shares of Bridgeview common stock as of the record date and a "legal proxy" form from the bank, broker, trustee or other nominee to confirm your beneficial ownership of the shares.

Under Delaware law, Bridgeview stockholders who do not vote in favor of the merger proposal will have the right to seek appraisal of the fair value of their shares of Bridgeview common stock as determined by the Delaware Court of Chancery if the merger of Bridgeview with and into First Midwest is completed, but only if they submit a written demand for such an appraisal prior to the vote on the adoption of the merger proposal and comply with the other Delaware law procedures explained in the accompanying proxy statement/prospectus. Bridgeview stockholders who do not vote in favor of the merger proposal and who submit a written demand for such an appraisal prior to the vote on the adoption of the merger proposal and comply with the other Delaware law procedures will not receive the merger consideration.

Your vote is very important. Whether or not you plan to attend the Bridgeview special meeting in person, please complete, date, sign and return the enclosed proxy card in the enclosed envelope to ensure that your shares of Bridgeview voting common stock will be represented at the Bridgeview special meeting if you are unable to attend.

The board of directors of Bridgeview has unanimously approved the merger agreement and the merger, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to and in the best interests of Bridgeview and its stockholders and unanimously recommends that holders of Bridgeview voting common stock vote "FOR" the merger proposal and vote "FOR" the Bridgeview adjournment proposal.

We encourage you to read the entire accompanying proxy statement/prospectus carefully (including any documents incorporated therein by reference). Please pay particular attention to the section entitled "Risk Factors" in the accompanying proxy statement/prospectus for a discussion of the risks relating to the proposed merger.

By Order of the Board of Directors,

Peter J. Haleas
Chairman of the Board of Directors

Bridgeview, Illinois
, 2019

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about First Midwest from documents filed with the Securities and Exchange Commission ("SEC") that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by First Midwest at no cost from the SEC's website maintained at http://www.sec.gov. You may also request copies of these documents, including documents incorporated by reference into this proxy statement/prospectus, at no cost by contacting First Midwest in writing at the address, by telephone, or from the website as specified below:

First Midwest Bancorp, Inc.
Attention: Corporate Secretary
8750 West Bryn Mawr Avenue, Suite 1300
Chicago, Illinois 60631
www.firstmidwest.com
(708) 831-7483

You will not be charged for any of these documents that you request. In order for you to receive timely delivery of the documents before the Bridgeview special meeting, you must request them no later than , 2019.

See the section entitled "Where You Can Find More Information."

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the SEC, constitutes a prospectus of First Midwest under Section 5 of the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of First Midwest common stock to be issued to stockholders of Bridgeview as consideration in the merger of Bridgeview with and into First Midwest, as more fully described herein. This proxy statement/prospectus also constitutes a proxy statement for Bridgeview. In addition, it constitutes a notice of meeting with respect to the special meeting of Bridgeview stockholders.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated , 2019, and you should assume that the information in this proxy statement/prospectus is accurate only as of such date. You should assume that the information incorporated by reference into this proxy statement/prospectus is accurate only as of the date of such incorporated document. Neither the mailing of this proxy statement/prospectus to Bridgeview stockholders nor the issuance by First Midwest of shares of First Midwest common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. We urge you to carefully read this entire document and the documents referenced herein for a more complete understanding of the merger between First Midwest and Bridgeview. In addition, we incorporate by reference into this document important business and financial information about First Midwest. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled "Where You Can Find More Information." Each item in this summary includes a page reference directing you to a more complete description of that item.

Unless the context otherwise requires, references in this proxy statement/prospectus to "First Midwest" refer to First Midwest Bancorp, Inc., a Delaware corporation; references to "First Midwest Bank" refer to First Midwest Bank, an Illinois state chartered bank and wholly owned subsidiary of First Midwest; references to "Bridgeview" refer to Bridgeview Bancorp, Inc., a Delaware corporation; references to "Bridgeview Bank" refer to Bridgeview Bank Group, an Illinois state chartered bank and wholly owned subsidiary of Bridgeview; and references to "we," "our" or "us" refer to First Midwest and Bridgeview.

We Propose a Merger of First Midwest and Bridgeview (Page 30)

We propose that Bridgeview will merge with and into First Midwest, with First Midwest being the surviving company (the "merger"). As a result of the merger, the separate existence of Bridgeview will terminate. Following the merger at such time as First Midwest may determine, Bridgeview's wholly owned bank subsidiary, Bridgeview Bank, will merge with and into First Midwest's wholly owned bank subsidiary, First Midwest Bank, with First Midwest Bank being the surviving bank (the "bank merger"). Following the bank merger, First Midwest Bank will continue its corporate existence as a commercial bank organized under the laws of the State of Illinois. We expect to complete the merger and the bank merger in the second quarter of 2019, although delays may occur.

Special Meeting of Bridgeview (Page 24)

Bridgeview plans to hold its special meeting of stockholders at the headquarters of Bridgeview Bancorp, Inc., located at 7940 South Harlem Avenue, Bridgeview, Illinois 60455, on , 2019 at p.m. Central Time (the "Bridgeview special meeting"). Bridgeview has three classes of common stock: common stock, $0.10 par value per share ("Bridgeview voting common stock"), non-voting common stock, $0.10 par value per share ("Bridgeview non-voting common stock"), and Series A non-voting common stock, $0.10 par value per share ("Bridgeview Series A non-voting common stock" and, collectively with Bridgeview non-voting common stock, "Bridgeview non-voting stock"). At the Bridgeview special meeting, holders of Bridgeview voting common stock will be asked to approve the merger agreement and the transactions contemplated thereby, including the merger (the "merger proposal").

You can vote at the Bridgeview special meeting to approve the merger proposal if you owned Bridgeview voting common stock at the close of business on , 2019 (the "Bridgeview record date"). As of that date, there were 10,525,882 shares of Bridgeview voting common stock outstanding and entitled to vote. A holder of Bridgeview voting common stock can cast one vote for each share of Bridgeview voting common stock owned on that date.

Bridgeview's Board of Directors Unanimously Recommends That Holders of Bridgeview Voting Common Stock Vote "FOR" the Merger Proposal (Page 25)

Bridgeview's board of directors (i) believes that the Agreement and Plan of Merger, dated as of December 6, 2018, between Bridgeview and First Midwest (the "merger agreement"), and the transactions contemplated thereby are advisable, fair to and in the best interests of Bridgeview and its stockholders, (ii) has unanimously approved and adopted the merger agreement and the transactions contemplated thereby, and (iii) unanimously recommends that holders of Bridgeview voting common stock vote "**FOR**" the merger proposal.

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All of the directors and executive officers of Bridgeview, collectively holding an aggregate 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding Bridgeview restricted common stock)(or approximately 33% of the outstanding voting shares) and certain Bridgeview stockholders who collectively own an additional 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding voting shares) as of the Bridgeview record date, have signed voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby. Accordingly, the holders of approximately 62% of the outstanding voting shares entitled to vote on the merger have entered into voting agreements with First Midwest to vote in favor of the merger proposal. Each of the holders of Bridgeview Series A non-voting common stock has agreed to waive its rights to, among other things, elect to receive in the merger securities that are comparable in rights and restrictions to the Bridgeview Series A non-voting common stock, and the holders of in excess of a majority of the shares of Bridgeview Series A non-voting common stock have agreed to accept in the merger the conversion of the shares of Bridgeview Series A non-voting common stock into shares of First Midwest common stock, which majority acceptance would satisfy the approval provisions of the Bridgeview Series A non-voting common stock as set forth in Bridgeview's certificate of incorporation, as amended.

Bridgeview Stockholders Will Receive Shares of First Midwest Common Stock in the Merger (Page 62)

Upon completion of the merger, each holder of shares of Bridgeview voting common stock and Bridgeview non-voting stock (collectively, "Bridgeview common stock"), will receive 0.2767 of a share (the "exchange ratio") of First Midwest common stock, par value $0.01 per share ("First Midwest common stock"), in exchange for each share of Bridgeview common stock held immediately prior to the completion of the merger, plus a fixed amount of cash equal to $1.79, which amount is subject to certain adjustments (the "cash consideration" and, collectively with the First Midwest common stock received, the "merger consideration").

The exchange ratio is not subject to adjustment but the value of the First Midwest common stock to be received by holders of Bridgeview common stock in the merger will fluctuate based on the trading price of First Midwest common stock. The cash consideration of $1.79 per share of Bridgeview common stock is subject to potential increases or decreases based on the occurrence of certain events as provided in the merger agreement. These events and the corresponding adjustments are summarized as follows:

- if any of the specified leases or contracts related to Bridgeview's residential home mortgage business have not been disposed of as of February 28, 2019, the cash consideration will be reduced by a multiple of the amounts remaining under such agreements;

- if there are any outstanding principal balances under any mortgage loans remaining related to Bridgeview's residential home mortgage business as of March 1, 2019 totaling more than $500,000 in the aggregate, the cash consideration will be reduced by all or a portion of the outstanding principal loan balances depending on the aggregate amount of such balances outstanding at that time;

- the cash consideration will be increased or decreased depending on whether or not Bridgeview sells the real property identified in the merger agreement (the "identified real property") prior to the completion of the merger and the price at which it may be sold;

- if Bridgeview sells any of the life insurance contracts identified in the merger agreement prior to the completion of the merger, the cash consideration may be increased or decreased based on whether the life insurance contract is sold for greater or less than its book value determined pursuant to the merger agreement; *however,* if Bridgeview fails to sell any of the life insurance contracts identified in the merger agreement, an independent insurance consultant will be engaged to solicit three bids for each of the unsold life insurance contracts and the cash consideration will be increased or decreased based on such bids as provided in the merger agreement;

if Bridgeview sells or otherwise disposes of certain assets identified in the merger agreement (the "identified assets"), the cash consideration will be increased or decreased by the difference between the proceeds of the disposition and the assumed value of each asset as determined pursuant to the merger agreement;

if Bridgeview is unable to cure or remove any conditions listed on the title of any real property transferred to First Midwest or there are any costs or expenses necessary to address any environmental conditions at any real property transferred to First Midwest, the cash consideration may be reduced; and

if Bridgeview's adjusted tangible common equity as of its December 31, 2018 fiscal year-end is different than the minimum year-end adjusted tangible common equity identified in the merger agreement, the cash consideration will be increased or decreased based on whether the year-end adjusted tangible common equity is greater or less than the identified minimum year-end adjusted tangible common equity.

Due to the fact that certain of these adjustments may not be determinable at the time of the vote on the merger agreement at the special meeting, stockholders of Bridgeview common stock may not know the amount of cash consideration they will receive as part of the merger consideration. Based on information available as of the date of this proxy statement/prospectus, the range of the adjustments to the cash consideration of $1.79 per share of Bridgeview common stock is reasonably expected to be from no adjustment to the cash consideration to a decrease of $0.   per share of Bridgeview common stock.

Instead of fractional shares of First Midwest common stock, Bridgeview stockholders will receive cash for any fractional shares based on the per share volume weighted average price of the First Midwest common stock on the Nasdaq Stock Market from 9:30 a.m. to 4:00 p.m., Eastern Time, on the trading day immediately preceding the closing date of the merger.

The following table shows the implied value of the merger consideration that would be received by Bridgeview stockholders in exchange for each share of Bridgeview common stock if the per share price of a share of First Midwest common stock was $21.87, which was the closing per share price of First Midwest common stock on the Nasdaq Stock Market on December 6, 2018, the last completed trading day before the announcement of the merger, and if such price was $, which was the closing per share price of First Midwest common stock on the Nasdaq Stock Market on   , 2019.

	Closing Price of First Midwest Common Stock on Nasdaq	Exchange Ratio	Cash Consideration Per Bridgeview Common Share*	Total Consideration Per Share of Bridgeview Common Stock
December 6, 2018	$ 21.87	0.2767	$ 1.79	$ 7.84
, 2019	$	0.2767	$ 1.79	$

* The information presented does not reflect the actual value of the merger consideration that will be received by holders of Bridgeview common stock in the merger. This amount assumes no adjustments to the cash consideration of $1.79 per share. The cash consideration is subject to certain adjustments as described in this proxy statement/prospectus. The value of the merger consideration at the closing of the merger will be based partially on the price of First Midwest common stock on the date the merger is completed plus the cash consideration. The information presented above solely illustrates the implied value of the merger consideration based on the price of First

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Midwest common stock on December 6, 2018 and on , 2019 and the assumed cash consideration of $1.79 per share of Bridgeview common stock.

All unvested Bridgeview restricted stock awards outstanding immediately prior to the merger will become fully vested upon completion of the merger, and the holders thereof will be entitled to receive the same merger consideration for the shares of Bridgeview common stock subject to such awards as all other holders of Bridgeview common stock. Additionally, Bridgeview will take all actions necessary to cause the holders of options for Bridgeview common stock to execute agreements prior to the merger to cancel such options in exchange for a lump sum cash payment.

Federal Income Tax Consequences of the Merger (Page 53)

Subject to certain circumstances described below, and based on certain representations, covenants and assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, in the opinion of Chapman and Cutler LLP ("Chapman and Cutler") and Vedder Price P.C. ("Vedder Price"), for United States federal income tax purposes, the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Provided that the merger qualifies as a reorganization for United States federal income tax purposes, you may recognize gain, but you will not recognize loss, upon the exchange of your shares of Bridgeview common stock for shares of First Midwest common stock and cash. If the sum of the fair market value of the First Midwest common stock and the amount of cash you receive in exchange for your shares of Bridgeview common stock (excluding any cash received in lieu of a fractional share of First Midwest common stock) exceeds the adjusted basis of your shares of Bridgeview common stock, you will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash you receive in the exchange (excluding any cash received in lieu of a fractional share of First Midwest common stock). Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Bridgeview common stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income. In addition, you generally will recognize gain or loss with respect to cash received in lieu of a fractional share of First Midwest common stock.

For a complete description of the material United States federal income tax consequences of the transaction, see "The Merger Material Federal Income Tax Consequences of the Merger." You should consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

Prohibition on Bridgeview Dividends; First Midwest's Dividend Policy Will Continue After the Merger (Pages 67 and 88)

Bridgeview is generally prohibited from paying cash dividends to holders of its common stock prior to completion of the merger.

First Midwest expects to continue its common stock dividend practice after the merger, but this practice is subject to the determination and discretion of First Midwest's board of directors and may change at any time. This determination depends on a variety of factors, including cash requirements, financial condition and earnings, legal and regulatory considerations and other factors. In the first three quarters of 2018, First Midwest declared a quarterly cash dividend of $0.11 per share of First Midwest common stock and in the fourth quarter of 2018, First Midwest declared a quarterly cash dividend of $0.12 per share of First Midwest common stock. First Midwest has not declared a dividend in 2019.

Bridgeview has not declared or paid a dividend in 2018 or 2019.

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The Merger Will Be Accounted for as a Purchase (Page 58)

The merger will be treated as a purchase by First Midwest of Bridgeview under generally accepted accounting principles ("GAAP").

First Midwest's Reasons for the Merger (Page 36)

For a discussion of the factors considered by First Midwest's board of directors in reaching its decision to approve the merger agreement and the transactions contemplated thereby, including the merger, see "The Merger First Midwest's Reasons for the Merger."

Bridgeview's Reasons for the Merger (Page 38)

For a discussion of the factors considered by Bridgeview's board of directors in reaching its decision to approve the merger agreement and the transactions contemplated thereby, including the merger, see "The Merger Bridgeview's Reasons for the Merger and Recommendation of the Board of Directors of Bridgeview."

Opinion of Bridgeview's Financial Advisor (Page 41)

On November 29, 2018 and December 6, 2018, Sandler O'Neill & Partners, L.P. ("Sandler") rendered its oral and written opinion, respectively, to the board of directors of Bridgeview that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration in the proposed merger was fair, from a financial point of view, to the holders of Bridgeview common stock.

The full text of the written opinion of Sandler, dated December 6, 2018, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken, is attached as *Appendix B* to this proxy statement/prospectus and is incorporated herein by reference. The summary of the opinion of Sandler set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion. Bridgeview stockholders are urged to read the opinion in its entirety. Sandler's written opinion was addressed to the board of directors of Bridgeview (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed merger and was directed only to the merger consideration in the proposed merger and did not address any other aspect of the merger. Sandler expressed no opinion as to the fairness of the consideration to the holders of any other class of securities, creditors or other constituencies of Bridgeview or as to the underlying decision by Bridgeview to engage in the merger. The issuance of Sandler's opinion was approved by a fairness opinion committee of Sandler. The opinion does not constitute a recommendation to any Bridgeview stockholders as to how such stockholder should vote with respect to the proposed merger or any other matter.

Certain Directors and Executive Officers May Have Interests in the Merger That Differ from Your Interests (Page 58)

Certain directors and executive officers of Bridgeview and/or Bridgeview Bank have interests in the merger other than their interests as stockholders, including:

- To the extent a director or executive officer holds unvested restricted stock awards, upon completion of the merger, such awards will become fully earned and vested per the terms of the Bridgeview Bancorp, Inc. Amended and Restated 2015 Equity Incentive Plan (the "Bridgeview Stock Plan") and the award agreements issued thereunder, and the shares of Bridgeview common stock subject to such awards will be converted into First Midwest common stock and cash, and to the extent a director or officer holds vested or unvested stock options, the options will be cancelled and terminated in exchange for a cash payment as discussed in the "The

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Merger Agreement Merger Consideration," subject to any required withholding tax. As of the date of the merger agreement, directors and executive officers of Bridgeview and Bridgeview Bank, as a group, held 8,334 unvested restricted stock awards and 2,055,948 vested and 653,550 unvested stock options.

Bridgeview is party to employment agreements with Peter J. Haleas, Thomas P. Haleas, William L. Conaghan and Bryan Griffin. The employment agreements provide for severance payments and benefits in the event that Bridgeview terminates their employment without just cause or in the event that they terminate with good reason. Good reason includes a reduction in base salary; a material reduction in target bonus opportunity other than an across-the-board reduction ordered by an applicable regulator of Bridgeview; the assignment of duties inconsistent with the senior executive's position, duties, responsibilities or authority; or a requirement for the senior executive to relocate to an office more than 15 miles from the senior executive's current office location. Bridgeview is party to change in control agreements with Peter J. Haleas, William L. Conaghan, Gerald E. Pfeiffer, Bryan Griffin and Nicolas S. Mando (whom we will also refer to both individually and collectively as "change in control senior executive"), which entitles each change in control senior executive to a payment. Both the employment agreements and change in control agreements include restrictive covenants for one year following termination of employment, and to abide by confidentiality provisions indefinitely.

Thomas P. Haleas's employment will be terminated effective as of the merger, and pursuant to his employment agreement (as amended) with Bridgeview, upon such termination he will become entitled to a severance payment, certain benefits and title to the car utilized by him while employed by Bridgeview. In the event that Gerry Pfeiffer is terminated, he is not entitled to any severance payment other than the change in control payment mentioned above.

First Midwest has entered into offer letters for employment with Peter J. Haleas, William L. Conaghan, and Bryan Griffin contingent upon the merger. In recognition of Peter J. Haleas' and William L. Conaghan's agreement to enter into new confidentiality and restrictive covenant agreements with First Midwest, as a retention incentive, and in lieu of a cash payment, the offer letters provide for receipt of title to the car utilized by each while employed by Bridgeview. The offer letters also provide that upon termination of the senior executive's employment with First Midwest, the senior executives will receive the severance payments and benefits described in the executives' employment agreements with Bridgeview. Bryan Griffin's offer letter confirms his continued employment with First Midwest and includes certain compensation and benefits (which are commensurate with other senior level executives) as well as a new confidentiality and restrictive covenant agreement. First Midwest may determine to enter into new offer letters or other new employment arrangements with executive officers of Bridgeview that would be effective upon completion of the merger.

Bridgeview retained Sandler to serve as its financial advisor in connection with the merger. Pursuant to the engagement letter entered into between Bridgeview and Sandler, as compensation for Sandler's financial advisory services provided to Bridgeview, Bridgeview agreed to pay Sandler a success fee equal to one percent (1.00%) of the purchase consideration if the per share price, as defined in the engagement letter, is less than \$10.10, one and fifteen-one hundredths percent (1.15%) of the purchase consideration if the per share price is greater than \$10.10 but less than \$10.60, one and three-tenths percent (1.30%) of the purchase consideration if the per share price is greater than \$10.60 but less than \$11.10 and one and forty five-one hundredths percent (1.45%) of the purchase consideration if the per share price is greater than \$11.10.

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Pursuant to the terms of the merger agreement, directors and officers of Bridgeview will be entitled to certain ongoing indemnification and coverage under directors' and officers' liability insurance policies following the merger.

Bridgeview's board of directors was aware of these additional interests and considered them when they adopted the merger agreement and approved the merger. These additional interests of directors and officers are discussed further below in "The Merger Interests of Certain Persons in the Merger."

Holders of Bridgeview Common Stock Have Dissenters' Rights of Appraisal (Page 79)

If you are a holder of Bridgeview common stock, you may elect to dissent from the merger and exercise appraisal rights by following the procedures set forth in Section 262 of the General Corporation Law of the State of Delaware (the "DGCL"). For more information regarding your right to dissent from the merger and exercise appraisal rights, please see "The Merger Agreement Dissenters' Rights of Appraisal of Holders of Bridgeview Common Stock" on page 79. We have also attached a copy of the relevant provisions of Section 262 of the DGCL as *Appendix C* to this proxy statement/prospectus.

We Have Agreed When and How Bridgeview Can Consider Third-Party Acquisition Proposals (Page 69)

We have agreed that Bridgeview will not, and will cause its subsidiaries and its subsidiaries' representatives, agents, advisors and affiliates not to, solicit or encourage proposals from other parties regarding acquiring Bridgeview or its businesses. In addition, we have agreed that Bridgeview will not engage in negotiations with or provide confidential information to a third party regarding acquiring Bridgeview or its businesses. However, if Bridgeview receives an unsolicited acquisition proposal from a third party, Bridgeview can participate in negotiations with and provide confidential information to the third party if, among other steps, Bridgeview's board of directors concludes in good faith that the proposal is superior to First Midwest's merger proposal. Bridgeview's receipt of a superior proposal or participation in such negotiations does not give Bridgeview the right to terminate the merger agreement.

Approval of the Merger Agreement and the Transactions Contemplated Thereby Requires the Affirmative Vote of the Holders of a Majority of the Outstanding Shares of Bridgeview Voting Common Stock (Page 26)

In order to approve the merger agreement and the transactions contemplated thereby, including the merger, the holders of a majority of the outstanding shares of Bridgeview voting common stock as of the Bridgeview record date of , 2019 must vote in favor of that matter. As of the Bridgeview record date, Bridgeview's directors and executive officers collectively held an aggregate 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding Bridgeview restricted common stock)(or approximately 33% of the outstanding voting shares) entitled to vote at the special meeting. All of the directors and executive officers of Bridgeview and certain other Bridgeview stockholders who collectively own an additional 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding voting shares) as of the Bridgeview record date, have signed voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby. Accordingly, the holders of approximately 62% of the outstanding shares entitled to vote on the merger have entered into voting agreements with First Midwest to vote in favor of the merger proposal.

Under the terms of the Bridgeview Stock Plan and award agreements thereunder, recipients of restricted stock awards are entitled to vote on behalf of the underlying shares of Bridgeview common stock, even while subject to vesting requirements, from the date of grant until such awards are forfeited, whereas holders of stock options do not have voting rights with respect to the shares of Bridgeview common stock underlying the unexercised stock options.

For a list of the number of shares of Bridgeview common stock held by (i) each director and executive officer of Bridgeview, (ii) all directors and executive officers of Bridgeview as a group, and (iii) significant stockholders of Bridgeview, see "Security Ownership of Certain Bridgeview Beneficial Owners and Management."

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Certain Bridgeview Stockholders Have Agreed to Vote Their Shares "FOR" the Merger (Page 84 and Annex 1-B to Appendix A)

As an inducement to and condition of First Midwest's willingness to enter into the merger agreement, all of the directors and executive officers of Bridgeview and Bridgeview Bank, collectively holding an aggregate 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding Bridgeview restricted common stock)(or approximately 33% of the outstanding voting shares) and certain other individuals or entities who collectively own an additional 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding voting shares) as of the Bridgeview record date, entered into voting agreements, pursuant to which, among other things, they agreed to vote all of their shares of Bridgeview voting common stock in favor of approval of the merger agreement and the transactions contemplated thereby and the other matters required to be approved or adopted to effect the merger and any other transactions contemplated by the merger agreement. Accordingly, the holders of approximately 62% of the outstanding shares entitled to vote on the merger have entered into voting agreements with First Midwest to vote in favor of the merger proposal.

We Must Meet Several Conditions to Complete the Merger (Page 73)

Our obligations to complete the merger depend on a number of conditions being met. These include:

- the approval of the merger agreement and the transactions contemplated thereby by holders of Bridgeview voting common stock;
- the approval of the conversion of the Bridgeview Series A non-voting common stock into First Midwest common stock in the merger (the "conversion proposal") by holders of Bridgeview Series A non-voting common stock, which the holders of in excess of a majority of Bridgeview Series A non-voting common stock have agreed to approve;
- the receipt of the required approvals of federal and state regulatory authorities;
- the listing on the Nasdaq Stock Market of the shares of First Midwest common stock to be issued in the merger;
- the effectiveness of the registration statement on Form S-4, of which this proxy statement/prospectus is a part, for the registration of the shares of First Midwest common stock to be issued in the merger;
- the absence of any government action or other legal restraint or prohibition that would prohibit the merger or make it illegal;
- the adjusted tangible common equity of Bridgeview as of its December 31, 2018 fiscal year-end will have been determined;
- as to each of us, the representations and warranties of the other party to the merger agreement being true and correct in all material respects (except for representations and warranties qualified by the words "material" or "Material Adverse Effect," and certain representations and warranties regarding Bridgeview's capitalization, which are required to be true and correct in all respects) as of the date of the merger agreement and as of the closing date of the merger, and the other party to the merger agreement having performed in all material respects all of its obligations and complied in all material respects with all of its agreements and covenants under the merger agreement;
- as to each of us, the receipt of a legal opinion that, for United States federal income tax purposes, the merger will be treated as a reorganization within the meaning of Section 368(a) of

the Code. This opinion will be based on customary assumptions and on factual representations made by First Midwest and Bridgeview and will be subject to various limitations;

with regard to First Midwest's obligation (but not Bridgeview's), the receipt of a legal opinion from Bridgeview's outside counsel, Vedder Price, as to certain corporate matters, including Bridgeview's due incorporation and legal standing, the legal status of Bridgeview's capital stock and the due authorization and execution of the merger agreement;

with regard to First Midwest's obligation (but not Bridgeview's), the number of dissenting shares of Bridgeview common stock must not exceed 7.5% of the outstanding shares of Bridgeview common stock;

with regard to First Midwest's obligation (but not Bridgeview's), the receipt by Bridgeview of required third-party approvals;

with regard to First Midwest's obligation (but not Bridgeview's), Bridgeview's closing adjusted tangible common equity, as defined in the merger agreement, must be greater than or equal to the minimum adjusted tangible common equity, as defined in the merger agreement;

with regard to First Midwest's obligation (but not Bridgeview's), the ten-day average of Bridgeview's consolidated deposits, excluding a deposit account identified in the merger agreement (the "identified deposit account"), as determined pursuant to the merger agreement, must be greater than or equal to $950,000,000 for the ten-day period ending on the day immediately prior to the closing date;

with regard to First Midwest's obligation (but not Bridgeview's), Bridgeview's closing consolidated total loans (excluding loans held for sale) must be greater than or equal to $750,000,000;

with regard to First Midwest's obligation (but not Bridgeview's), the environmental and title review process of Bridgeview's real property set forth in the merger agreement will be completed in accordance with the provisions of the merger agreement;

with regard to First Midwest's obligation (but not Bridgeview's), the receipt by First Midwest of the resignations, effective as of the effective time of the merger, of each director and officer of Bridgeview determined pursuant to the merger agreement and each director and executive officer of Bridgeview Bank determined pursuant to the merger agreement;

with regard to First Midwest's obligation (but not Bridgeview's), the receipt by First Midwest of a certificate by Bridgeview stating that it and Bridgeview Bank are not and have not been United States real property holding corporations;

with regard to First Midwest's obligation (but not Bridgeview's), a material adverse effect, as defined in the merger agreement, has not occurred to Bridgeview;

with regard to First Midwest's obligation (but not Bridgeview's), the receipt by First Midwest of a certificate from certain officers of Bridgeview certifying the number of shares of Bridgeview stock outstanding as of the closing date;

with regard to First Midwest's obligation (but not Bridgeview's), no action, suit, claim or proceeding will be pending against or affecting Bridgeview or First Midwest that is seeking to prohibit or make illegal the consummation of the merger;

with regard to First Midwest's obligation (but not Bridgeview's), the identified deposit account will have been closed and the extensions of credit identified in the merger agreement will have been sold by Bridgeview prior to the closing date; and with regard to First Midwest's obligation (but not Bridgeview's), Plante & Moran, PLLC will have audited Bridgeview's financial statements for the year ended December 31, 2018 and will have delivered to Bridgeview an unqualified opinion on such financial statements and First Midwest will have received a certificate from the officers of Bridgeview dated as of the closing that the foregoing has occurred.

Where the law permits, either of First Midwest or Bridgeview could choose to waive a condition to its obligation to complete the merger even when that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. Although the merger agreement allows both parties to waive the tax opinion condition, neither party currently anticipates doing so.

We Must Obtain Regulatory Approvals to Complete the Merger (Page 78)

The merger and the related transactions require approval from the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and our application for approval was filed with the Federal Reserve on December 31, 2018. The bank merger must also be approved by the Illinois Department of Financial and Professional Regulation (the "IDFPR"), and an application for approval was filed on December 31, 2018.

We May Terminate the Merger Agreement (Page 75)

We can mutually agree at any time to terminate the merger agreement without completing the merger, even if Bridgeview has received approval of the merger agreement and the transactions contemplated thereby by its stockholders. Also, either of us can decide, without the consent of the other, to terminate the merger agreement in certain circumstances, including:

- if there is a continuing breach of the merger agreement by a party, and the breaching party has not cured the breach within 15 days after delivery of written notice to such breaching party, as long as that breach would entitle the non-breaching party not to complete the merger;
- if there is a final denial of a required regulatory approval or an application for a required regulatory approval has been withdrawn upon the request or recommendation of the applicable governmental authority and such governmental authority would not accept the refiling of such application;
- if the merger is not completed on or before the 12-month anniversary of the date of the signing of the merger agreement; or
- if a material adverse effect, as defined in the merger agreement, occurs with respect to the other party.

In addition, First Midwest may terminate the merger agreement:

- if holders of the requisite Bridgeview voting common stock fail to approve the merger proposal or if holders of Bridgeview Series A non-voting common stock fail to approve the conversion proposal;
- if Bridgeview's board of directors fails to recommend approval of the merger agreement, the conversion proposal and the transactions contemplated thereby, including the merger, to its stockholders, or withdraws or materially and adversely modifies its recommendation;
- if Bridgeview's board of directors recommends an acquisition proposal other than the merger, or if Bridgeview's board of directors negotiates or authorizes negotiations with a third party regarding an acquisition proposal other than the merger and those negotiations continue for at least 10 business days;

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if Bridgeview has breached its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal, in circumstances not permitted under the merger agreement;

if the number of dissenting shares of Bridgeview common stock exceeds 7.5% of the outstanding shares of Bridgeview common stock; or

if the adjustment amount for any real property as determined pursuant to the merger agreement is greater than $4,000,000.

Whether or not the merger is completed, we will each pay our own fees and expenses, except that we will each pay one-half of the costs and expenses that we incur in copying, printing and distributing this proxy statement/prospectus and all listing, filing or registration fees, including fees paid for filing the registration statement of which this proxy statement/prospectus is a part with the SEC and any other fees paid for filings with governmental authorities, except fees paid to counsel, financial advisors and accountants.

The merger agreement also provides that Bridgeview must pay First Midwest a fee and reimburse expenses in certain situations. In particular, Bridgeview will pay First Midwest a fee of $6,400,000 plus reasonable and documented out-of-pocket expenses incurred by First Midwest in connection with the transactions contemplated by the merger agreement if the merger agreement is terminated and, at or prior to the termination of the merger agreement or the 12-month anniversary of the termination of the merger agreement in certain circumstances set forth in the merger agreement, any of the following occurs:

Bridgeview's board of directors submits the merger agreement and the transactions contemplated thereby, including the merger, to Bridgeview stockholders without a recommendation for approval or with material and adverse conditions on such approval, or withdraws or materially and adversely modifies its recommendation;

Bridgeview enters into an agreement to engage in a competing acquisition proposal with any person other than First Midwest or any of First Midwest's subsidiaries;

Bridgeview authorizes, recommends or proposes (or publicly announces its intention to authorize, recommend or propose) an agreement to engage in a competing acquisition proposal with any person other than First Midwest or its subsidiaries or recommends that Bridgeview stockholders approve or accept such a competing acquisition proposal;

any person, other than First Midwest or its subsidiaries, acquires beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of any class or series of Bridgeview common stock;

Bridgeview fails to convene a stockholder meeting to approve the merger agreement and the transactions contemplated thereby, including the merger, within 45 days of the effectiveness of the registration statement of which this proxy statement/prospectus is a part; or

Bridgeview breaches its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal in circumstances not permitted under the merger agreement, which covenant is described below under "The Merger Agreement Acquisition Proposals by Third Parties."

We May Amend or Waive Merger Agreement Provisions (Page 77)

At any time before completion of the merger, either First Midwest or Bridgeview may, to the extent legally allowed, waive in writing compliance by the other with any provision contained in the merger agreement. However, once holders of Bridgeview voting common stock have approved the

merger proposal, no waiver of any condition may be made that would require further approval by Bridgeview stockholders unless that approval is obtained.

First Midwest may also change the structure of the merger or the method of effecting the merger before the effective time of the merger, by notice to Bridgeview at least five business days prior to the approval of the merger agreement and the transactions contemplated thereby, including the merger, by all requisite votes of the holders of Bridgeview voting common stock, so long as any change does not: (i) change the kind or amount of consideration to be received by Bridgeview stockholders; (ii) adversely affect the tax consequences of the merger to Bridgeview stockholders; (iii) adversely affect the timing of or capability of completion of the merger; or (iv) cause or could not be reasonably expected to cause any of the conditions to complete the merger to be incapable of being satisfied.

The merger agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. Any such amendment by the parties must be approved by the board of directors of First Midwest and the board of directors of Bridgeview at any time before or after the approval of the merger agreement and the transactions contemplated thereby by the stockholders of Bridgeview, except that no amendment may be made after the receipt of such approval which requires further approval of the stockholders of Bridgeview unless such further approval is obtained. Notwithstanding the foregoing, First Midwest and Bridgeview may, without approval of their respective boards of directors, make technical changes to the merger agreement, not inconsistent with the purposes of the merger agreement, as may be required to effect or facilitate any required government approvals or acceptance of the merger or of the merger agreement or to effect or facilitate any filing or recording required for the consummation of any of the transactions contemplated by the merger agreement.

The Rights of Bridgeview Stockholders Following the Merger Will Be Different (Page 91)

The rights of First Midwest stockholders are governed by Delaware law and by First Midwest's restated certificate of incorporation and amended and restated by-laws. The rights of Bridgeview stockholders are also governed by Delaware law, and by Bridgeview's certificate of incorporation, as amended, and by-laws. Upon completion of the merger, the rights of both stockholder groups will be governed by Delaware law and First Midwest's restated certificate of incorporation and amended and restated by-laws.

Information About the Companies (Page 88)

First Midwest Bancorp, Inc.
8750 West Bryn Mawr Avenue, Suite 1300
Chicago, Illinois 60631
(708) 831-7483

First Midwest is a relationship-focused financial institution and one of the largest independent publicly-traded bank holding companies based on assets headquartered in Chicago and the Midwest, with over $15 billion in assets and approximately $11 billion in assets under management. First Midwest's principal subsidiary, First Midwest Bank, and other affiliates provide a full range of commercial, treasury management, equipment leasing, consumer, wealth management, trust and private banking products and services through locations in metropolitan Chicago, northwest Indiana, central and western Illinois, and eastern Iowa. First Midwest common stock is traded on the Nasdaq Stock Market under the symbol "FMBI."

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Bridgeview Bancorp, Inc.
7940 South Harlem Avenue
Bridgeview, Illinois 60455
(708) 594-7400

Bridgeview is a registered bank holding company headquartered in Bridgeview, Illinois with approximately $1.3 billion in total assets, $1.0 billion in deposits and $900 million in total loans as of December 31, 2018. Bridgeview's primary business is operating its wholly-owned subsidiary Bridgeview Bank, an Illinois state chartered bank founded in 1971. Bridgeview Bank provides a full range of commercial and retail banking products and services. Bridgeview Bank operates 13 full-service banking facilities in and around Chicagoland, including locations in Bridgeview, Woodridge, Oswego, several Northern suburbs and in the Edgewater, Garfield Ridge, Lincoln Park, Lincoln Square and Uptown communities in Chicago, Illinois.

See "Information About the Companies" on page 88 of this proxy statement/prospectus.

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SELECTED CONSOLIDATED FINANCIAL DATA OF FIRST MIDWEST

You should read the selected consolidated financial data set forth below in conjunction with First Midwest's Management's Discussion and Analysis of Financial Condition and Results of Operations and the First Midwest consolidated financial statements and related notes incorporated by reference into this proxy statement/prospectus. The financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 is derived from First Midwest's audited financial statements. The financial data as of and for the nine month periods ended September 30, 2018 and 2017 is derived from First Midwest's unaudited financial statements incorporated by reference into this proxy statement/prospectus, which have been prepared on the same basis as First Midwest's audited financial statements, except for the adoption of accounting standards update ("ASU") 2014-09, Revenue from Contracts with Customers, ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, and ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. See "Where You Can Find More Information." First Midwest's historical results may not be indicative of First Midwest's future performance. In addition, results for the nine month periods ended September 30, 2018 and 2017 may not be indicative of the results that may be expected for the full fiscal year or future periods.

	As of or for the nine months ended September 30,		As of or for the years ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(dollars in thousands, except per share information)						
Operating Results							
Net income	$ 116,462	$ 96,040	$ 98,387	$ 92,349	$ 82,064	$ 69,306	$ 79,306
Net income applicable to common shares	115,470	95,130	97,471	91,306	81,182	68,470	78,199
Per Common Share Data							
Basic earnings per common share	$ 1.13	$ 0.94	$ 0.96	$ 1.14	$ 1.05	$ 0.92	$ 1.06
Diluted earnings per common share	1.13	0.94	0.96	1.14	1.05	0.92	1.06
Common dividends declared	0.33	0.29	0.39	0.36	0.36	0.31	0.16
Book value at period end	18.61	18.16	18.16	15.46	14.70	14.17	13.34
Market price at period end	26.59	23.42	24.01	25.23	18.43	17.11	17.53
Performance Ratios							
Return on average common equity(1)	8.16%	7.00%	5.32%	7.38%	7.17%	6.56%	8.04%
Return on average tangible common equity(1)	14.03%	12.40%	9.44%	10.77%	10.44%	9.32%	11.29%
Return on average assets(1)	1.07%	0.92%	0.70%	0.84%	0.85%	0.80%	0.96%
Tax-equivalent net interest margin(1)(2)	3.88%	3.88%	3.87%	3.60%	3.68%	3.69%	3.68%
Non-performing loans to total loans	0.61%	0.65%	0.68%	0.78%	0.45%	1.07%	1.79%
Non-performing assets to total loans plus other real estate owned ("OREO")	0.74%	0.86%	0.89%	1.12%	0.88%	1.64%	2.91%
Balance Sheet Highlights							
Total assets	$ 14,961,499	$ 14,267,142	$ 14,077,052	$ 11,422,555	$ 9,732,676	$ 9,445,139	$ 8,253,407
Total loans	11,050,548	10,390,292	10,437,812	8,254,145	7,161,715	6,736,853	5,714,360
Deposits	11,527,114	11,208,497	11,053,325	8,828,603	8,097,738	7,887,758	6,766,101
Senior and subordinated debt	195,595	195,028	195,170	194,603	201,208	200,869	190,932
Stockholders' equity	1,917,675	1,865,130	1,864,874	1,257,080	1,146,268	1,100,775	1,001,442
Financial Ratios							
Allowance for credit losses to total loans(3)	0.91%	0.92%	0.93%	1.06%	1.05%	1.11%	1.52%
Net loan charge-offs to average loans, annualized(1)	0.42%	0.19%	0.21%	0.24%	0.29%	0.52%	0.55%
First Midwest Regulatory Ratios(4)							
Total capital to risk-weighted assets	12.32%	11.79%	12.15%	12.23%	11.15%	11.23%	12.39%
Tier 1 capital to risk-weighted assets	10.34%	9.83%	10.10%	9.90%	10.28%	10.19%	10.91%
Common equity Tier 1 ("CET1") to risk-weighted assets	9.93%	9.42%	9.68%	9.39%	9.73%	N/M	N/M

Tier 1 capital to average assets	9.10%	9.04%	8.99%	8.99%	9.40%	9.03%	(9.18)%

N/M Not meaningful.

(1) Annualized based on the actual number of days for the nine months ended September 30, 2018 and 2017.

(2) Presented on a tax-equivalent basis, assuming the applicable federal income tax rate for each period presented. As a result, interest income and yields on tax-exempt securities and loans subsequent to December 31, 2017 are presented using the current federal income tax rate of 21% and prior periods are computed using the federal income tax rate at that time of 35%.

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(3) This ratio includes acquired loans that are recorded at fair value through an acquisition adjustment, which incorporates credit risk as of the acquisition date with no allowance for credit losses being established at that time. As the acquisition adjustment is accreted into income over future periods, an allowance for credit losses is established as necessary to reflect credit deterioration.

(4) Basel III Capital Rules became effective for First Midwest on January 1, 2015. These rules revise the risk-based capital requirements and introduce a new capital measure, CET1 to risk-weighted assets. As a result, ratios subsequent to December 31, 2014 are computed using the new rules and prior periods presented are reported using the regulatory guidance applicable at that time.

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SELECTED CONSOLIDATED FINANCIAL DATA OF BRIDGEVIEW

You should read the selected consolidated financial data set forth below in conjunction with Bridgeview's Consolidated Financial Statements and related notes included elsewhere in this proxy statement/prospectus. The financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 is derived from Bridgeview's audited financial statements. The financial data as of and for the nine month periods ended September 30, 2018 and 2017 is derived from Bridgeview's unaudited financial statements, which have been prepared on the same basis as Bridgeview's audited financial statements. Bridgeview's historical results may not be indicative of Bridgeview's future performance. In addition, results for the nine month periods ended September 30, 2018 and 2017 have not been audited and may not be indicative of the results that may be expected for the full fiscal year or future periods.

	As of or for the nine months ended September 30,		As of or for the years ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(dollars in thousands, except per share information)						
Operating Results							
Net income (loss)	$ 8,180	$ 8,624	$ 1,003	$ 7,473	$ 858	$ 39,205	$ (9,591)
Net income (loss) applicable to common shares	8,180	8,624	53	7,473	858	39,205	(9,591)
Per Common Share Data							
Basic earnings per common share	$ 0.48	$ 0.51	$ 0.00	$ 0.44	$ 0.05	$ 6.99	$ (1.71)
Diluted earnings per common share	0.41	0.43	0.00	0.37	0.04	6.99	(1.71)
Common dividends declared							
Book value at period end	6.60	6.54	6.26	6.01	5.56	5.26	(2.44)
Performance Ratios							
Return on average common equity(1)	9.97%	10.74%	0.96%	7.63%	1.05%	82.00%	(29.29)%
Return on average assets(1)	0.90%	1.07%	0.09%	0.67%	0.08%	3.80%	(0.89)%
Tax-equivalent net interest margin(1)(2)	3.81%	3.95%	3.93%	4.00%	3.77%	3.77%	3.89%
Non-performing loans to total loans	0.43%	0.62%	0.71%	0.94%	0.50%	4.37%	5.23%
Non-performing assets to total loans plus OREO	1.51%	2.00%	1.91%	2.32%	3.44%	6.76%	7.97%
Balance Sheet Highlights							
Total assets	$ 1,263,664	$ 1,145,439	$ 1,178,887	$ 1,099,320	$ 1,081,301	$ 1,101,640	$ 1,008,088
Total loans	950,809	866,260	880,765	845,946	790,409	783,033	666,230
Deposits	1,083,186	965,415	987,818	928,364	892,343	963,791	932,835
Senior and subordinated debt	52,708	53,039	68,589	52,804	82,594	50,915	37,947
Stockholders' equity	112,787	111,950	106,044	102,168	93,603	69,409	26,212
Financial Ratios							
Allowance for credit losses to total loans	0.95%	1.07%	1.07%	1.06%	1.35%	1.68%	2.13%
Net loan charge-offs to average loans, annualized(1)	0.30%	0.46%	0.35%	1.48%	0.87%	0.45%	2.21%
Bridgeview Bank Regulatory Ratios(3)							
Total capital to risk-weighted assets	14.70%	15.22%	14.16%	13.64%	13.11%	9.98%	10.01%
Tier 1 capital to risk-weighted assets	13.88%	14.29%	13.23%	12.74%	12.00%	8.72%	8.76%
CET1 to risk-weighted assets	13.88%	14.29%	13.23%	12.74%	12.00%	NA	NA
Tier 1 capital to average assets	10.51%	11.10%	10.05%	9.45%	9.60%	6.66%	6.36%

NA Not applicable.

(1) Annualized based on the actual number of days for the nine months ended September 30, 2018 and 2017.

(2) Presented on a tax-equivalent basis, assuming the applicable federal income tax rate for each period presented. As a result, interest income and yields on tax-exempt securities and loans subsequent to December 31, 2017 are presented using the current federal corporate income tax rate of 21% and prior periods are computed using the federal corporate income tax rate at that time of 35%.

(3) Basel III Capital Rules became effective for Bridgeview Bank on January 1, 2015. These rules revise the risk-based capital requirements and introduce a new capital measure, CET1 to risk-weighted assets. As a result, ratios subsequent to December 31, 2014 are computed using the new rules, and prior periods presented are reported using the regulatory guidance applicable at that time.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, as well as First Midwest's other filings with the SEC and Bridgeview's other communications with its stockholders, may contain certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to be materially different from any results, levels of activity, performance, or achievements expressed or implied by any forward-looking statement. These factors include, among other things, the factors listed below.

In some cases, forward-looking statements can be identified by the use of words such as "may," "might," "will," "would," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "outlook," "predict," "project," "probable," "potential," "possible," "target," "continue," "look forward," or "assume" and words of similar import. Forward-looking statements are not historical facts or guarantees of future performance or outcomes, but instead express only management's beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management's control. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. We caution you not to place undue reliance on these statements. Forward-looking statements are made only as of the date of this proxy statement/prospectus, and First Midwest and Bridgeview undertake no obligation to update any forward-looking statements to reflect new information or events or conditions after the date hereof.

In connection with the safe harbor provisions of the PSLRA, we are hereby identifying important factors that could affect our financial performance and could cause our actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any forward-looking statements.

Among the factors that could impact our ability to achieve operating results, growth plan goals, and the beliefs expressed or implied in forward-looking statements are:

- the risk that the business of First Midwest and Bridgeview will not be integrated successfully, or such integration may be more difficult, time consuming or costly than expected;

- expected revenue synergies, cost savings and other financial or other benefits of the proposed transaction between First Midwest and Bridgeview might not be realized within the expected time frames or might be less than projected;

- revenues following the merger may be lower than expected;

- deposit attrition, operating costs, customer loss and business disruption following the merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;

- the ability to obtain governmental approvals of the merger, or the ability to obtain such regulatory approvals in a timely manner;

- the potential impact of announcement or completion of the merger on relationships with third parties, including customers, employees, and competitors;

- business disruption following the merger, including diversion of management's attention from ongoing business operations and opportunities;

- the failure of holders of Bridgeview voting common stock to approve the merger proposal;

changes in the level of non-performing assets and charge-offs;

First Midwest's potential exposure to unknown contingent liabilities of Bridgeview;

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- any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;
- changes in First Midwest's stock price before closing, including as a result of the financial performance of Bridgeview prior to closing;
- inflation, interest rate, securities market and monetary fluctuations;
- credit and interest rate risks associated with First Midwest's and Bridgeview's respective businesses, customer borrowing, repayment, investment and deposit practices;
- general economic conditions, either internationally, nationally or in the market areas in which First Midwest and Bridgeview operate or anticipate doing business, may be less favorable than expected;
- changes in the economic environment, competition or other factors that may influence the anticipated growth of loans and deposits, the quality of the loan portfolio and loan and deposit pricing;
- changes in the competitive environment among financial holding companies and banks;
- new regulatory or legal requirements or obligations with which First Midwest and Bridgeview must comply; and
- other economic, competitive, governmental, regulatory and technological factors affecting First Midwest's and Bridgeview's operations, products, services and prices.

The foregoing list of important factors may not be all inclusive, and we specifically decline to undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events. For a further discussion of these and other risks, uncertainties and other factors applicable to First Midwest and Bridgeview, see "Risk Factors" in this proxy statement/prospectus and First Midwest's other filings with the SEC incorporated by reference into this proxy statement/prospectus.

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the heading "Cautionary Statement Regarding Forward-Looking Statements," you should carefully consider the following risk factors in deciding how to vote on the proposals presented in this proxy statement/prospectus. You should also consider the other information in, and the other documents incorporated by reference into, this proxy statement/prospectus, including in particular the risk factors associated with First Midwest's business contained under the heading "Risk Factors" in First Midwest's Annual Report on Form 10-K for the year ended December 31, 2017. See "Where You Can Find More Information."

Because the market price of First Midwest common stock will fluctuate, Bridgeview stockholders cannot be certain of the market value of the merger consideration they will receive.

Upon completion of the merger, each holder of shares of Bridgeview common stock, will receive a number of shares of First Midwest common stock in exchange for each share of Bridgeview common stock held immediately prior to the completion of the merger calculated based on the exchange ratio, plus the cash consideration. Any change to the market price of First Midwest common stock prior to completion of the merger will affect the value of any shares of First Midwest common stock Bridgeview stockholders receive as consideration in the merger. The market price of First Midwest common stock may fluctuate as a result of variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are outside of our control. Accordingly, at the time of the Bridgeview special meeting, Bridgeview stockholders will not know or be able to calculate the market price of First Midwest common stock that they will receive upon completion of the merger.

The cash consideration will not be determined until the effective time of the merger and Bridgeview stockholders may not be certain of the amount of the cash consideration they will receive for their Bridgeview shares in connection with the merger.

In connection with the merger, holders of Bridgeview common stock will receive $1.79 per share subject to certain adjustments that will be determined prior to completion of the merger. Because the merger will not be completed until certain conditions have been satisfied or waived, a significant amount of time may pass between the time of the Bridgeview special meeting and the time that the merger is complete. Therefore, at the time you vote your shares of Bridgeview voting common stock, you may not know the exact amount of the cash consideration that will be paid if the merger is completed. Based on information available as of the date of this proxy statement/prospectus, the adjustment to the cash consideration is reasonably expected to be from no adjustment to a decrease of $0.   per share of Bridgeview common stock. For a description of the potential adjustments to the cash consideration, see "The Merger Agreement Merger Consideration."

Bridgeview will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Bridgeview and consequently on First Midwest. These uncertainties may impair Bridgeview's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that do business with Bridgeview to seek to change existing business relationships with Bridgeview. Retention of certain employees may be challenging during the pendency of the merger, as employees may experience uncertainty about their future roles with First Midwest. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with First Midwest, First Midwest's business following the merger could be harmed. In addition, the merger agreement restricts Bridgeview from making certain acquisitions and taking other specified actions without First Midwest's consent, and generally requires Bridgeview to continue its

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operations in the ordinary course until the merger occurs. These restrictions may prevent Bridgeview from pursuing attractive business opportunities that may arise prior to the completion of the merger. For a description of the restrictive covenants to which Bridgeview is subject, see "The Merger Agreement Conduct of Business Pending the Merger."

Combining our two companies may be more difficult, costly or time-consuming than we currently expect, and we may fail to realize the anticipated benefits and cost savings of the merger.

First Midwest and Bridgeview have operated and, until the completion of the merger, will continue to operate independently. The success of the merger, including the realization of anticipated benefits and cost savings, will depend, in part, on First Midwest's ability to successfully combine and integrate Bridgeview's business into its own in a manner that permits growth opportunities and does not materially disrupt existing customer relationships or result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of either company's ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers and employees. As with any merger of banking institutions, there also may be business disruptions that cause us to lose customers or cause customers to take their deposits or loans out of our banks. The success of the combined company following the merger and the bank merger may depend, in part, on the ability of First Midwest to integrate the two businesses, business models and cultures. If First Midwest experiences difficulties in the integration process, including those listed above, First Midwest may fail to realize the anticipated benefits of the merger in a timely manner or at all. First Midwest's business or results of operations or the value of its common stock may be materially and adversely affected as a result.

The market price of First Midwest common stock after the merger may be affected by factors different from those currently affecting First Midwest common stock.

The businesses of First Midwest and Bridgeview differ in some respects and, accordingly, the results of operations of the combined company and the market price of First Midwest common stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each of First Midwest or Bridgeview. For a discussion of the business of First Midwest and of certain factors to consider in connection with the business of First Midwest, see the documents incorporated by reference into this proxy statement/prospectus and referred to under "Where You Can Find More Information," including, in particular, the section entitled "Risk Factors" in First Midwest's Annual Report on Form 10-K for the year ended December 31, 2017.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.

Before the merger and the bank merger may be completed, First Midwest and Bridgeview must obtain approvals from the Federal Reserve and the IDFPR, which applications have been submitted. Other approvals, waivers or consents from regulators may also be required. In determining whether to grant these approvals the regulators consider a variety of factors, including the regulatory standing of each party and the factors described under "The Merger Agreement Regulatory Approvals Required for the Merger." An adverse development in either party's regulatory standing or these factors could result in a delay of or an inability to obtain regulatory approval. The regulators may impose conditions on the completion of the merger or the bank merger or require changes to the terms of the merger or the bank merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or the bank merger or imposing additional costs on or limiting the revenues of the combined company following the merger and the bank merger, any of which might have an adverse effect on the combined company following the merger. See "The Merger Agreement

Regulatory Approvals Required for the Merger." Regulatory approvals could also be adversely impacted based on the status of any ongoing investigation of either party or its customers, including subpoenas to provide information or investigations by a federal, state or local governmental agency. Further, delays to the regulatory approval process may occur as a result of government shutdowns, including another federal government shutdown such as the one that concluded in January 2019, which resulted in curtailed operations by the Federal Reserve, the SEC and other agencies. We cannot guarantee that we will be able to obtain all required regulatory approvals, the timing of those approvals or whether any conditions will be imposed.

Some Bridgeview directors and officers may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the merger.

Bridgeview's stockholders should be aware that some of Bridgeview's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Bridgeview's stockholders generally. These interests and arrangements may create potential conflicts of interest. Bridgeview's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that holders of Bridgeview voting common stock vote in favor of the merger proposal.

For a more complete description of these interests, see "The Merger Interests of Certain Persons in the Merger."

The merger agreement limits Bridgeview's ability to pursue alternatives to the merger.

The merger agreement contains provisions that limit Bridgeview's ability to solicit, encourage or discuss competing third-party proposals to acquire all or a significant part of Bridgeview. These provisions, which include a $6,400,000 termination fee, might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Bridgeview from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Bridgeview than it might otherwise have proposed to pay.

Termination of the merger agreement could negatively impact First Midwest or Bridgeview.

In the event the merger agreement is terminated, First Midwest's or Bridgeview's business may be adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the merger. The market price of First Midwest common stock might decline to the extent that the current market price reflects a market assumption that the merger will be completed. If the merger agreement is terminated and Bridgeview's board of directors seeks another merger or business combination, Bridgeview stockholders cannot be certain that Bridgeview will be able to find a party willing to offer equivalent or more attractive consideration than the merger consideration provided in the merger. If the merger agreement is terminated under certain circumstances, Bridgeview may be required to pay First Midwest a termination fee of $6,400,000. If the merger agreement is terminated, First Midwest or Bridgeview may experience negative reactions from its customers, vendors and employees. See "The Merger Agreement Termination of the Merger Agreement."

If the merger is not completed, First Midwest and Bridgeview will have incurred substantial expenses without realizing the expected benefits of the merger.

Each of First Midwest and Bridgeview has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger. If the merger is

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not completed, First Midwest and Bridgeview would have to recognize these expenses without realizing the expected benefits of the merger.

Holders of Bridgeview common stock will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Holders of Bridgeview common stock currently have the right to vote on matters affecting Bridgeview. Upon the completion of the merger, each Bridgeview stockholder who receives shares of First Midwest common stock will become a stockholder of First Midwest with a percentage ownership of First Midwest with respect to such shares that is smaller than the stockholder's current percentage ownership of Bridgeview. Since the exchange ratio is 0.2767 of a share of First Midwest common stock per each issued and outstanding share of Bridgeview common stock, following the effective time of the merger, the former stockholders of Bridgeview as a group would receive shares in the merger constituting approximately 4.2% of the outstanding shares of First Midwest common stock immediately after the merger based on the number of shares of First Midwest common stock and Bridgeview common stock outstanding as of February 12, 2019. Because of this, Bridgeview stockholders will have less influence on the management and policies of First Midwest than they now have on the management and policies of Bridgeview.

The opinion of Bridgeview's financial advisor will not reflect changes in circumstances between the signing of the merger agreement and the completion of the merger.

Bridgeview has not obtained an updated opinion from Sandler, its financial advisor, as of the date of this proxy statement/prospectus. Sandler's opinion was based on certain facts and assumptions regarding the operations and prospects of First Midwest and Bridgeview, general market and economic conditions and other factors. Changes in the operations and prospects of First Midwest or Bridgeview, general market and economic conditions and other factors that may be beyond the control of First Midwest or Bridgeview may significantly alter the value of First Midwest or Bridgeview, the price of shares of First Midwest common stock by the time the merger is completed or the future price at which First Midwest common stock trades. Sandler's opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. The opinion will not address the fairness of the merger consideration from a financial point of view at the time a Bridgeview stockholder votes or at the time the merger is completed. However, Bridgeview's board of directors' recommendation that Bridgeview stockholders vote **"FOR"** adoption of the merger agreement is made as of the date of this proxy statement/prospectus. For a description of the opinion that Bridgeview received from Sandler, please refer to "The Merger Opinion of Bridgeview's Financial Advisor".

The shares of First Midwest common stock that Bridgeview stockholders will receive as a result of the merger will have different rights from shares of Bridgeview common stock.

The rights associated with Bridgeview common stock are different from the rights associated with First Midwest common stock. For a discussion of the different rights associated with First Midwest common stock, see "Comparison of Stockholder Rights."

Under certain circumstances, the merger consideration may be reduced due to environmental conditions and/or title defects on Bridgeview's real property.

The merger consideration may be subject to adjustment if certain environmental conditions exist with respect to Bridgeview's real property and/or title defects exist with respect to any of Bridgeview's real property and the estimated costs to remediate these conditions/defects is greater than $100,000. In that case, the cash consideration will be reduced by an amount equal to the diminution in value of any real property related to any environmental conditions with respect to Bridgeview's real property and/or

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any title defect that exists with respect to any of Bridgeview's real property. For a further description of the possible reduction, please refer to "The Merger Agreement Merger Consideration".

Under certain circumstances, the merger consideration may be reduced due to Bridgeview's failure to dispose of certain assets and liabilities related to its residential home mortgage business.

The merger consideration may be subject to adjustment if certain assets and liabilities related to Bridgeview's residential home mortgage business are not disposed of. If any of the specified leases or contracts related to the residential home mortgage business are not sold, assigned or otherwise disposed of, the cash consideration will be reduced by an amount equal to a multiple of any amounts remaining due under those agreements. If there are any principal amounts remaining under any mortgage loans related to the residential home mortgage business, the cash consideration will be reduced by an amount based upon the principal amount remaining under those loans. For a further description of the possible adjustment, please refer to "The Merger Agreement Merger Consideration".

Under certain circumstances, the merger consideration may be adjusted due to Bridgeview disposing of the identified assets.

The merger consideration may be subject to adjustment if Bridgeview sells or otherwise disposes of the identified assets for less than or greater than the assumed value of the identified assets prior to the closing date. If the proceeds from any sale or disposition of an identified asset are less than the assumed value of that asset, the cash consideration will be reduced by an amount equal to the difference between the proceeds from the disposition of any of the identified assets and the assumed value of that identified asset. If the proceeds from any sale or disposition of an identified asset are greater than the assumed value of that asset, the cash consideration will be increased by an amount equal to the difference between the proceeds from the disposition of any identified asset and the assumed value of that identified asset. For a further description of the possible adjustment, please refer to "The Merger Agreement Merger Consideration".

The merger consideration may be adjusted due to Bridgeview's sale of, or failure to sell, the identified real property.

The merger consideration may be subject to adjustment if Bridgeview sells, or if Bridgeview fails to sell the identified real property. If Bridgeview sells the identified real property for less than the amount determined pursuant to the merger agreement prior to the closing date the cash consideration will be reduced by an amount dependent upon the proceeds from the sale of such identified real property. If Bridgeview sells the identified real property for greater than the amount determined pursuant to the merger agreement prior to the closing date the cash consideration will be increased by an amount dependent upon the proceeds from the sale of such identified real property. If Bridgeview fails to sell the identified real property prior to the closing date the cash consideration may be reduced. For a further description of the possible adjustment, please refer to "The Merger Agreement Merger Consideration".

Under certain circumstances, the merger consideration may be adjusted due to Bridgeview's disposition of certain life insurance contracts.

The merger consideration may be subject to adjustment if Bridgeview disposes of certain life insurance contracts prior to the closing date. If Bridgeview sells any life insurance contract prior to the closing date for less than the book value applicable to such life insurance contract, the cash consideration may be reduced by an amount equal to the difference between the proceeds from the disposition of the life insurance contract and the book value applicable to the life insurance contract. If Bridgeview sells any life insurance contract for greater than the book value applicable to the life insurance contract, the cash consideration may be increased by an amount equal to the difference between the proceeds from the disposition of the life insurance contract and the book value applicable to the life insurance contract. If any life insurance contract is not sold prior to the closing date, the cash consideration will be increased or decreased based on whether the median of three bids obtained from an independent insurance consultant for the life insurance contract is greater than or less than the book value applicable to such life insurance contract. For a further description of the possible adjustment, please refer to "The Merger Agreement Merger Consideration".

The merger consideration may be adjusted due to the amount of Bridgeview's year-end adjusted tangible common equity.

The merger consideration may be subject to adjustment if the Bridgeview year-end adjusted tangible common equity is different than the minimum year-end adjusted tangible common equity set forth in the merger agreement. If Bridgeview's year-end adjusted tangible common equity is less than the minimum year-end adjusted tangible common equity, the cash consideration may be reduced. If the Bridgeview year-end adjusted tangible common equity is greater than the minimum year-end adjusted tangible common equity, the cash consideration may be increased by an amount equal to the difference between the year-end adjusted tangible common equity and the minimum year-end adjusted tangible common equity. For a further description of the possible adjustment, please refer to "The Merger Agreement Merger Consideration".

Completion of the merger is subject to certain conditions, and if these conditions are not satisfied or waived, the merger will not be completed.

The obligations of First Midwest and Bridgeview to complete the merger are subject to the satisfaction or waiver (if permitted) of a number of conditions. The satisfaction of all of the required conditions could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger could cause the combined company not to realize some or all of the benefits that the combined company expects to achieve if the merger is successfully completed within its expected time frame. Further, there can be no assurance that the conditions to the closing of the merger will be satisfied or waived or that the merger will be completed. See "The Merger Agreement Conditions to Completion of the Merger."

In addition, if the merger is not completed on or before December 6, 2019, either First Midwest or Bridgeview may choose not to proceed with the merger. First Midwest and/or Bridgeview may also terminate the merger agreement under certain circumstances. See "The Merger Agreement Termination of the Merger Agreement."

BRIDGEVIEW SPECIAL MEETING

This section contains information from Bridgeview for Bridgeview stockholders about the special meeting Bridgeview has called to consider and approve the merger agreement and the transactions contemplated thereby by the holders of Bridgeview voting common stock. On or about   , 2019, Bridgeview commenced mailing of this proxy statement/prospectus to holders of Bridgeview voting common stock. Together with this proxy statement/prospectus, we are also sending to stockholders of Bridgeview's voting common stock a notice of the Bridgeview special meeting and a form of proxy card that Bridgeview's board of directors is soliciting for use at the Bridgeview special meeting and at any adjournments of the meeting.

This proxy statement/prospectus is also being furnished by First Midwest to Bridgeview stockholders as a prospectus in connection with the issuance of shares of First Midwest common stock upon completion of the merger.

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Date, Time and Place

The Bridgeview special meeting will be held at , on , 2019 at Central Time.

Matters to Be Considered

At the Bridgeview special meeting, holders of Bridgeview voting common stock as of the Bridgeview record date will be asked to consider and vote on the following matters:

Merger Proposal. To approve the merger proposal;

Bridgeview Adjournment Proposal. To approve one or more adjournments of the Bridgeview special meeting, if determined necessary and advisable, including adjournments to permit the further solicitation of proxies in favor of the merger proposal (the "Bridgeview adjournment proposal"); and

Other Business. To approve the transaction of such other business as may properly come before the Bridgeview special meeting and any adjournments or postponements thereof.

Recommendation of Bridgeview's Board of Directors

After careful consideration, the Bridgeview board of directors unanimously approved the merger agreement and the transactions contemplated thereby, and unanimously determined that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of Bridgeview and its stockholders.

The board of directors of Bridgeview unanimously recommends that holders of Bridgeview voting common stock vote "FOR" the merger proposal and "FOR" the Bridgeview adjournment proposal. Please see the section entitled "The Merger Bridgeview's Reasons for the Merger and Recommendation of the Board of Bridgeview."

All of the directors and executive officers of Bridgeview, collectively holding an aggregate 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding Bridgeview restricted voting common stock)(or approximately 33% of the outstanding shares of Bridgeview common stock), and certain other individuals or entities who collectively and additional 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding shares of Bridgeview common stock) as of the Bridgeview record date, have signed voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby. Accordingly, the holders of approximately 62% of the outstanding voting shares entitled to vote on the merger have entered into voting agreements with First Midwest to vote in favor of the merger proposal.

Bridgeview Record Date and Quorum

Bridgeview's board of directors has fixed the close of business on , 2019, as the Bridgeview record date for determining the Bridgeview stockholders entitled to receive notice of and to vote at the Bridgeview special meeting.

As of the close of business on the Bridgeview record date, 17,089,218 shares of Bridgeview common stock (which includes 8,334 shares of outstanding restricted Bridgeview voting common stock) were issued and outstanding and held by approximately 76 record holders. Each share of Bridgeview voting common stock held of record at the close of business on the Bridgeview record date entitles the holder thereof to one vote on each matter considered and voted on by holders of Bridgeview voting common stock at the Bridgeview special meeting. As of the Bridgeview record date, 10,525,882 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding restricted Bridgeview voting common stock) were issued and outstanding.

If you hold shares of Bridgeview voting common stock indirectly through a broker, you are considered a beneficial owner of those shares but are not the stockholder of record. In this circumstance, you are a stockholder whose shares are held in "street name" and your broker is considered the stockholder of record. We sent copies of this proxy statement/prospectus directly to all holders of record of Bridgeview voting common stock. If you are a beneficial owner whose shares are held in street name, these materials were sent to you by the broker through which you hold your shares. As the beneficial owner, you may direct your broker how to vote your shares at the Bridgeview special meeting, and the broker is obligated to provide you with a voting instruction form for you to use for this purpose.

Quorum Requirements

A quorum is required to transact business and consider each proposal at the Bridgeview special meeting. The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Bridgeview voting common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. All shares of Bridgeview voting common stock present in person or represented by proxy, including abstentions, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Bridgeview special meeting but shares represented by a proxy from a broker indicating that such person has not received instructions from the beneficial owner or other person entitled to vote the shares, which we refer to as "broker non-votes," will not be counted as shares present.

Vote Required; Treatment of Abstentions and Failure to Vote

Merger Proposal

Approval of the merger proposal, requires the affirmative vote of Bridgeview stockholders representing a majority of the outstanding shares of Bridgeview voting common stock as of the close of business on the Bridgeview record date. If you fail to submit a proxy card or vote in person at the Bridgeview special meeting, mark "**ABSTAIN**" on your proxy card or fail to instruct your bank or broker for shares held in street name with respect to the proposal to approve the merger proposal, it will have the same effect as a vote "**AGAINST**" approval of the merger proposal. The merger proposal will not require the approval of the holders of First Midwest common stock under the DGCL or applicable rules of the Nasdaq Stock Market.

Bridgeview Adjournment Proposal

Approval of the Bridgeview adjournment proposal requires the affirmative vote of a majority of the shares of Bridgeview voting common stock present in person or represented by proxy at the Bridgeview special meeting. If you mark "**ABSTAIN**" with respect to the Bridgeview adjournment proposal, it will have the same effect as a vote "**AGAINST**" the Bridgeview adjournment proposal, and broker non-votes will have no effect on the approval of the Bridgeview adjournment proposal assuming a quorum has been established.

Shares Held by Directors and Officers

Each of the directors of Bridgeview, in his or her capacity as a beneficial owner of shares of Bridgeview common stock, has entered into a voting agreement with First Midwest, the form of which is attached to this proxy statement/prospectus as *Annex 1-B* to *Appendix A*, in which each such director has agreed to vote all shares of Bridgeview voting common stock that he or she beneficially owns and has the power to vote in favor of the merger proposal and any other matter that is required to be approved by the stockholders of Bridgeview to facilitate the transactions contemplated by the merger agreement. The directors also agreed to vote against any proposal made in opposition to the approval of the merger or in competition with the merger agreement and against any other acquisition proposal. See "The Merger Interests of Certain Persons in the Merger."

As of the close of business on the Bridgeview record date, Bridgeview's directors and executive officers and their affiliates collectively held approximately an aggregate of 3,477,305 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding restricted Bridgeview voting common stock)(or approximately 33% of the outstanding shares of Bridgeview voting common stock) entitled to vote at the Bridgeview special meeting.

As of the Bridgeview record date, except in a fiduciary capacity, First Midwest and its subsidiaries held no shares of Bridgeview common stock, and none of its directors and executive officers and their affiliates held shares of Bridgeview common stock.

Shares Held by Other Stockholders

Certain other Bridgeview stockholders who collectively own 3,062,128 shares of Bridgeview voting common stock (or approximately 29% of the outstanding voting shares) as of the Bridgeview record date, have entered into a voting agreement with First Midwest, the form of which is attached to this proxy statement/prospectus as *Annex 1-B* to *Appendix A*, in which each such individual or entity has agreed to vote all shares of Bridgeview voting common stock that he, she or it beneficially owns and has the power to vote in favor of the merger proposal and any other matter that is required to be approved by the stockholders of Bridgeview to facilitate the transactions contemplated by the merger agreement. These individuals or entities also agreed to vote against any proposal made in opposition to the approval of the merger or in competition with the merger agreement and against any other acquisition proposal. Each of the holders of Bridgeview Series A non-voting common stock has agreed to waive its rights to, among other things, elect to receive in the merger securities that are comparable in rights and restrictions to the Bridgeview Series A non-voting common stock, and the holders of in excess of a majority of the shares of Bridgeview Series A non-voting common stock have agreed to consent and accept in the merger the conversion of the shares of Bridgeview Series A non-voting common stock into shares of First Midwest common stock, which majority acceptance would satisfy the approval provisions of the Bridgeview Series A non-voting common stock as set forth in Bridgeview's certificate of incorporation, as amended.

Participants in the Bridgeview Stock Plan

Bridgeview sponsors the Bridgeview Stock Plan. Under the terms of the Bridgeview Stock Plan and award agreements thereunder, recipients of restricted stock awards are entitled to vote on behalf of the underlying shares of Bridgeview common stock, even while subject to vesting requirements, from the date of grant until such awards are forfeited, whereas holders of stock options do not have voting rights with respect to the shares of Bridgeview common stock underlying the unexercised stock options. Holders of Bridgeview restricted stock will vote in the same manner as holders of Bridgeview voting common stock. As of the Bridgeview record date, participants in the Bridgeview Stock Plan held approximately 0.08% of the shares of Bridgeview voting common stock entitled to vote at the special meeting.

Solicitation of Proxies; Payment of Solicitation Expenses

Proxies are being solicited by Bridgeview's board of directors from stockholders of Bridgeview voting common stock. Shares of Bridgeview voting common stock represented by properly executed proxies, and that have not been revoked, will be voted in accordance with the instructions indicated on the proxies. If no instructions are indicated, such proxies representing shares of Bridgeview voting common stock will be voted "FOR" the merger proposal and "FOR" the Bridgeview adjournment

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proposal, and in the discretion of the individuals named as proxies as to any other matter that may come before the Bridgeview special meeting.

First Midwest and Bridgeview have agreed to each pay for one-half of the costs and expenses (excluding the fees and disbursements of counsel, financial advisors and accountants) of copying, printing and distributing this proxy statement/prospectus and all listing, filing or registration fees, including fees paid for filing the registration statement of which this proxy statement/prospectus is a part with the SEC and any other fees paid for filings with governmental authorities. In addition to the solicitation of proxies by mail, solicitation may be made by certain directors, officers or employees of Bridgeview or its affiliates telephonically, electronically or by other means of communication. Directors, officers and employees will receive no additional compensation for such solicitation. Although Bridgeview does not anticipate using a paid proxy solicitor in connection with the special meeting, Bridgeview may do so if determined to be appropriate.

Voting Your Shares

Holders of Bridgeview voting common stock may vote in person or by proxy at the Bridgeview special meeting on the proposals upon which they are entitled to vote. Holders of Bridgeview voting common stock may also vote by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. To be valid, your vote by mail must be received by the deadline specified on the proxy card.

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES OF BRIDGEVIEW VOTING COMMON STOCK YOU OWN. ACCORDINGLY, YOU SHOULD SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WHETHER OR NOT YOU PLAN TO ATTEND THE BRIDGEVIEW SPECIAL MEETING IN PERSON.

Revocability of Proxies and Changes to a Bridgeview Stockholder's Vote

A holder of Bridgeview voting common stock who has submitted a proxy may revoke it or change the stockholder's vote at any time before its proxy is voted at the Bridgeview special meeting. A holder of Bridgeview voting common stock may revoke its proxy by (i) giving a written notice of revocation to Peter J. Haleas, Chairman of the Board of Directors of Bridgeview, (ii) attending the Bridgeview special meeting in person and voting by ballot at the Bridgeview special meeting, or (iii) by properly submitting to Bridgeview a duly executed proxy bearing a later date. All written notices of revocation and other communications with respect to revocation of proxies should be addressed to Bridgeview as follows: 7940 South Harlem Avenue, Bridgeview, Illinois 60455, Attention: Peter J. Haleas, Chairman of the Board of Directors.

Attending the Bridgeview Special Meeting

The Bridgeview special meeting will be held at , on , 2019 at Central Time. Subject to space availability, all holders of Bridgeview common stock, including stockholders of record and stockholders who hold their shares through brokers, trusts, banks, nominees or any other holder of record, are invited to attend the Bridgeview special meeting.

All stockholders must bring an acceptable form of identification, such as a valid driver's license, in order to attend the Bridgeview special meeting in person. If you hold shares in "street name" through a broker, bank or other nominee, and would like to attend the Bridgeview special meeting, you will also need to bring an account statement and a "legal proxy" form from the broker, or other acceptable evidence of ownership of Bridgeview common stock as of the close of business on the Bridgeview record date.

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Any representative of a stockholder who wishes to attend the special meeting must present acceptable documentation evidencing his or her authority, acceptable evidence of ownership by the holder of shares of Bridgeview common stock and an acceptable form of identification.

Questions and Additional Information

If you have any questions or need assistance in voting your shares, please call Peter J. Haleas, Chairman of the Board of Directors of Bridgeview, at (708) 594-7400.

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THE MERGER

The following discussion describes certain material information about the merger. We urge you to read carefully this entire document, including the merger agreement and the financial advisor opinion of Sandler delivered to the board of directors of Bridgeview, attached as Appendices A and B, respectively, to this proxy statement/prospectus, for a more complete understanding of the merger.

Terms of the Merger

First Midwest's board of directors and Bridgeview's board of directors have each unanimously approved and adopted the merger agreement and the transactions contemplated thereby, including the merger. The merger agreement provides for combining our companies through the merger of Bridgeview with and into First Midwest, with First Midwest as the surviving corporation. As a result, the separate existence of Bridgeview will terminate. Following the merger at such time as First Midwest may determine, Bridgeview Bank, Bridgeview's wholly owned bank subsidiary, will merge with and into First Midwest Bank, First Midwest's wholly owned bank subsidiary, with First Midwest Bank being the surviving bank. Following the bank merger, First Midwest Bank will continue its corporate existence as a commercial bank organized under the laws of the State of Illinois. We expect to complete the merger in the second quarter of 2019, although delays may occur.

Upon completion of the merger, each holder of shares of Bridgeview common stock will receive the merger consideration, consisting of a number of shares of First Midwest common stock in exchange for each share of Bridgeview common stock held immediately prior to the completion of the merger calculated based on the exchange ratio, plus the cash consideration, which amount of cash consideration is subject to adjustment as described in this proxy statement/prospectus.

The exchange ratio of 0.2767 is not subject to adjustment but the value of the First Midwest common stock to be received by holders of Bridgeview common stock in the merger will fluctuate based on the trading price of First Midwest common stock. The cash consideration of $1.79 per share of Bridgeview common stock is subject to potential increases or decreases based on the occurrence of certain events as provided in the merger agreement. These events and the corresponding adjustments are summarized as follows:

- if any of the specified leases or contracts related to Bridgeview's residential home mortgage business have not been disposed of as of February 28, 2019, the cash consideration will be reduced by a multiple of the amounts remaining under such agreements;

- if there are any outstanding principal balances under any mortgage loans remaining related to Bridgeview's residential home mortgage business as of March 1, 2019 totaling more than $500,000 in the aggregate, the cash consideration will be reduced by all or a portion of the outstanding principal loan balances depending on the aggregate amount of such balances outstanding at that time;

- the cash consideration will be increased or decreased depending on whether or not Bridgeview sells the identified real property prior to the completion of the merger and the price at which it may be sold;

- if Bridgeview sells any of the life insurance contracts identified in the merger agreement prior to the completion of the merger, the cash consideration may be increased or decreased based on whether the life insurance contract is sold for greater or less than its book value determined pursuant to the merger agreement; *however,* if Bridgeview fails to sell any of the life insurance contracts identified in the merger agreement, an independent insurance consultant will be engaged to solicit three bids for each of the unsold life insurance contracts and the cash consideration will be increased or decreased based on such bids as provided in the merger agreement;

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- if Bridgeview sells or otherwise disposes of the identified assets, the cash consideration will be increased or decreased by the difference between the proceeds of the disposition and the assumed value of each asset as determined pursuant to the merger agreement;

- if Bridgeview is unable to cure or remove any conditions listed on the title of any real property transferred to First Midwest or there are any costs or expenses necessary to address any environmental conditions at any real property transferred to First Midwest, the cash consideration may be reduced; and

- if Bridgeview's year-end adjusted tangible common equity is different than the minimum year-end adjusted tangible common equity identified in the merger agreement, the cash consideration will be increased or decreased based on whether the year-end adjusted tangible common equity is greater or less than the minimum year-end adjusted tangible common equity.

Due to the fact that certain of these adjustments may not be determinable prior to the date of the special meeting, at the time of the vote on the merger proposal at the special meeting, stockholders of Bridgeview common stock may not know the amount of cash consideration they will receive as part of the merger consideration. Based on information available as of the date of this proxy statement/prospectus, the range of the adjustments to the cash consideration of $1.79 per share of Bridgeview common stock is reasonably expected to be from no adjustment to the cash consideration to a decrease of $0.   per share of Bridgeview common stock.

All unvested Bridgeview restricted stock awards outstanding immediately prior to the merger will become fully vested upon completion of the merger, and the holders thereof will be entitled to receive the same merger consideration for the shares of Bridgeview common stock subject to such awards as all other holders of Bridgeview common stock. Additionally, Bridgeview will take all actions necessary to cause the holders of options for Bridgeview common stock to execute agreements prior to the merger to cancel such options in exchange for a lump sum cash payment.

For additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the merger and the provisions for terminating or amending the merger agreement, see "The Merger Agreement."

Background of the Merger

As part of its ongoing consideration and evaluation of Bridgeview's long-term business strategy, the board of directors of Bridgeview has engaged in periodic strategic reviews during which the board discussed Bridgeview's strategic direction, performance and prospects in the context of trends and developments in the markets that Bridgeview serves, the banking industry and the regulatory environment. As part of such strategic reviews, the Bridgeview board consulted with its financial and legal advisors, Sandler and Vedder Price. Among other things, these discussions have focused on the highly competitive landscape and recent bank acquisition transactions in the Chicago metropolitan market, as well as possible strategic alternatives available to Bridgeview.

During recent years, while Bridgeview continued to successfully grow its asset base and operations, Bridgeview's board of directors considered the potential benefits of a business combination and other strategic alternatives with a larger financial institution that would allow Bridgeview to continue providing high-quality and personalized services to its customers while taking advantage of economies of scale. In considering these potential business combinations and strategic alternatives, Bridgeview's board of directors has been focused on providing Bridgeview's stockholders with enhanced liquidity and long-term value.

In October 2017, Bridgeview's senior management had discussions with Sandler and Vedder Price regarding merger and acquisition activity in the Chicagoland area and then-current transaction pricing for mergers involving community banks. After reviewing and discussing such information, Bridgeview's

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senior management decided that it was in the best interests of Bridgeview and its stockholders to consider strategic alternatives, including potential strategic combinations.

On October 27, 2017, Bridgeview retained Sandler to contact potential strategic partners that may be interested in an acquisition of Bridgeview. At this time, Bridgeview also requested that Sandler provide a fairness opinion in the event that Bridgeview entered into any potential strategic transaction. During the period between November 20, 2017 and December 22, 2017, Sandler contacted approximately 14 parties to assess their potential interest in an acquisition of Bridgeview. After engaging in these initial discussions with many of these parties, Bridgeview entered into confidentiality agreements with four interested parties. After the confidentiality agreements were signed with these four interested parties, including First Midwest, information was made available to permit the interested parties the opportunity to conduct further preliminary due diligence. This information included a Confidential Information Memorandum ("CIM") and access to a virtual data room. However, the four interested parties did not extend any indications of interest to engage in a strategic acquisition of Bridgeview. Each of the four interested parties, as well as the majority of the other parties that were contacted and did not enter into confidentiality agreements, indicated to Bridgeview that they could not move forward due to their lack of interest in Bridgeview's nationwide residential home mortgage business, which at that time averaged $2.5 billion in annual originations. Consequently, in January 2018, Bridgeview suspended its search for a strategic partner.

In late March 2018, Bridgeview's senior management believed that industry market conditions had empirically improved and determined that it was in the best interests of Bridgeview and its stockholders to conduct a new assessment of buyer interest. Due to the lack of interest in Bridgeview's residential home mortgage business as shown in the 2017 search for a strategic partner, and upon further discussions with Sandler, Bridgeview's senior management determined that it would be advisable to market Bridgeview without its residential home mortgage division. As part of that discussion, Bridgeview's senior management determined that it would consider selling, dissolving or spinning off its residential home mortgage business into a separate entity in connection with a favorable acquisition offer and directed Sandler to again reach out to potentially interested parties.

In late March and early April 2018, Sandler reached out to approximately eight potential partners to gauge interest in a potential acquisition of Bridgeview without its residential home mortgage division. Sandler distributed a new CIM and related materials to the original four interested parties, including First Midwest, and one additional party after that party entered into a form of confidentiality agreement. Throughout March, April and May 2018, the five interested parties conducted additional due diligence on Bridgeview and its operations, including meetings with Bridgeview's senior management.

In early May 2018, two interested parties, which did not include First Midwest, provided preliminary non-binding indications of interest regarding an acquisition of Bridgeview, each on the assumption that any strategic combination would not include Bridgeview's residential home mortgage business. The valuations for these two preliminary indications ranged from $8.00 to $8.64 per share of Bridgeview common stock.

On or around May 11, 2018, Sandler reviewed and discussed with Bridgeview's senior management the two preliminary non-binding indications of interest received by Bridgeview. Sandler provided Bridgeview's senior management with a summary of the financial terms contained in the indications of interest. Bridgeview's senior management discussed these and other relevant terms with Vedder Price. Sandler also provided Bridgeview's senior management with a summary of First Midwest's continued interest in pursuing an acquisition of Bridgeview and their desire to provide a preliminary indication of interest in late May. After discussing the current and expected indications of interest, Bridgeview's senior management determined that it was in the best interest of Bridgeview and its stockholders to

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allow First Midwest and the two other interested parties ("Party A" and "Party B") to conduct additional due diligence, which was conducted through June 2018.

Throughout the remainder of May and early June 2018, Sandler provided First Midwest, Party A and Party B with updated bid instructions requesting final bids by mid-June.

On or prior to June 11, 2018, Bridgeview received a non-binding indication of interest from First Midwest and an update from Party A. Party B failed to submit an updated bid. First Midwest's proposal was a range of $9.17 per share to $9.57 per share of Bridgeview common stock with the actual price subject to potential increase or decrease primarily based upon assumed mark-to-market adjustments for Bridgeview's fixed assets and other real estate owned ("OREO") to be completed prior to signing a definitive agreement and subject to further due diligence. The proposal also indicated that the pricing assumed that Bridgeview's residential home mortgage business would not be included in the transaction. Party A proposed a valuation range of $8.00 per share to $8.50 per share, but identified specific areas of their due diligence which could potentially decrease the purchase price.

During the next week, Bridgeview met and had discussions with its financial and legal advisors to review each of the updated non-binding indications of interest. During these meetings, Sandler made a presentation outlining the financial terms of each offer. Vedder Price also provided Bridgeview with an overview of certain other terms of each offer. After reviewing each updated offer in detail with its financial and legal advisors, Bridgeview's senior management determined that First Midwest's offer was superior to Party A's offer. Bridgeview's senior management instructed Sandler to further negotiate the terms of First Midwest's offer.

From late June through mid-August 2018, Bridgeview actively marketed its residential home mortgage division to third parties for a potential sale and took actions to dispose of certain contingent liabilities.

From late June through mid-August 2018, First Midwest continued its due diligence review of Bridgeview. Between August 17, 2018 and August 22, 2018, First Midwest and Bridgeview, through their respective financial advisors, discussed an update to First Midwest's June non-binding indication of interest based on First Midwest's additional due diligence. On August 22, 2018, First Midwest submitted an updated non-binding indication of interest with a revised purchase price of $8.76 per share of Bridgeview common stock. Pursuant to the terms of this updated non-binding indication of interest, the proposed per share merger consideration would consist of (i) a fixed exchange ratio of 0.2767 shares of First Midwest common stock and (ii) a fixed $1.31 (subject to increase based on Bridgeview achieving year-end adjusted tangible common equity above a targeted level) in cash in exchange for each outstanding share of Bridgeview common stock. The proposal indicated that several items remained to be resolved prior to signing a definitive merger agreement, including the status of the planned disposition of Bridgeview's residential home mortgage business, agreement on the valuation of certain fixed assets, further due diligence around the life insurance contracts, potential pricing adjustments related to the disposition of certain specified OREO properties, Bridgeview's year-end adjusted tangible common equity and other due diligence matters.

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On August 22, 2018, in connection with the updated non-binding indication of interest, Bridgeview and First Midwest signed a 60-day exclusivity agreement with a 30-day extension period if both parties were proceeding towards a transaction. During late August and early September 2018, First Midwest continued its due diligence review of Bridgeview. In addition, Bridgeview and First Midwest negotiated the material terms of the transaction, including the proposed merger consideration and potential purchase price adjustments, including potential upward and downward adjustments based on whether Bridgeview realized a recovery on the sale of certain OREO, specified Bridgeview Bank premises and identified credit relationships. First Midwest and Bridgeview also discussed purchase price adjustments concerning Bridgeview's contingent liabilities and retention of certain life insurance contracts.

On September 11, 2018, First Midwest and its outside counsel, Chapman and Cutler, provided an initial draft of the merger agreement to Vedder Price. This draft also included drafts of a form voting agreement, pursuant to which Bridgeview directors, certain senior management and certain other Bridgeview stockholders would vote in favor of the merger and other matters to be voted on in connection with the merger, and a form confidentiality, non-solicitation and non-competition agreement, which all of the directors and certain senior management of Bridgeview would be required to execute. However, the terms of the draft merger agreement and consideration remained subject to further due diligence by First Midwest.

Throughout September and October 2018, First Midwest continued to conduct due diligence on Bridgeview, including an on-site management due diligence session between the parties on October 3, 2018, and the parties continued to negotiate the material terms of the proposed transaction. In addition, Bridgeview continued with its strategic decision to actively market its residential home mortgage business to potential third party buyers. On October 30, 2018, Bridgeview entered into an asset purchase and assumption agreement to sell substantially all of the assets and liabilities associated with its nationwide residential home mortgage business to a third party buyer.

In early November 2018, Chapman and Cutler provided Vedder Price with an updated draft of the merger agreement and certain other ancillary documents, including the proposed forms of the voting agreement and the confidentiality, non-solicitation and non-competition agreement. As part of the continuing discussion and negotiation between Bridgeview and First Midwest, and taking into consideration the expected level of Bridgeview's year-end adjusted tangible common equity above a targeted level, the updated draft of the merger agreement included a revised proposed per share merger consideration amount consisting of (i) 0.2767 shares of First Midwest common stock and (ii) approximately $1.79 in cash in exchange for each outstanding share of Bridgeview common stock, subject to the adjustments based as otherwise discussed herein on the realized proceeds from the disposition of certain assets. Following receipt of the updated draft merger agreement, the parties continued to negotiate the terms of the proposed transaction.

Throughout November 2018, the parties continued to negotiate the material terms of the proposed transaction, including in-person negotiation sessions on November 2, 2018 and November 26, 2018 and otherwise exchanging various drafts of the merger agreement and ancillary documents. The parties negotiated extensively, among other items, the contents of the representations and warranties, certain adjustments relating to the cash component of the per share merger consideration, closing conditions, covenants regarding real estate, and certain employment matters. During this time, the parties agreed that the cash consideration amount of the per share merger consideration would be subject to upward or downward pricing adjustments at closing with respect to certain OREO and if Bridgeview failed to dispose of its residential home mortgage business, specified Bridgeview Bank premises or identified life insurance contracts. In addition, the cash consideration amount of the per share merger consideration would be subject to upward or downward pricing adjustments depending upon the amount of the adjusted tangible common equity as of December 31, 2018.

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On November 14, 2018, First Midwest's board of directors met with members of First Midwest's executive management team. At this meeting, First Midwest's board of directors considered the proposed transaction and discussed, among other things, the then-current draft of the merger agreement, the strategic rationale, financial terms, consideration and integration risk for the transaction. First Midwest's executive management team communicated, and the board of directors also considered, the advice of Stephens, Inc. ("Stephens"), First Midwest's financial advisor, and Chapman and Cutler, First Midwest's legal advisor, with respect to the proposed transaction. Following these discussions, First Midwest's board of directors unanimously approved and adopted the merger agreement and the transactions contemplated thereby, and declared the merger and other transactions contemplated by the merger agreement to be advisable and in the best interests of First Midwest and its stockholders. First Midwest's board of directors then directed management and its advisors to finalize and execute a definitive merger agreement, subject to final approval by First Midwest's chairman of the board of directors. First Midwest's chairman of the board of directors subsequently confirmed approval of the merger agreement prior to execution on December 6, 2018. The board of directors of First Midwest Bank also unanimously approved the bank merger and recommended to its sole stockholder, First Midwest, that it approve the bank merger, which was subsequently approved by First Midwest.

On November 29, 2018, Bridgeview's board of directors held a special meeting to consider the terms of the proposed merger with First Midwest, including the merger agreement. As an initial matter, Vedder Price directed the attention of Bridgeview's board of directors to a memorandum summarizing the board of directors' fiduciary duties and reviewed the memorandum with the directors in connection with their review and consideration of the transaction and the terms of the proposed merger with First Midwest. Bridgeview's board of directors was reminded that this information regarding the board of directors' fiduciary duties had been provided and discussed at prior board meetings.

Following this discussion, representatives of Sandler reviewed the financial aspects of the proposed merger and discussed in detail their financial analyses as of the date of the meeting, including those described under " Opinion of Bridgeview's Financial Advisor." In particular, it was noted that the implied aggregate transaction value, on a fully diluted basis and based on the contemporaneous trading price of First Midwest common stock, was approximately $151.7 million, with approximately 78% of the merger consideration payable in shares of First Midwest common stock and approximately 22% in cash. The implied value to Bridgeview on a per share basis was $8.22 per share as of November 28, 2018. At this meeting, Sandler delivered an oral opinion to the board (which was subsequently confirmed in a written opinion, dated as of December 6, 2018) to the effect that, based upon and subject to various assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken as described in its opinion, the per share merger consideration was fair, from a financial point of view, to the holders of Bridgeview common stock, as described under " Opinion of Bridgeview's Financial Advisor."

After further discussion among members of Bridgeview's board of directors, Vedder Price led a comprehensive review of the definitive transaction documents, including the merger agreement, and directed the attention of the board of directors of Bridgeview to a memorandum summarizing the terms of the merger agreement that had been provided to each member of the board.

During the meeting, Bridgeview's management and financial advisors reported on, and the board of directors of Bridgeview discussed in detail, the reverse due diligence process undertaken by Bridgeview and its advisors with respect to First Midwest. Bridgeview's management reported favorably regarding the complementary culture and business objectives of First Midwest and Bridgeview, noting that the respective customer focus, geographic coverage and historical relationships with borrowers and customers of First Midwest and Bridgeview evidenced that the two companies shared a similar business orientation.

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Following extensive discussion and after considering the foregoing and the proposed terms of the transaction documents, and taking into account the strategic rationale, financial terms, consideration, integration risk and business rationale of consummating a merger with First Midwest, including the factors described in the section titled " Bridgeview's Reasons for the Merger and Recommendation of the Board of Directors of Bridgeview," the board of directors, having determined that the terms of First Midwest's proposal, the related merger agreement and the transactions contemplated thereby, including the merger, were fair to and in the best interests of Bridgeview and its stockholders, unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger and the per share merger consideration, at the meeting. The board directed that the merger agreement be submitted to holders of Bridgeview's voting common stock for approval, and recommended that holders of Bridgeview voting common stock vote in favor of the approval of the merger agreement and the transactions contemplated thereby.

Between November 29, 2018 and December 6, 2018, the parties continued to discuss and finalize the terms of the proposed transaction.

In early December 2018, certain holders of Bridgeview voting common stock and Series A non-voting common stock entered into non-disclosure agreements with Bridgeview so as to provide Bridgeview's management the ability to discuss the proposed transaction with those Bridgeview stockholders and request that such parties execute voting agreements, pursuant to which those certain Bridgeview stockholders would vote in favor of the merger and other matters to be voted upon in connection with the merger.

The merger agreement and related documents were executed by the parties on December 6, 2018. The transaction was announced the evening of December 6, 2018 in a press release issued by First Midwest.

First Midwest's Reasons for the Merger

In reaching its decision to adopt and approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the First Midwest board of directors evaluated the merger in consultation with First Midwest management and considered information provided by First Midwest's financial and legal advisors, as well as a number of factors, including the following material factors:

- management's view that the acquisition of Bridgeview provides an attractive opportunity to strengthen First Midwest's presence in Chicago and greater Chicagoland;
- Bridgeview's community banking orientation and its compatibility with First Midwest and its subsidiaries;
- management's assessment that Bridgeview presents a strong banking franchise that is consistent with First Midwest Bank's relationship-based banking model while adding talent and depth to First Midwest Bank's operations;
- management's review of the business, operations, earnings and financial condition, including capital levels and asset quality, of Bridgeview and Bridgeview Bank;
- management's belief that Bridgeview Bank's core deposit base was strong and that a substantial portion of these deposits would be retained following completion of the merger;
- management's due diligence review of Bridgeview and Bridgeview Bank and the discussions with Stephens and Chapman and Cutler related thereto and to other transactional matters;
- the projected earnings per share accretion expected to occur as a result of the proposed transactions;

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- the projected tangible book value earn-back period of approximately three years, which is an important investor metric;

- the expectation of management that First Midwest will maintain its strong capital ratios upon completion of the proposed transactions;

- the fact that stockholders of Bridgeview who hold Bridgeview voting common stock will have an opportunity to approve the merger;

- projected efficiencies, including reductions in Bridgeview's total non-interest expense base, to come from integrating certain of Bridgeview's operations into First Midwest's existing operations;

- the financial and other terms of the merger agreement, including the exchange ratio for the merger consideration, the expected tax treatment and the deal protection and termination fee provisions, which First Midwest reviewed with its outside financial and legal advisors;

- Bridgeview Bank's compatibility with First Midwest Bank, which First Midwest management believes should facilitate integration and implementation of the merger and the bank merger, and the complementary nature of the products and customers of Bridgeview Bank and First Midwest Bank, which First Midwest management believes should provide the opportunity to mitigate integration risks and increase potential returns;

- the nature and amount of payments and other benefits to be received by Bridgeview and Bridgeview Bank management in connection with the transactions pursuant to existing Bridgeview benefit plans and compensation arrangements and the merger agreement;

- the fact that, concurrently with the execution of the merger agreement, all of the directors and executive officers of Bridgeview who beneficially owned in the aggregate approximately 33% of Bridgeview's outstanding voting common stock as of December 6, 2018, were entering into (i) voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby and (ii) restrictive covenant agreements with First Midwest;

- the fact that, concurrently with the execution of the merger agreement, certain Bridgeview stockholders who beneficially owned in the aggregate an additional approximately 29% of Bridgeview's outstanding voting common stock as of December 6, 2018, were entering into voting agreements with First Midwest agreeing to vote for approval of the merger agreement and the transactions contemplated thereby; and

- the regulatory and other approvals required in connection with the transactions and the expected likelihood that such regulatory approvals will be received in a reasonably timely manner and without the imposition of unacceptable conditions.

First Midwest's board of directors believes that the merger and the merger agreement are advisable and in the best interests of First Midwest and its stockholders.

The foregoing discussion of the information and factors considered by First Midwest's board of directors is not intended to be exhaustive, but includes a description of all material factors considered by First Midwest's board of directors. First Midwest's board of directors further considered various risks and uncertainties related to each of these factors and the ability to complete the merger. In view of the wide variety of factors considered by First Midwest's board of directors in connection with its evaluation of the merger, First Midwest's board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. First Midwest's board of directors collectively made its determination with respect to

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the merger based on the conclusion reached by its members, based on the factors that each of them considered appropriate, that the merger is in the best interests of First Midwest stockholders and that the benefits expected to be achieved from the merger outweigh the potential risks and vulnerabilities.

It should be noted that this explanation of the First Midwest board of directors' reasoning and all other information presented in this section includes information that is forward-looking in nature, and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements."

Bridgeview's Reasons for the Merger and Recommendation of the Board of Directors of Bridgeview

After careful consideration, the Bridgeview board of directors, at a meeting held on November 29, 2018, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement were advisable and in the best interests of Bridgeview and its stockholders and approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Bridgeview board of directors has concluded that the merger offers Bridgeview stockholders an attractive opportunity to achieve the board of directors' strategic business objectives, including increasing stockholder value and enhancing liquidity for Bridgeview stockholders. In addition, the Bridgeview board of directors believes that the customers and communities served by Bridgeview Bank will benefit from the merger. Accordingly, the Bridgeview board of directors recommends that Bridgeview stockholders vote "FOR" approval and adoption of the merger agreement at the Bridgeview special meeting.

In reaching its decision, the Bridgeview board of directors, with advice from Bridgeview's management, as well as its legal counsel, Vedder Price, and financial advisor, Sandler, considered a number of financial, legal and market factors, including the following:

- the opportunity for Bridgeview stockholders to have increased liquidity upon receipt of the First Midwest common stock portion of the merger consideration, in exchange for Bridgeview common stock, because Bridgeview is a private company with no public trading market for its shares whereas First Midwest common stock is listed on the Nasdaq Stock Market under the symbol "FMBI";

- the cash component of the merger consideration offers Bridgeview stockholders the opportunity to realize cash for a portion of their shares of Bridgeview common stock with immediate value;

- the fact that the merger consideration offers Bridgeview stockholders the opportunity to participate in the future growth and opportunities of the combined company;

- the Bridgeview board of directors' belief that Bridgeview stockholders and customers will benefit from combining with a larger financial institution which will be better equipped to respond to economic and financial services industry developments and should be better positioned to develop and build on its position in existing markets;

- information with respect to the businesses, earnings, operations, financial condition, prospects, capital levels and asset quality of Bridgeview and First Midwest, both individually and as a combined company;

- the Bridgeview board of directors' familiarity with, and understanding of, Bridgeview's business, results of operations, asset quality, operating markets, financial and market position and expectations concerning Bridgeview's future earnings and prospects;

- the compatibility of Bridgeview's geographical footprint with that of First Midwest and the expansion of product and service availability to the customers of and communities currently served by Bridgeview;

the complementary aspects of Bridgeview's and First Midwest's businesses, including customer focus, geographic coverage, business orientation and operations, First Midwest's strong deposit market share and First Midwest's strengths in relationship-based commercial lending;

that the cash exchange amount of the merger consideration is subject to possible upward adjustment between signing and closing in the event that any of the following occur: (i) net recoveries made on the identified assets exceed specified dollar thresholds, (ii) net proceeds received from the sale of the identified real property exceeds the specified dollar threshold, (iii) net proceeds received from the sale of specific life insurance contracts exceeds the book value of the applicable life insurance contracts and (iv) Bridgeview's final year-end adjusted tangible common equity is greater than Bridgeview's minimum year-end adjusted tangible common equity;

that the cash exchange amount of the merger consideration is subject to possible downward adjustment between signing and closing in the event that any of the following occur: (i) title defects and environmental remediation costs exceed the specified dollar threshold, (ii) Bridgeview fails to complete the disposition of Bridgeview Bank's mortgage division, (iii) net proceeds received from the sale of the identified real property is less than the specified dollar threshold, (iv) net proceeds received from the sale of specific life insurance contracts is less than the book value of the applicable life insurance contracts and (v) Bridgeview's final year-end adjusted tangible common equity is less than Bridgeview's minimum year-end adjusted tangible common equity;

the market value of First Midwest common stock prior to the execution of the merger agreement and the prospects for future appreciation in the stock;

the Bridgeview board of directors' understanding of the current and prospective environment in which Bridgeview and First Midwest operate, including national, regional and local economic conditions, the interest rate environment, the competitive and regulatory environments for financial institutions generally, and the perceived risks and uncertainties attendant to Bridgeview's operation as an independent banking organization;

the financial presentation of Bridgeview's financial advisor, Sandler, to the Bridgeview board of directors on November 29, 2018, and the delivery of the written opinion of Sandler, dated December 6, 2018, to the board of directors of Bridgeview, to the effect that as of such date and based on and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken described in its opinion, the merger consideration was fair, from a financial point of view, to holders of Bridgeview common stock, as further described under " Opinion of Bridgeview's Financial Advisor";

the potential risk of diverting management's attention and resources from the operation of Bridgeview's business to the merger, and the possibility of employee attrition or adverse effects on customer and business relationships as a result of the announcement and pendency of the merger;

the risks that certain of the conditions to the consummation of the merger set forth in the merger agreement are not satisfied in a timely manner, or at all;

the potential risks and costs associated with successfully integrating Bridgeview's business, operations and employees with those of First Midwest, including the risk of not realizing all of the anticipated benefits of the merger or not realizing them in the expected time frame;

First Midwest's substantial experience as an acquiror of financial institutions and proven track record of successfully integrating acquired financial institutions;

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- the regulatory and other approvals required in connection with the merger, consideration of the relevant factors assessed by the regulators for the approvals and the parties' evaluation of those factors, including First Midwest's recent record of successfully receiving regulatory approvals for acquisitions in a timely manner, and the expectations that such approvals could be received in a reasonably timely manner and without the imposition of burdensome conditions;

- the quality and experience of First Midwest's management team;

- the dividend payment history of First Midwest;

- the risk that the merger may not be consummated or that the closing may be unduly delayed, including as a result of factors outside either party's control;

- the satisfactory results of Bridgeview's management's reverse due diligence of First Midwest;

- the right of the Bridgeview stockholders to exercise dissenters' rights, as further descripted under "Dissenters' Rights of Appraisal of Holders of Bridgeview Common Stock";

- the fact that the directors and officers of Bridgeview have interests in the merger that are different from or in addition to those of Bridgeview stockholders; and

- the fact that the receipt of the First Midwest common stock portion of the merger consideration may be tax-free to Bridgeview stockholders based on the expected tax treatment of the merger as a "reorganization" for U.S. federal income tax purposes, as further described under "The Merger Material Federal Income Tax Consequences of the Merger".

The foregoing discussion of the information and factors considered by Bridgeview's board of directors is not intended to be exhaustive, but includes a summary description of all material factors considered by Bridgeview's board of directors. Bridgeview's board of directors in approving the merger agreement further considered various risks and uncertainties related to each of these factors and the ability to complete the merger. In view of the wide variety of factors considered by Bridgeview's board of directors in connection with its evaluation of the merger, Bridgeview's board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. Bridgeview's board of directors collectively made its determination with respect to the merger based on the conclusion reached by its members, in light of factors that each of them considered appropriate, that the merger is in the best interests of Bridgeview and Bridgeview stockholders and that the benefits expected to be achieved from the merger outweigh the potential risks and vulnerabilities. The Bridgeview board of directors realized that there can be no assurance about future results, including results expected or considered in the factors listed above.

After considering the foregoing and other relevant factors and risks, and their overall impact on the stockholders and other constituencies of Bridgeview, Bridgeview's board of directors concluded that the anticipated benefits of the merger outweighed the anticipated risks of the transaction. Accordingly, Bridgeview's board of directors unanimously approved the merger agreement and the merger, and the board of directors unanimously recommends that Bridgeview stockholders vote "**FOR**" the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, and "**FOR**" the Bridgeview adjournment proposal.

It should be noted that this explanation of the Bridgeview board of directors' reasoning and all other information presented in this section includes information that is forward-looking in nature, and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements."

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Opinion of Bridgeview's Financial Advisor

Bridgeview retained Sandler to act as financial advisor to Bridgeview's board of directors in connection with Bridgeview's consideration of a possible business combination. Bridgeview selected Sandler as its financial advisor because Sandler is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler acted as financial advisor to Bridgeview in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the November 29, 2018 meeting at which Bridgeview's board of directors considered the merger and the merger agreement, Sandler delivered to the board of directors its oral opinion, which was subsequently confirmed in writing on December 6, 2018, to the effect that, as of December 6, 2018, the merger consideration per share of Bridgeview common stock, as may be adjusted in accordance with the terms of the merger agreement, was fair to the holders of Bridgeview common stock from a financial point of view. **The full text of Sandler's opinion is attached as *Appendix B* to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Bridgeview common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler's opinion speaks only as of the date of the opinion. The opinion was directed to Bridgeview's board of directors in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any stockholder of Bridgeview as to how such stockholder should vote at any meeting of stockholders called to consider and vote upon the approval of the merger. Sandler's opinion was directed only to the fairness, from a financial point of view, of the per share merger consideration to the holders of Bridgeview common stock and did not address the underlying business decision of Bridgeview to engage in the merger, the form or structure of the merger or the other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Bridgeview or the effect of any other transaction in which Bridgeview might engage. Sandler also did not express any opinion as to the amount of compensation to be received in the merger by any officer, director, or employee of Bridgeview or First Midwest, or class of such persons, if any, relative to the amount of compensation to be received by any other stockholder. Sandler's opinion was approved by Sandler's fairness opinion committee.

In connection with its opinion, Sandler reviewed and considered, among other things:

- a draft of the merger agreement, dated December 4, 2018;
- certain publicly available financial statements and other historical financial information of Bridgeview that Sandler deemed relevant;
- certain publicly available financial statements and other historical financial information of First Midwest that Sandler deemed relevant;
- certain internal financial projections for Bridgeview for the years ending December 31, 2018 through December 31, 2023, as provided by the senior management of Bridgeview;

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- publicly available mean analyst earnings per share and dividends per share estimates for First Midwest for the years ending December 31, 2018, December 31, 2019 and December 31, 2020, as well as an estimated long-term earnings per share growth rate and dividend payout ratio for First Midwest for the years thereafter, as reviewed with the senior management of First Midwest;

- the *pro forma* financial impact of the merger on First Midwest based on certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as reviewed with the senior management of First Midwest (collectively, the "Pro Forma Assumptions");

- the publicly reported historical price and trading activity for First Midwest common stock, including a comparison of certain stock market information for First Midwest common stock and certain stock indices as well as publicly available information for certain other similar companies, the securities of which are publicly traded;

- a comparison of certain financial information for Bridgeview and First Midwest with similar financial institutions for which information is publicly available;

- the financial terms of certain recent business combinations in the bank and thrift industry (on a nationwide basis), to the extent publicly available;

- the current market environment generally and the banking environment in particular; and

- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler considered relevant.

Sandler also discussed with certain members of senior management of Bridgeview the business, financial condition, results of operations and prospects of Bridgeview and held similar discussions with certain members of senior management of First Midwest and its representatives regarding the business, financial condition, results of operations and prospects of First Midwest.

In performing its review, Sandler relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler from public sources, that was provided to Sandler by Bridgeview or First Midwest or their respective representatives, or that was otherwise reviewed by Sandler and Sandler assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler further relied on the assurances of the respective senior managements of Bridgeview and First Midwest that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading. Sandler was not asked to undertake, and did not undertake, an independent verification of any of such information and Sandler did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Bridgeview Bancorp, Inc. or First Midwest, or any of their respective subsidiaries, nor was Sandler furnished with any such evaluations or appraisals. Sandler O'Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of Bridgeview or First Midwest. Sandler did not make an independent evaluation of the adequacy of the allowance for loan losses of Bridgeview or First Midwest, or the combined entity after the merger, and Sandler did not review any individual credit files relating to Bridgeview or First Midwest. Sandler assumed, with Bridgeview's consent, that the respective allowances for loan losses for both Bridgeview and First Midwest were adequate to cover such losses and would be adequate on a *pro forma* basis for the combined entity.

In preparing its analyses, Sandler used certain internal financial projections for Bridgeview for the years ending December 31, 2018 through December 31, 2023, as provided by the senior management of Bridgeview. In addition, Sandler used publicly available mean analyst earnings per share and dividends per share estimates for First Midwest for the years ending December 31, 2018, December 31, 2019 and

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December 31, 2020, as well as an estimated long-term earnings per share growth rate and dividend payout ratio for First Midwest for the years thereafter, as reviewed with the senior management First Midwest. Sandler also received and used in its *pro forma* analyses the Pro Forma Assumptions, as reviewed with the senior management of First Midwest. With respect to the foregoing information, the respective senior managements of Bridgeview and First Midwest confirmed to Sandler that such information reflected (or, in the case of the publicly available consensus mean analyst estimates referred to above, were consistent with) the best currently available projections, estimates and judgments of those respective senior managements as to the future financial performance of Bridgeview and First Midwest, respectively, and the other matters covered thereby, and Sandler assumed that the future financial performance reflected in such information would be achieved. Sandler expressed no opinion as to such information, or the assumptions on which such information was based. Sandler also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of Bridgeview or First Midwest since the date of the most recent financial statements made available to Sandler. Sandler assumed in all respects material to Sandler's analysis that Bridgeview and First Midwest would remain as going concerns for all periods relevant to Sandler's analysis.

Sandler also assumed, with Bridgeview's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Bridgeview, First Midwest or the merger or any related transactions, and (iii) the merger and any related transactions would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with Bridgeview's consent, Sandler relied upon the advice that Bridgeview received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement. Sandler expressed no opinion as to any such matters.

Sandler's opinion was necessarily based on financial, regulatory, economic, market and other conditions as in effect on, and the information made available to Sandler as of, the date thereof. Events occurring after the date thereof could materially affect Sandler's opinion. Sandler has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler expressed no opinion as to the trading value of First Midwest common stock at any time or what the value of First Midwest common stock would be once it is actually received by the holders of Bridgeview common stock.

In rendering its opinion, Sandler performed a variety of financial analyses. The summary below is not a complete description of all the analyses underlying Sandler's opinion or the presentation made by Sandler to Bridgeview's board of directors, but is a summary of the material analyses performed and presented by Sandler. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler's comparative analyses described below is identical to Bridgeview or First Midwest and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Bridgeview and First Midwest and the companies to which they were compared. In arriving at its opinion, Sandler did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Sandler made its determination as to the fairness of the per share merger consideration to the holders of Bridgeview common stock on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Sandler also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Bridgeview, First Midwest, and Sandler. The analyses performed by Sandler are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Bridgeview's board of directors at its November 29, 2018 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler's analyses do not necessarily reflect the value of Bridgeview common stock or First Midwest common stock or the prices at which Bridgeview or First Midwest common stock may be sold at any time. The analyses of Sandler and its opinion were among a number of factors taken into consideration by Bridgeview's board of directors in making its determination to approve the merger agreement and the analyses described below should not be viewed as determinative of the decision of Bridgeview's board of directors with respect to the fairness of the merger.

Summary of Proposed Merger Consideration

Sandler reviewed the financial terms of the proposed transaction. Sandler calculated an implied purchase price per share of $8.22, or an aggregate implied transaction value of approximately $151.7 million, consisting of the sum of (i) the implied value of 0.2767 shares of First Midwest common stock based on the closing price of First Midwest common stock on November 28, 2018, *plus* (ii) $1.79 (which amount of cash is subject to certain adjustments as discussed in this proxy statement/prospectus). Based upon financial information for Bridgeview as of or for the most recent available completed quarter ("MRQ") ended September 30, 2018, and internal financial projections for

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Bridgeview for the year ending December 31, 2019, as provided by the senior management of Bridgeview, Sandler calculated the following implied transaction metrics:

Transaction Value / Normalized YTD Earnings Annualized(1)	14.3x
Transaction Value / Estimated 2019E Earnings(2)	15.4x
Transaction Value / September 30, 2018 Book Value	134%
Transaction Value / September 30, 2018 Tangible Book Value	134%
Transaction Value / Core Deposits (Excludes time deposits greater than $100k)(3)	4.1%
Transaction Value / Adjusted Core Deposits(4)	5.2%

(1) As provided by Bridgeview management, excludes $214,000 of year-to-date net income related to Bridgeview s residential home mortgage business.

(2) As provided by Bridgeview management.

(3) Core deposits defined as total deposits, less time deposit accounts with a balance of at least $100,000.

(4) Adjusted core deposits exclude time deposit accounts with a balance of at least $100,000, $80 million of select Bridgeview identified deposit accounts and $109.7 million of flex deposits, which First Midwest management deems non-core.

Stock Trading History

Sandler reviewed the historical publicly reported trading price of First Midwest common stock for the three-year period ended November 28, 2018. Sandler then compared the relationship between the movements in the price of First Midwest common stock to movements in the First Midwest peer group selected by Sandler (as described below) as well as certain stock indices.

First Midwest's Three-Year Stock Performance

	Beginning Value November 27, 2015	Ending Value November 28, 2018
First Midwest.	100%	118.6%
SNL U.S. Bank	100%	130.2%
First Midwest Selected Peer Group	100%	106.7%

Comparable Company Analyses

Sandler used publicly available information to compare selected financial information for Bridgeview with a group of financial institutions selected by Sandler. The Bridgeview selected peer group included 16 United States financial institutions headquartered in the Midwest states (Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, Wisconsin) with securities publicly traded on major United States exchanges and total assets between $1.0 billion and $2.0 billion, but excluded targets of announced merger transactions, Farmers &

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Merchants Bancorp, Inc. and Waterstone Financial, Inc. (the "Bridgeview Selected Peer Group"). The Bridgeview Selected Peer Group consisted of the following companies:

Southern Missouri Bancorp, Inc.	Hawthorn Bancshares, Inc.
Macatawa Bank Corporation	Ames National Corporation
First Business Financial Services, Inc.	Level One Bancorp, Inc.
Bridgewater Bancshares, Inc.	Mackinac Financial Corporation
Bank First National Corporation	Middlefield Banc Corp.
LCNB Corp.	Limestone Bancorp, Inc.
BankFinancial Corporation	First Savings Financial Group, Inc.
County Bancorp, Inc.	Ohio Valley Banc Corp.

The analysis compared publicly available financial information for Bridgeview with the corresponding data for the Bridgeview Selected Peer Group as of or for the twelve months ended September 30, 2018 (unless otherwise indicated), with pricing data as of November 28, 2018. The table below sets forth the data for Bridgeview and the high, low, mean, and median data for the Bridgeview Selected Peer Group.

Bridgeview Selected Peer Group Analysis

	Bridgeview	Bridgeview Selected Peer Group High	Bridgeview Selected Peer Group Low	Bridgeview Selected Peer Group Mean	Bridgeview Selected Peer Group Median
Total Assets ($ millions)	1,264	1,944	1,034	1,498	1,483
Loans / Deposits	87.8%	113.5%	71.7%	94.4%	96.5%
Non-Performing Assets(1) / Total Assets	1.31%	2.38%	0.04%	0.78%	0.62%
Tangible Common Equity / Tangible Assets	8.9%	12.5%	6.5%	9.5%	9.5%
Tier 1 Risk Based Capital Ratio	14.1%	16.7%	9.5%	13.2%	12.5%
Total Risk Based Capital Ratio	14.9%	17.4%	10.9%	14.2%	13.8%
YTD Return on Average Assets ("ROAA")(2)	0.87%	1.49%	0.59%	1.09%	1.05%
YTD Return on Average Tangible Common Equity ("ROATCE")(2)	9.8%	18.1%	7.4%	11.9%	11.6%
YTD Net Interest Margin	3.78%	4.37%	2.92%	3.69%	3.74%
YTD Efficiency Ratio	66.7%	74.0%	40.7%	62.1%	63.4%
Stock Price / Tangible Book Value		215%	105%	152%	149%
Stock Price / YTD Annualized Earnings Per Share		18.9x	9.6x	13.7x	13.3x
Stock Price / Mean Consensus Analyst 2019E Earnings Per Share		16.0x	10.0x	11.9x	11.8x
Stock Price / Mean Consensus Analyst 2020E Earnings Per Share		14.9x	9.1x	10.9x	10.5x
Current Dividend Yield		4.1%	0.0%	1.9%	2.0%
Market Capitalization ($ millions)		368	92	218	198

(1) Excluded restructured loans.

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(2) Bridgeview YTD earnings excludes $214,000 of net income related to Bridgeview's residential home mortgage business.

(3) Excludes non-interest income and non-interest expense related to Bridgeview's residential home mortgage business.

Sandler used publicly available information to perform a similar analysis for First Midwest by comparing selected financial information for First Midwest with a group of financial institutions selected by Sandler. The First Midwest Selected peer group included 20 United States financial institutions with securities publicly traded on major United States exchanges and assets between $12.5 billion and $20.0 billion (the "First Midwest Selected Peer Group"). The First Midwest Selected Peer Group consisted of the following companies:

First Hawaiian, Inc.	Bank of Hawaii Corporation
United Bankshares, Inc.	Cathay General Bancorp
Flagstar Bancorp, Inc.	Simmons First National Corp.
Old National Bancorp	Washington Federal, Inc.
Home BancShares, Inc.	Hope Bancorp, Inc.
South State Corporation	Union Bankshares Corporation
First Financial Bancorp.	First Interstate BancSystem, Inc.
Hilltop Holdings Inc.	Columbia Banking System, Inc.
Trustmark Corporation	Renasant Corporation
	WesBanco, Inc.

The analysis compared publicly available financial information for First Midwest with the corresponding data for the First Midwest Selected Peer Group as of or for the twelve months ended September 30, 2018 (unless otherwise indicated), with pricing data as of November 28, 2018. The table below sets forth the data for First Midwest and the high, low, mean, and median data for the First Midwest Selected Peer Group. Certain financial data prepared by Sandler, as referenced in the table presented below, may not correspond to the data presented in First Midwest's historical financial statements, as a result of the different periods, assumptions and methods used by Sandler to compute the financial data presented.

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First Midwest Selected Peer Group Analysis

	First Midwest	First Midwest Selected Peer Group High	First Midwest Selected Peer Group Low	First Midwest Selected Peer Group Mean	First Midwest Selected Peer Group Median
Total Assets ($ millions)	14,961	19,984	12,599	15,451	15,071
Loans / Deposits	95.9%	101.9%	68.9%	89.1%	90.2%
Non-Performing Assets(1) / Total Assets	0.51%	0.87%	0.06%	0.40%	0.33%
Tangible Common Equity / Tangible Assets	8.2%	12.0%	7.2%	9.1%	8.9%
Tier 1 Risk Based Capital Ratio	10.3%	17.4%	9.8%	12.6%	12.3%
Total Risk Based Capital Ratio	12.3%	17.9%	12.1%	14.0%	13.8%
YTD Return on Average Assets ("ROAA")	1.07%	2.11%	0.96%	1.30%	1.30%
YTD Return on Average Tangible Common Equity ("ROATCE")	14.0%	24.4%	8.1%	15.4%	15.5%
YTD Net Interest Margin	3.87%	4.45%	2.87%	3.68%	3.63%
YTD Efficiency Ratio	57.7%	87.5%	37.4%	56.5%	55.2%
Stock Price / Tangible Book Value	205%	273%	115%	205%	210%
Stock Price / YTD Annualized Earnings Per Share	15.4x	17.3x	10.3x	13.9x	14.5x
Stock Price / Mean Consensus Analyst 2019E Earnings Per Share	11.7x	17.3x	10.3x	13.9x	14.5x
Stock Price / Mean Consensus Analyst 2020E Earnings Per Share	11.0x	14.4x	9.2x	12.3x	12.3x
Current Dividend Yield	2.1%	3.8%	0.0%	2.1%	2.5%
Market Capitalization ($ millions)	2,472	3,684	1,656	2,619	1,654

(1) Excluded restructured loans.

Analysis of Precedent Transactions

Sandler reviewed a group of nationwide merger and acquisition transactions consisting of bank and thrift transactions announced between July 1, 2015 and November 28, 2018 with target company assets between $1.0 billion and $2.5 billion and target NPA / Assets greater than 1.00% (the "Nationwide Precedent Transactions").

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The Nationwide Precedent Transactions group was composed of the following transactions:

Acquiror	Target
Enterprise Financial Services	Trinity Capital Corp.
MidWestOne Financial Group Inc.	ATBancorp
WesBanco Inc.	Farmers Capital Bank Corp.
Renasant Corp.	Brand Group Holdings Inc.
TriCo Bancshares	FNB Bancorp
IBERIABANK Corp.	Gibraltar Private B&TC
CenterState Bank Corp.	HCBF Holding Co.
Berkshire Hills Bancorp Inc.	Commerce Bancshares Corp.
Veritex Holdings Inc.	Sovereign Bancshares Inc.
Simmons First National Corp.	Southwest Bancorp Inc.
Southern National Bancorp of Virginia, Inc.	Eastern Virginia Bankshares
Independent Bank Group Inc.	Carlile Bancshares Inc.
Access National Corp.	Middleburg Financial Corp.
First Midwest Bancorp Inc.	Standard Bancshares Inc.
Berkshire Hills Bancorp Inc.	First Choice Bank
WesBanco Inc.	Your Community Bankshares Inc.
Hampton Roads Bankshares Inc.	Xenith Bankshares Inc.
Old National Bancorp	Anchor BanCorp Wisconsin Inc.
Univest Corp. of Pennsylvania	Fox Chase Bancorp Inc.
Great Western Bancorp	HF Financial Corp.
Capital Bank Financial Corp.	CommunityOne Bancorp
Bank of the Ozarks Inc.	C1 Financial Inc.

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler reviewed the following transaction metrics: transaction price to last-twelve-months earnings per share, transaction price to book value per share, transaction price to tangible book value per share and core deposit premium (to the extent publicly available). Sandler compared the indicated

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transaction metrics for the merger to the high, low, mean and median metrics of the Nationwide Precedent Transactions.

	First Midwest / Bridgeview(1)	Nationwide Precedent Transactions High	Nationwide Precedent Transactions Low	Nationwide Precedent Transactions Mean	Nationwide Precedent Transactions Median
Transaction value / LTM earnings per share	17.5x(2)	54.2x	14.5x	25.9x	24.2x
Transaction value / Book value per share	134%	249%	99%	164%	155%
Transaction value / Tangible book value per share	134%	260%	110%	174%	166%
Core deposit premium	5.2%(3)	21.2%	1.5%	10.7%	9.9%

(1) Based on financial data as of September 30, 2018, $1.79 of cash per diluted share of Bridgeview common stock plus the 0.2767 exchange ratio applied to First Midwest's share price of $23.24 as of November 28, 2018.

(2) Bridgeview LTM earnings normalized for DTA write-down due to tax reform also excludes $5.5 million of one time expense due to the termination of Bridgeview's pension plan and $1.9 million of LTM net income of Bridgeview's residential home mortgage business.

(3) Core deposits exclude time deposit accounts with a balance of at least $100,000, $80 million of select Bridgeview identified deposit accounts and $109.7 million of flex deposits, which First Midwest management deemed non-core; core deposit premium of 4.1% with core deposits defined as total deposits, less time deposit accounts with a balance of at least $100,000.

Net Present Value Analyses

Sandler performed an analysis that estimated the net present value per share of Bridgeview common stock, assuming Bridgeview performed in accordance with internal financial projections for Bridgeview for the years ending December 31, 2018 through December 31, 2022, as provided by the senior management of Bridgeview. To approximate the terminal value of a share of Bridgeview common stock at December 31, 2022, Sandler applied price to 2022 earnings multiples ranging from 12.0x to 17.0x and multiples of December 31, 2022 tangible book value ranging from 120% to 170%. The terminal values were then discounted to present values using different discount rates ranging from 11.0% to 15.0%, which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Bridgeview common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of Bridgeview common stock of $4.35 to $7.16 when applying multiples of earnings per share and $6.09 to $10.04 when applying multiples of tangible book value per share.

Imputed Present Values per Share Based on Earnings Multiples:

Discount Rate	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x
11.0%	$ 5.05	$ 5.47	$ 5.90	$ 6.32	$ 6.74	$ 7.16
12.0%	4.86	5.27	5.68	6.08	6.49	6.89
13.0%	4.68	5.07	5.46	5.86	6.25	6.64
14.0%	4.51	4.89	5.26	5.64	6.02	6.39
15.0%	4.35	4.71	5.07	5.43	5.80	6.16

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Imputed Present Values per Share Based on Tangible Book Multiples

Discount Rate	120%	130%	140%	150%	160%	170%
11.0%	$ 7.08	$ 7.67	$ 8.26	$ 8.86	$ 9.45	$ 10.04
12.0%	6.82	7.39	7.96	8.52	9.09	9.66
13.0%	6.57	7.11	7.66	8.21	8.76	9.30
14.0%	6.33	6.85	7.38	7.91	8.43	8.96
15.0%	6.09	6.60	7.11	7.62	8.13	8.63

Sandler also considered and discussed with Bridgeview's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to earnings. To illustrate this impact, Sandler performed a similar analysis, assuming Bridgeview's earnings varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for Bridgeview common stock, applying the price to 2022 earnings multiples range of 12.0x to 17.0x referred to above and a discount rate of 12.68%.

Imputed Present Values per Share Based on Earnings Multiples

Annual Estimate Variance	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x
(15.0%)	$ 4.03	$ 4.37	$ 4.70	$ 5.04	$ 5.37	$ 5.71
(10.0%)	4.27	4.62	4.98	5.33	5.69	6.04
(5.0%)	4.50	4.88	5.25	5.63	6.01	6.38
0.0%	4.74	5.14	5.53	5.93	6.32	6.72
5.0%	4.98	5.39	5.81	6.22	6.64	7.05
10.0%	5.22	5.65	6.08	6.52	6.95	7.39
15.0%	5.45	5.91	6.36	6.82	7.27	7.72

Sandler also performed an analysis that estimated the net present value per share of First Midwest common stock, assuming that First Midwest performed in accordance with publicly available mean analyst earnings per share and dividend per share estimates for First Midwest for the years ending December 31, 2018, December 31, 2019 and December 31, 2020, as well as an estimated long-term earnings per share growth rate and dividend payout ratio for First Midwest for the years thereafter, as reviewed with the senior management of First Midwest. To approximate the terminal value of a share of First Midwest common stock at December 31, 2022, Sandler applied price to 2022 earnings multiples ranging from 12.0x to 17.0x and multiples of December 31, 2022 tangible book value ranging from 180% to 230%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0%, which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of First Midwest common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of First Midwest common stock of $18.69 to $29.96 when applying multiples of earnings per share and $21.63 to $31.58 when applying multiples of tangible book value per share.

Imputed Present Values per Share Based on Earnings Multiples:

Discount Rate	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x
9.0%	$ 21.67	$ 23.33	$ 24.99	$ 26.65	$ 28.31	$ 29.96
10.0%	20.87	22.47	24.06	25.66	27.25	28.85
11.0%	20.11	21.65	23.18	24.72	26.25	27.79
12.0%	19.38	20.86	22.34	23.82	25.29	26.77
13.0%	18.69	20.11	21.54	22.96	24.38	25.80

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Imputed Present Values per Share Based on Tangible Book Multiples

Discount Rate	180%	190%	200%	210%	220%	230%
9.0%	$ 25.10	$ 26.39	$ 27.69	$ 28.98	$ 30.28	$ 31.58
10.0%	24.17	25.41	26.66	27.91	29.15	30.40
11.0%	23.28	24.48	25.68	26.88	28.08	29.28
12.0%	22.43	23.59	24.74	25.90	27.05	28.21
13.0%	21.63	22.74	23.85	24.96	26.08	27.19

Sandler also considered and discussed with Bridgeview's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to earnings. To illustrate this impact, Sandler performed a similar analysis assuming First Midwest's earnings varied from 15% above estimates to 15% below estimates. This analysis resulted in the following range of per share values for First Midwest common stock, applying the price to 2022 earnings multiples range of 12.0x to 17.0x referred to above and a discount rate of 11.06%.

Imputed Present Values per Share Based on Earnings Multiples:

Annual Estimate Variance	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x
(15.0%)	$ 17.31	$ 18.61	$ 19.92	$ 21.22	$ 22.52	$ 23.82
(10.0%)	18.23	19.61	20.99	22.37	23.75	25.13
(5.0%)	19.15	20.61	22.06	23.52	24.97	26.43
0.0%	20.07	21.60	23.13	24.67	26.20	27.73
5.0%	20.99	22.60	24.21	25.81	27.42	29.03
10.0%	21.91	23.59	25.28	26.96	28.65	30.33
15.0%	22.83	24.59	26.35	28.11	29.87	31.64

Sandler noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis

Sandler analyzed certain potential *pro forma* effects of the merger on First Midwest, assuming the merger closed at the end of the fourth calendar quarter of 2018. Sandler utilized the following information and assumptions: (a) publicly available consensus mean analyst earnings per share and dividends per share estimates for First Midwest for the years ending December 31, 2018, December 31, 2019 and December 31, 2020, as well as an estimated long-term earnings per share and dividend payout ratio for First Midwest for the years thereafter, as reviewed with the senior management of First Midwest; (b) internal earnings per share projections for Bridgeview for the years ending December 31, 2018 through December 31, 2023, as provided by the senior management of Bridgeview; and (c) certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as reviewed with the senior management of First Midwest. The analysis indicated that the merger could be accretive to First Midwest's estimated earnings per share (excluding one-time transaction costs and expenses) from December 31, 2020 through December 31, 2023 and dilutive to First Midwest's estimated tangible book value per share at close and at December 31, 2019, December 31, 2020 and December 31, 2021 and accretive to First Midwest's estimated tangible book value per share at December 31, 2022 through December 31, 2023.

In connection with this analysis, Sandler considered and discussed with Bridgeview's board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the merger, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler's Relationship

Sandler is acting as Bridgeview's financial advisor in connection with the merger and will receive a fee for such services, which fee is contingent upon the closing of the merger. At the time of announcement of the merger, Sandler's fee was approximately $1.45 million. Sandler also received a $250,000 fee from Bridgeview for rendering its opinion, which opinion fee will be credited in full towards the transaction fee becoming payable to Sandler upon closing of the merger. Bridgeview has also agreed to indemnify Sandler against certain claims and liabilities arising out of Sandler's engagement and to reimburse Sandler for certain of its out-of-pocket expenses incurred in connection with Sandler's engagement.

Sandler did not provide any other investment banking services to Bridgeview in the two years preceding the date of its opinion; *provided*, *however*, subsequent to the announcement of the merger, Bridgeview engaged Sandler to act as introducing broker to help facilitate the sale of certain Bridgeview life insurance contracts. In the two years preceding the date of Sandler's opinion, Sandler provided certain investment banking services to First Midwest. Most recently, Sandler acted as financial advisor to First Midwest in connection with First Midwest's acquisition of Northern States Financial Corporation, which transaction closed in October 2018, and financial advisor to First Midwest in connection with First Midwest's acquisition of Standard Bancshares, Inc. which closed in January 2017. In addition, Sandler acted as book manager in connection with First Midwest's offer and sale of subordinated debt in September 2016. Sandler has advised Bridgeview that Sandler may provide, and receive compensation for, investment banking services to First Midwest in the future, including during the pendency of the merger. In the ordinary course of Sandler's business as a broker-dealer, Sandler may purchase securities from and sell securities to Bridgeview, First Midwest and their respective affiliates. Sandler may also actively trade the equity and debt securities of First Midwest and its affiliates for Sandler's own account and for the accounts of Sandler's customers.

Material Federal Income Tax Consequences of the Merger

The following discussion addresses the material United States federal income tax consequences of the merger to U.S. holders (as defined below) of Bridgeview common stock. The discussion is based on the provisions of the Code, its legislative history, U.S. Treasury regulations, administrative rulings and judicial decisions, all as currently in effect as of the date hereof and all of which are subject to change (possibly with retroactive effect) and all of which are subject to differing interpretations. Tax considerations under foreign, state or local laws, or any federal laws other than those pertaining to income tax, are not addressed in this proxy statement/prospectus.

For purposes of this discussion, we use the term "U.S. holder" to mean a beneficial owner that is:

- an individual citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for United States federal income tax purposes) created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (i) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate that is subject to United States federal income taxation on its income regardless of its source.

This discussion applies only to Bridgeview stockholders that hold their Bridgeview common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment), and does not address all aspects of United States federal taxation that may be relevant to

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a particular U.S. holder in light of its individual circumstances or to U.S. holders subject to special treatment under the United States federal income tax laws, including:

- financial institutions;
- qualified insurance plans;
- qualified retirement plans and individual retirement accounts;
- S corporations or other pass-through entities (or entities or arrangements classified as pass-through entities for U.S. federal income tax purposes), or investors in pass-through entities;
- persons liable for the alternative minimum tax;
- insurance companies;
- mutual funds;
- tax-exempt organizations;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting;
- persons that hold Bridgeview common stock as part of a straddle, hedge, constructive sale or conversion transaction or other integrated transaction;
- persons with "applicable financial statements" within the meaning of Section 451(b) of the Code;
- regulated investment companies;
- real estate investment trusts;
- persons whose "functional currency" is not the U.S. dollar; and
- stockholders who acquired their shares of Bridgeview common stock through the exercise of an employee stock option, as a restricted stock award, or otherwise as compensation.

If a partnership or other entity taxed as a partnership holds Bridgeview common stock, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partner and partnership. Partnerships and partners in such a partnership should consult their tax advisors about the tax consequences of the merger to them.

The parties intend for the merger to be treated as a "reorganization" for U.S. federal income tax purposes. It is a condition to Bridgeview's obligation to complete the merger that Bridgeview receives a written opinion of its counsel, Vedder Price, dated as of the closing date, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to First Midwest's obligation to complete the merger that First Midwest receives an opinion of its counsel, Chapman and Cutler, dated as of the closing date, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. These opinions will be based on the assumption that the merger will be completed in the manner set forth in the merger agreement and the registration statement on Form S-4 of which this proxy statement/prospectus is a part, and on representation letters provided by First Midwest and Bridgeview to be delivered at the time of the closing. Those opinions will also be based on the assumption that the representations found in the representation letters are, as of the effective time, true and complete without qualification and that the representation letters are executed by appropriate and authorized officers of First Midwest and Bridgeview. If any of the assumptions or representations upon which such opinions are based is inconsistent with the actual facts with respect to the merger, the United States federal income tax consequences of the merger could be adversely affected.

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In addition, neither of the tax opinions given in connection with the merger or in connection with the filing of the registration statement on Form S-4 of which this proxy statement/prospectus is a part will be binding on the Internal Revenue Service or any court. Neither First Midwest nor Bridgeview has sought or intends to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger, and consequently, there is no guarantee that the Internal Revenue Service will treat the merger as a "reorganization" within the meaning of Section 368(a) of the Code or that a court would not sustain a position to the contrary to any of the positions set forth herein.

The actual tax consequences of the merger to you may be complex and will depend on your specific situation and on factors that are not within our control. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including without limitation the applicability and effect of the 3.8% Medicare tax on unearned income, the alternative minimum tax and any state, local or foreign and other tax laws and of any changes in those laws.

Federal Income Tax Consequences of the Merger. Based upon the facts and representations contained in the representation letters received from First Midwest and Bridgeview in connection with the filing of the registration statement on Form S-4 of which this proxy statement/prospectus is a part, it is the opinion of Chapman and Cutler and Vedder Price that for United States federal income tax purposes, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code.

By virtue of qualifying as a reorganization, the material U.S. federal income tax consequences of the merger will be as follows:

- No gain or loss will be recognized by Bridgeview as a result of the merger;

- Gain (but not loss) may be recognized by U.S. common stockholders of Bridgeview who receive First Midwest common stock and cash in exchange for common stock of Bridgeview pursuant to the merger, in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of the First Midwest common stock and cash received by a U.S. common stockholder of Bridgeview exceeds such U.S. holder's basis in its Bridgeview common stock and (ii) the amount of cash received by such U.S. holder of Bridgeview common stock (in each case, excluding any cash received instead of fractional share interests in First Midwest common stock which is discussed below under "Cash Received In Lieu of a Fractional Share");

- The basis of First Midwest common stock received by Bridgeview stockholders in connection with the merger will, in the aggregate, be the same as the basis, in the aggregate, of Bridgeview stock surrendered by such Bridgeview stockholder in the merger, decreased by the amount of cash received in the merger (other than cash received instead of fractional share interests in First Midwest common stock), and increased by any gain recognized by the stockholder in the merger, other than with respect to cash received instead of fractional share interests in First Midwest common stock (regardless of whether such gain is classified as capital gain or as dividend income);

- The holding period of First Midwest common stock received by a Bridgeview stockholder will be determined by including such stockholder's holding period for Bridgeview common stock exchanged therefor, provided that such stock was held by such stockholder as a capital asset at the time of the exchange;

- First Midwest will not recognize gain or loss as a result of the merger of Bridgeview with and into First Midwest;

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The basis of the assets of Bridgeview transferred to First Midwest in the merger will be the same in the hands of First Midwest as the basis of such assets in the hands of Bridgeview immediately prior to the transfer;

The holding periods of the assets of Bridgeview transferred to First Midwest in the merger in the hands of First Midwest will include the periods during which such assets were held by Bridgeview; and

First Midwest will succeed to and take into account the items of Bridgeview described in Code Section 381(c), including net operating losses and earnings and profits, subject to certain conditions and limitations.

If a U.S. holder of Bridgeview common stock acquired different blocks of shares of Bridgeview common stock at different times or at different prices, such holder's basis and holding period may be determined with reference to each block of Bridgeview common stock. A loss realized on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares, but a U.S. holder will generally be able to reduce its capital gains by other recognized capital losses in determining its income tax liability. Any such holders should consult their tax advisors regarding the manner in which First Midwest common stock received in the exchange should be allocated among different blocks of Bridgeview common stock and with respect to identifying the bases or holding periods of the particular shares of First Midwest common stock received in the merger.

In some cases, if a U.S. holder of Bridgeview common stock actually or constructively owns First Midwest common stock other than First Midwest common stock received pursuant to the merger, gain recognized pursuant to the merger could be treated as having the effect of a distribution of a dividend under the tests set forth in Section 302 of the Code, in which case such gain would be treated as dividend income. Because the possibility of dividend treatment depends upon each holder's particular circumstances, including the application of constructive ownership rules, holders of Bridgeview common stock should consult their own tax advisors regarding the application of the foregoing rules to their particular circumstances.

Cash Received In Lieu of a Fractional Share. A U.S. holder of Bridgeview common stock who receives cash in lieu of a fractional share of First Midwest common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by First Midwest. As a result, such U.S. holder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, such U.S. holder's holding period for such shares is greater than one year. For U.S. holders of Bridgeview common stock that are non-corporate holders, long-term capital gain generally will be taxed at a U.S. federal income tax rate that is lower than the rate for ordinary income or for short-term capital gains. The deductibility of capital losses is subject to limitations. See the above discussion regarding blocks of stock that were purchased at different times or at different prices.

Medicare Tax on Unearned Income. In addition, net investment income of certain high-income individual taxpayers may also be subject to an additional 3.8% tax (i.e., the net investment income tax) on the lesser of (i) his or her net investment income for the relevant taxable year or (ii) the excess of his or her modified adjusted gross income for the taxable year over a certain threshold (between $125,000 and $250,000 depending on the individual's U.S. federal income tax filing status). A similar regime applies to estates and trust. Net investment income generally would include any capital gain (or dividend income) realized in connection with a merger.

Backup Withholding and Information Reporting. Payments of cash to a U.S. holder of Bridgeview common stock pursuant to the merger are subject to information reporting and may, under certain

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circumstances, be subject to backup withholding, unless such stockholder provides First Midwest with its taxpayer identification number and otherwise complies with the backup withholding rules. Any amounts withheld from payments to a U.S. holder of Bridgeview common stock under the backup withholding rules are not additional tax and generally will be allowed as a refund or credit against such U.S. holder's federal income tax liability; provided that such U.S. holder timely furnishes the required information to the Internal Revenue Service.

A U.S. holder of Bridgeview common stock who receives First Midwest common stock as a result of the merger will be required to retain records pertaining to the merger. Each U.S. holder of Bridgeview common stock who is required to file a U.S. federal income tax return and who is a "significant holder" that receives First Midwest common stock in the merger will be required to file a statement with such U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3 setting forth information regarding the parties to the merger, the date of the merger, such holder's basis in the Bridgeview common stock surrendered and the fair market value of First Midwest common stock and cash received in the merger. A "significant holder" is a holder of Bridgeview common stock who, immediately before the merger, owned at least 1% of the outstanding stock of Bridgeview (by vote or value) or held securities of Bridgeview with a basis for federal income tax purposes of at least $1 million.

Tax Implications to Non-U.S. Stockholders. For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner of Bridgeview common stock (other than an entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. holder. The rules governing the U.S. federal income taxation of non-U.S. holders are complex, and no attempt will be made herein to provide more than a limited summary of those rules. Any gain a non-U.S. holder recognizes from the exchange of Bridgeview common stock for First Midwest common stock and cash in the merger generally will not be subject to U.S. federal income taxation unless (i) the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States, or (ii) in the case of a non-U.S. holder who is an individual, such stockholder is present in the United States for 183 days or more in the taxable year of the sale and other conditions are met. Non-U.S. holders described in (i) above will be subject to tax on gain recognized at applicable U.S. federal income tax rates and, in addition, non-U.S. holders that are corporations (or treated as corporations for U.S. federal income tax purposes) may be subject to a branch profits tax equal to 30% (or a lesser rate under an applicable income tax treaty) on their effectively connected earnings and profits for the taxable year, which would include such gain. Non-U.S. holders described in (ii) above will be subject to a flat 30% tax on any gain recognized, which may be eliminated or reduced by an applicable treaty or offset by U.S. source capital losses.

Foreign Account Tax Compliance Act

Under Sections 1471 and 1474 of the Code, commonly referred to as the Foreign Account Tax Compliance Act ("FACTA"), a holder of Bridgeview common stock could be subject to a 30% U.S. withholding tax on gross proceeds from its exchange of stock for cash received (if any) pursuant to the merger if it holds its stock through a foreign financial institution that has not entered into an agreement with the U.S. government to report certain information regarding accounts with or interests in the institution held by certain United States persons and by certain non-U.S. entities that are wholly or partially owned by United States persons, or that has been designated as a "nonparticipating foreign financial institution" if it is subject to an intergovernmental agreement between the United States and a foreign country, or if other conditions are met. The adoption of, or implementation of, an intergovernmental agreement between the United States and an applicable foreign country, or future U.S. Treasury regulations, may modify these requirements. Holders of Bridgeview common stock should consult their own tax advisors on how these rules may apply to cash payments (if any) made in exchange for their stock pursuant to the merger in light of their own individual circumstances.

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The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, you are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the merger, including without limitation tax return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of any proposed changes in the tax laws, including without limitation the applicability and effect of the 3.8% Medicare tax on unearned income, the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Accounting Treatment

First Midwest will account for the merger as a purchase by First Midwest of Bridgeview under GAAP. Under the purchase method of accounting, the total consideration paid in connection with the merger is allocated among Bridgeview's assets, liabilities and identified intangibles based on the fair values of the assets acquired, the liabilities assumed and the identified intangibles. The difference between the total consideration paid in connection with the merger and the fair values of the assets acquired, the liabilities assumed and the identified intangibles, if any, is allocated to goodwill. The results of operations of Bridgeview will be included in First Midwest's results of operations from the date of acquisition.

Interests of Certain Persons in the Merger

General

In considering the recommendations of Bridgeview's board of directors with respect to the merger, you should be aware that certain directors and executive officers of Bridgeview have agreements or arrangements that provide them with interests in the merger, including financial interests, that may be different from, or in addition to, the interests of the other stockholders of Bridgeview. Bridgeview's board of directors was aware of these interests during its deliberations of the merits of the merger and in determining to recommend that holders of Bridgeview voting common stock vote in favor of the merger proposal (and thereby approve the transactions contemplated by the merger agreement, including the merger). These interests are described in more detail below, and certain of them are quantified in the narrative below.

Stock Ownership

As of February 14, 2019, Bridgeview's directors and executive officers and their affiliates held approximately 3,477,205 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding restricted Bridgeview voting common stock), representing approximately 33% of the outstanding shares of Bridgeview voting common stock. For more information, see "Security Ownership of Certain Bridgeview Beneficial Owners and Management."

Treatment of Bridgeview Restricted Stock Awards

To the extent a director or executive officer of Bridgeview holds unvested restricted stock awards, at the effective time of the merger, such awards will become fully earned and vested per the terms of the Bridgeview Stock Plan and the award agreements issued thereunder, and the shares of Bridgeview voting common stock subject to such awards, will be converted to First Midwest voting common stock plus the cash consideration as discussed in the below section titled "The Merger Agreement Merger Consideration," subject to any required withholding tax. As of the date of the merger agreement, only Thomas P. Haleas, who serves as Bridgeview's Executive Vice President, held unvested Bridgeview restricted stock under the Plan, in the amount of 8,334 shares of unvested restricted stock. Upon the effective time of the merger, Thomas P. Haleas will vest in all such 8,334 shares of restricted stock.

Based on the closing price per share of First Midwest common stock of $ as of , 2019, the latest practicable date before the date of this proxy statement/prospectus, multiplied by the exchange ratio of 0.2767, as a result of the exchange of his Bridgeview unvested restricted stock holdings as of the Bridgeview record date that vest upon the effective time of the merger, it is estimated that Thomas P. Haleas would receive First Midwest common stock equal to a net cash value of approximately $ plus cash consideration equal to approximately $ (assuming no adjustments to the cash consideration), prior to any applicable tax withholdings.

Treatment of Bridgeview Stock Option Awards

To the extent a director or executive officer of Bridgeview holds vested or unvested stock option awards, at the effective time of the merger, such awards will, upon execution of an option cancellation agreement by such option holder, be cancelled and converted into the right to receive a lump sum cash payment in an amount equivalent to the merger consideration per share of Bridgeview common stock underlying the option awards less the exercise price for such options, subject to any required withholding tax. As of February 14, 2019, directors and executive officers of Bridgeview and Bridgeview Bank, as a group, held vested and unvested option awards relating to 2,709,498 shares of Bridgeview voting common stock under the Bridgeview Stock Plan. William L. Conaghan, who serves as the President and Chief Executive Officer of Bridgeview and Bridgeview Bank, held vested option awards relating to 509,221 shares of Bridgeview voting common stock, Thomas P. Haleas, who serves as the Executive Vice President of Bridgeview and Bridgeview Bank, holds vested option awards relating to 1,176,386 shares of Bridgeview voting common stock and unvested option awards relating to 653,550 shares of Bridgeview voting common stock (or collectively, vested and unvested option awards relating to 1,829,836 shares of Bridgeview voting common stock), Bryan Griffin, who serves as the Senior Vice President of Bridgeview Bank, holds vested option awards relating to 185,171 shares of Bridgeview voting common stock, and Nicolas S. Mando, who serves as the Chief Operating Officer of Bridgeview and Bridgeview Bank, holds vested option awards relating to 92,585 shares of Bridgeview voting common stock. Upon the effective time of the merger, Thomas P. Haleas will vest in option awards relating to 653,550 shares of Bridgeview voting common stock. Based on the closing price per share of First Midwest common stock of $ as of , 2019 , the latest practicable date before the date of this proxy statement/prospectus, multiplied by the exchange ratio of 0.2767 plus $1.79 of cash consideration (assuming no adjustments), it is estimated that William L. Conaghan, Thomas P. Haleas, Bryan Griffin and Nicolas S. Mando would receive, as soon as reasonably practicable following the effective time of the merger, a cash payment in an amount equal to approximately $, $, $ and $, respectively, prior to any applicable tax withholdings, in exchange for the stock option awards.

Employment Agreements

Bridgeview is party to employment agreements with each of Peter J. Haleas, William L. Conaghan, Bryan Griffin and Thomas P. Haleas (whom we will refer to both individually and collectively as "senior executives"). The employment agreements provide for certain severance benefits in the event the senior executive's employment is terminated by Bridgeview without just cause or by the senior executive for good reason. Good reason includes a reduction in base salary; a material reduction in target bonus opportunity other than an across-the-board reduction ordered by an applicable regulator of Bridgeview; the assignment of duties inconsistent with the senior executive's position, duties, responsibilities or authority; or a requirement for the senior executive to relocate to an office more than 15 miles from the senior executive's current office location. In the event the merger is consummated and the senior executive's employment is terminated, among other benefits, the senior executive would be entitled to severance as follows: in the case of Peter J. Haleas, assuming a closing of the merger on April 1, 2019, an amount of cash equal to approximately $1,225,000 *plus* a minimum bonus of approximately $22,200 (equal to twenty percent (20%) of his annual bonus opportunity), in the case of William L. Conaghan,

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assuming a closing of the merger on April 1, 2019, an amount in cash equal to approximately $921,000 *plus* a minimum bonus of approximately $21,000 (equal to twenty percent (20%) of his annual bonus opportunity). Thomas P. Haleas will receive an amount of cash equal to $100,000 and title to the car utilized by him while employed by Bridgeview. Such individuals will also be eligible to receive reimbursement for COBRA continuation coverage. There is no severance payment due Bryan Griffin under his employment agreement in the event the merger is consummated.

Thomas P. Haleas's employment will be terminated effective as of the merger, and pursuant to his employment agreement with Bridgeview (as amended), he will receive the severance and benefits described above. In the event that Gerry Pfeiffer is terminated, he is not entitled to any severance payment, but would, in any event, receive the change in control payment described below.

Subsequent to the execution of the merger agreement, Peter J. Haleas, William L. Conaghan and Bryan Griffin agreed to become employees of First Midwest and entered into offer letters for employment with First Midwest setting forth the terms and conditions of employment with First Midwest Bank following the merger, in addition to a new confidentiality and restrictive covenants agreement. The terms and conditions of the offer letters include an annualized base salary amount of $225,000 for each of Peter J. Haleas and William L. Conaghan beginning on the first business day following the effectiveness of the merger through December 31, 2019 and an annualized base salary amount of $240,000 for Bryan Griffin. With respect to Peter J. Haleas and William L. Conaghan, in addition and in recognition of their agreement to enter into a new confidentiality and restrictive covenants agreement, as a retention incentive, and in lieu of a cash payment, the offer letter with First Midwest provides for receipt of title to the car utilized by them while employed by Bridgeview. With respect to Bryan Griffin, in addition to and in recognition of his agreement to enter into a new confidentiality and restrictive covenants agreement, as a retention incentive, he will be eligible to receive a one-time bonus of $80,000 payable in cash in two installments, with $40,000 being paid 60 days after commencing employment and $40,000 being paid one year after commencing employment. Bryan Griffin's offer letter also provides that under the terms of his employment with First Midwest he continues to be entitled to the change in control payment described below. The offer letters for Peter J. Haleas and William L. Conaghan provide that upon termination of their employment with First Midwest, they will receive the severance payments and benefits described above. Their change in control payments will be paid at the time of the change in control as described below. First Midwest may determine to enter into additional employment arrangements with executive officers of Bridgeview that would be effective upon completion of the merger.

Change in Control Agreements

Bridgeview is party to change in control agreements with the change in control senior executives. In the event the merger is consummated it will constitute a change of control under these change in control agreements. In the event of a change in control, the change in control senior executives would be entitled to receive, $500,000, in the case of Peter J. Haleas and William L. Conaghan, $650,000 in the case of Gerald E. Pfeiffer, $550,000 in the case of Bryan Griffin, and $570,000 in the case of Nicolas S. Mando, in each case prior to any applicable tax withholdings. In the case of Bryan Griffin and Nicolas S. Mando, the payment will be made one year after the change in control, *provided* that should Bryan Griffin or Nicolas S. Mando be terminated without cause within one year after the change in control, the payment to Bryan Griffin will still be made one year after the change in control and the payment to Nicolas S. Mando will be made on the date of termination. In the case of the other executives, the payment will be made at the time of the change in control.

Involvement of Sandler as Financial Advisor

Bridgeview retained Sandler to serve as its financial advisor in connection with the merger with First Midwest. Pursuant to the engagement letter entered into between Bridgeview and Sandler, as compensation for the latter's financial advisory services provided to Bridgeview, Bridgeview agreed to pay a success fee equal to one percent (1.0%) of the aggregate purchase price, as defined in the engagement letter. The success fee has the potential to increase on a graduated basis should there be an increase in the value of the merger consideration. Under this formula, the maximum success fee would be 1.45% of the aggregate purchase price in the event the price per share equals or exceeds $11.10 per share.

Indemnification and Insurance

The merger agreement provides that, upon completion of the merger, First Midwest will indemnify, defend and hold harmless the directors and officers of Bridgeview (when acting in such capacity) against all costs and liabilities arising out of actions or omissions occurring at or before the completion of the merger, in accordance with Bridgeview's certificate of incorporation, as amended, and by-laws, to the extent permitted by law.

The merger agreement also provides that for a period of six years after the merger is completed, First Midwest will maintain directors' and officers' liability insurance that provides at least the same coverage and amounts, and contains terms and conditions no less advantageous, as that portion of coverage currently provided by Bridgeview that serves to reimburse the present and former officers and directors of Bridgeview with respect to claims against such directors and officers arising from facts or events which occurred before the completion of the merger, provided that the total premium therefor is not in excess of 200% of the last annual premium paid prior to the date of the merger agreement.

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THE MERGER AGREEMENT

The following discussion describes the material provisions of the merger agreement. We urge you to read the merger agreement, which is attached as Appendix A and incorporated by reference in this proxy statement/prospectus, carefully and in its entirety. The description of the merger agreement in this proxy statement/prospectus has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties made by and to the parties thereto as of specific dates. The statements embodied in those representations and warranties were made for purposes of that contract between the parties and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of that contract. In addition, certain representations and warranties were made as of a specified date, may be subject to a contractual standard of materiality different from those generally applicable to stockholders, or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts.

Structure

Subject to the terms and conditions of the merger agreement, Bridgeview will merge with and into First Midwest, with First Midwest being the surviving company. As a result, the separate existence of Bridgeview will terminate. Following the merger at such time as First Midwest may determine, Bridgeview Bank will merge with and into First Midwest Bank. First Midwest Bank will be the surviving bank and will continue its corporate existence as a commercial bank organized under the laws of the State of Illinois.

Merger Consideration

Upon completion of the merger, each holder of shares of Bridgeview common stock will receive the merger consideration, consisting of a number of shares of First Midwest common stock plus the cash consideration in exchange for each share of Bridgeview common stock held immediately prior to the completion of the merger.

The exchange ratio of 0.2767 is not subject to adjustment but the value of the First Midwest common stock to be received by stockholders of Bridgeview common stock in the merger will fluctuate based on the trading price of First Midwest common stock. The trading price of First Midwest common stock may fluctuate as a result of a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are outside our control. Accordingly, at the time of the Bridgeview special meeting, Bridgeview stockholders will not know or be able to calculate the value of First Midwest common stock that they will receive upon completion of the merger.

The cash consideration of $1.79 per share of Bridgeview common stock is subject to potential increases or decreases based on the occurrence of certain events as provided in the merger agreement. These events and the corresponding adjustments are summarized as follows:

- if any of the specified leases related to Bridgeview's residential home mortgage business have not been disposed of as of February 28, 2019, the aggregate cash consideration will be reduced by a multiple of the remaining amounts payable under such leases, depending on the number of leases that remain as follows:
  - if one lease has not been disposed of, the cash consideration will be reduced by one and one-half the remaining amount payable under such lease;
  - if two or more leases have not been disposed of, the cash consideration will be reduced by three times the aggregate remaining amounts payable under such leases;

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if any of the specified contracts related to Bridgeview's residential home mortgage business have not been disposed of as of February 28, 2019, the aggregate cash consideration will be reduced by an amount equal to three times of the remaining amounts payable by Bridgeview under such contracts;

if there is any outstanding principal balance under any mortgage loans related to Bridgeview's residential home mortgage business remaining as of March 1, 2019 that in the aggregate exceeds $500,000, the aggregate cash consideration will be reduced by: (i) an amount equal to the aggregate outstanding principal balance of any mortgage loans related to Bridgeview's residential home mortgage business that remain if the aggregate outstanding principal balance of any mortgage loans related to Bridgeview's residential home mortgage business that remain is greater than $500,000 but less than $1,000,000 (ii) $1,000,000 if the aggregate outstanding principal balance of any mortgage loans related to Bridgeview's residential home mortgage business that remain is greater than $1,000,000 but less than $5,000,000 and (iii) 20% of the outstanding principal loan balances of any mortgage loans related to Bridgeview's residential home mortgage business that remain if the aggregate outstanding principal balance of any mortgage loans related to Bridgeview's residential home mortgage business that remain is greater than $5,000,000;

if Bridgeview sells the identified real property prior to the completion of the merger, the cash consideration will be adjusted as follows:

if the net sale price is less than the agreed upon price set forth in the merger agreement, the aggregate cash consideration will be reduced by an amount equal to $150,000, plus the difference between the agreed upon price set forth in the merger agreement and the net sales price of the property;

if the net sale price is equal to the agreed upon price set forth in the merger agreement, the aggregate cash consideration will be reduced by $150,000;

if the net sale price is greater than the agreed upon price set forth in the merger agreement, but less than the agreed upon price set forth in the merger agreement, the aggregate cash consideration will be reduced by $150,000 minus the difference between the sale price and the agreed upon price set forth in the merger agreement;

if the net sale price is greater than the agreed upon price set forth in the merger agreement, the aggregate cash consideration will be increased by the difference between the net sale price and the agreed upon price set forth in the merger agreement;

if Bridgeview fails to sell the identified real property prior to the closing, the aggregate cash consideration will be reduced by $3,000,000 ($0.15 per share of Bridgeview common stock);

if Bridgeview sells any of the life insurance contracts identified in the merger agreement prior to March 31, 2019, the cash consideration may be increased or decreased based on whether the life insurance contract is sold for greater or less than its book value determined pursuant to the merger agreement; *however,* if Bridgeview fails to sell any of the life insurance contracts identified in the merger agreement prior to January 15, 2019, an independent insurance consultant will be engaged to solicit three bids for each of the unsold life insurance contracts; thereafter, if Bridgeview fails to sell any of the life insurance contracts identified in the merger agreement prior to February 28, 2019, Bridgeview and First Midwest will cause the independent insurance consultant to promptly solicit and obtain, prior to March 31, 2019, bids to purchase each unsold life insurance contract from three potential *bona fide* buyers and the cash consideration will be increased or decreased based on whether the median of the three bids is greater or less than the book value determined pursuant to the merger agreement for the applicable life insurance contract; *provided, however*, that if any life insurance contract is sold

after March 31, 2019 but prior to the completion of the merger, for the purposes adjusting the cash consideration, it will be treated as if it were sold prior to March 31, 2019 and the cash consideration will be adjusted in accordance with first clause of this bullet point;

- if Bridgeview sells or otherwise disposes of the identified assets, the cash consideration will be increased or decreased by the difference between the proceeds of the disposition and the assumed value of each asset as determined pursuant to the merger agreement;

- if certain environmental conditions and/or title defects exist with respect to Bridgeview's real property and the total cost to remediate and/or cure such conditions or defects is greater than $100,000, the cash received by the holders of Bridgeview common stock in connection with the merger will be reduced by such cost in excess of $100,000 up to an aggregate amount of $4,000,000 ($0.20 per share of Bridgeview common stock). If such cost cost in excess of $100,000 exceeds $4,000,000, First Midwest may terminate the merger agreement or reduce the aggregate cash component of the consideration by $4,000,000 and, subject to the satisfaction of all other conditions, proceed to the closing of the merger; and

- if Bridgeview's adjusted tangible common equity as of its December 31, 2018 fiscal year-end is different than the minimum year-end adjusted tangible common equity identified in the merger agreement, the aggregate cash consideration will be increased or decreased as follows:

  - if the year-end adjusted tangible common equity is greater than $116,958,159, the aggregate cash consideration will be increased by such difference;

  - if the year-end adjusted tangible common equity is less than $116,958,159, the aggregate cash consideration will be decreased by such difference up to a maximum decrease of $9,558,159, or up to a maximum decrease of $0.48 per share of Bridgeview common stock.

Due to the fact that certain of these adjustments may not be determinable prior to the date of the Bridgeview special meeting, at the time of the vote on the merger proposal at the Bridgeview special meeting, holders of Bridgeview common stock may not know the amount of cash consideration they will receive as part of the merger consideration. Based on information available as of the date of this proxy statement/prospectus, the range of the adjustments to the cash consideration of $1.79 per share of Bridgeview common stock is reasonably expected to be from no adjustment to the cash consideration to a decrease of $0.   per share of Bridgeview common stock.

All unvested Bridgeview restricted stock awards outstanding immediately prior to the merger will become fully vested upon completion of the merger, and the holders thereof will be entitled to receive the same merger consideration for the shares of Bridgeview common stock subject to such awards as all other holders of Bridgeview common stock. Additionally, Bridgeview will take all actions necessary to cause the holders of options for Bridgeview common stock to execute agreements prior to the merger to cancel such options in exchange for a lump sum cash payment.

Conversion of Shares; Exchange of Certificates; Fractional Shares

Conversion. The conversion of Bridgeview common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger.

Exchange Procedures. Prior to the completion of the merger, First Midwest will deposit with its transfer agent or with a depository or trust institution of recognized standing selected by it and reasonably satisfactory to Bridgeview, which we refer to as the "exchange agent," (i) certificates or, at First Midwest's option, evidence of shares in book-entry form, representing the shares of First Midwest common stock to be issued under the merger agreement and (ii) cash payable as part of the merger consideration in lieu of any fractional shares of First Midwest common stock to be issued under the merger agreement. As promptly as reasonably practicable after the effective time of the merger, the exchange agent will provide you with instructions in order to exchange your certificates representing shares of Bridgeview common stock for the merger consideration to be received in the merger pursuant to the terms of the merger agreement. No interest will accrue or be paid with respect to any First Midwest common stock or cash to be delivered upon surrender of Bridgeview stock certificates.

If any First Midwest stock certificate is to be issued, or cash payment made, in a name other than that in which the Bridgeview stock certificate surrendered in exchange for the merger consideration is registered, the Bridgeview stock certificate must be properly endorsed or accompanied by an appropriate instruments of transfer, as applicable, and the person requesting the exchange must pay any transfer or other taxes required by reason of the issuance of the new First Midwest certificate or the payment of the cash consideration in a name other than that of the registered holder of the Bridgeview stock certificate surrendered, or must establish to the satisfaction of First Midwest and the exchange agent that any such taxes have been paid or are not applicable.

Dividends and Distributions. Until your Bridgeview common stock is surrendered for exchange, any dividends or other distributions declared after the effective time with respect to First Midwest common stock into which shares of Bridgeview common stock may have been converted will accrue but will not be paid. When such Bridgeview common stock has been duly surrendered, First Midwest will pay any unpaid dividends or other distributions, without interest. After the effective time, there will be no transfers on the stock transfer books of Bridgeview of any shares of Bridgeview common stock. If shares of Bridgeview common stock are presented for transfer after the completion of the merger, they will be cancelled and exchanged for the merger consideration into which the shares of Bridgeview common stock have been converted.

Withholding. The exchange agent will be entitled to deduct and withhold from the merger consideration payable to any Bridgeview stockholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes as having been paid to the stockholders from whom they were withheld.

No Fractional Shares Will Be Issued. First Midwest will not issue fractional shares of First Midwest common stock in the merger. There will be no dividends or distributions with respect to any fractional shares of First Midwest common stock or any voting or other rights with respect to any fractional shares of First Midwest common stock. Instead of fractional shares of First Midwest common stock, First Midwest will pay to each Bridgeview stockholder an amount in cash for any fractional shares based on the per share volume weighted average price of the First Midwest common stock on Nasdaq from 9:30 a.m. to 4:00 p.m., Eastern Time, on the trading day immediately preceding the day on which the merger occurs.

Lost, Stolen or Destroyed Bridgeview Common Stock Certificates. If you have lost a certificate representing Bridgeview common stock, or it has been stolen or destroyed, First Midwest will issue to you the First Midwest common stock or cash in lieu of fractional shares payable under the merger agreement if you submit an affidavit of that fact and, if requested by First Midwest, if you post bond in a customary amount as indemnity against any claim that may be made against First Midwest about ownership of the lost, stolen or destroyed certificate.

For a description of First Midwest common stock and a description of the differences between the rights of Bridgeview stockholders and First Midwest stockholders, see "Description of First Midwest Capital Stock" and "Comparison of Stockholder Rights."

Effective Time

We plan to complete the merger on a business day designated by First Midwest, and consented to by Bridgeview, that is within 30 days after the satisfaction or waiver of the last remaining conditions to

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the merger, other than those conditions that by their nature are to be satisfied at the closing, but subject to the fulfillment or waiver of those conditions. The time the merger is completed is the effective time of the merger. See "Conditions to Completion of the Merger."

We anticipate that we will complete the merger during the second quarter of 2019. However, completion could be delayed if there is a delay in obtaining the necessary regulatory approvals or for other reasons. There can be no assurances as to if or when these approvals will be obtained or as to whether or when the merger will be completed. If we do not complete the merger by December 6, 2019, either party may terminate the merger agreement without penalty, unless the failure to complete the merger by this date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations under the merger agreement. See "Conditions to Completion of the Merger" and "Regulatory Approvals Required for the Mergers."

Representations and Warranties

The merger agreement contains representations and warranties of First Midwest and Bridgeview, to each other, as to, among other things:

- the corporate organization and existence of each party and its subsidiaries and the valid ownership of its significant subsidiaries;
- the capitalization of each party;
- the authority of each party and its subsidiaries to enter into the merger agreement (and any other agreement contemplated thereby) and the enforceability of the merger agreement against each party;
- governmental approvals and other consents and approvals required in connection with the merger;
- the fact that the merger agreement does not violate or breach the certificate of incorporation and by-laws of each party, applicable law, and agreements, instruments or obligations of each party;
- each party's relationships with financial advisors;
- each party's financial statements and filings with applicable regulatory authorities;
- sufficiency of each party's internal controls;
- the absence of material changes in each party's business;
- the absence of litigation;
- each party's compliance with applicable law; and
- regulatory investigations and orders.

In addition, the merger agreement contains representations and warranties of Bridgeview to First Midwest as to, among other things:

the absence of undisclosed obligations or liabilities;

the inapplicability to the merger and voting agreements and the transactions contemplated thereby of state anti-takeover laws;

accuracy of books and records and compliance with policies, practices and procedures;

intellectual property;

the filing and accuracy of material tax returns and other tax matters;

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- environmental matters;
- labor matters;
- its employment contracts and benefit arrangements;
- title and interest in property;
- the validity of, and the absence of material defaults under, its material contracts;
- material interests of officers and directors or their associates;
- adequacy of insurance coverage;
- extensions of credit;
- interest rate risk management instruments;
- sufficiency of its assets to conduct its business;
- collateralized debt obligations;
- its mortgage banking activities;
- the absence of a trust business;
- the disposition of its residential home mortgage business; and
- the settlement of certain litigation matters.

In addition, the merger agreement contains representations and warranties of First Midwest to Bridgeview as to, among other things, the availability of funds and shares of First Midwest common stock to complete the transactions contemplated by the merger agreement.

Conduct of Business Pending the Merger

Bridgeview has agreed that, except as expressly contemplated by the merger agreement, or as disclosed in writing prior to the signing of the merger agreement, it will not, and will not agree to, without First Midwest's consent:

conduct its business other than in the ordinary and usual course;

fail to use commercially reasonable efforts to preserve intact its business organizations, assets and other rights, and its existing relations with customers and other parties;

enter into any new line of business, change its banking and operating policies, except as required by law or policies imposed by regulatory authorities, or close, sell, consolidate or relocate or materially alter any of its branches, loan production offices or other significant offices or operations facilities of it or its subsidiaries;

materially alter any of its policies or practices with respect to the rates, fees, interest, charges levels or types of services available to its customers or offer promotional pricing with respect to any product or service other than in the ordinary course of business and on commercially reasonable terms;

book certain "brokered deposits";

purchase securities other than short-term securities issued by the U.S. Department of the Treasury or guaranteed by any U.S. government agencies;

make any capital expenditures in excess of specified amounts;

enter into, terminate, amend, modify, extend or renew any material contract;

make, renew, amend, extend the term of, extend the maturity of or grant the forbearance of any extension of credit (1) in excess of $2,500,000, (2) in excess of $1,000,000 but less than $2,500,000 without first consulting First Midwest, or (3) other than in compliance with Bridgeview existing credit policies and procedures;

enter into, renew or amend any interest rate swaps;

except for the issuance of common stock pursuant to any stock option outstanding as of December 6, 2018 under the Bridgeview Stock Plan, issue, sell, grant, transfer or dispose of or encumber, or authorize or propose the creation of, any additional shares of capital stock;

grant stock options, stock appreciation rights, performance shares, restricted stock units, restricted stock or other equity-based awards or interests, or grant any person any right to acquire any shares of capital stock;

make, declare, pay or set aside for payment any dividend or distribution on any shares of its stock, except for cash dividends from Bridgeview Bank to Bridgeview to cover operating expenses;

adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, convert or liquidate any of its own stock;

other than as provided in the merger agreement, sell, transfer, mortgage, encumber or otherwise dispose of any loans, securities, assets, deposits, business or properties, except in a nonmaterial transaction in the ordinary course of business;

acquire the loans, securities, real property, equity, business, deposits or properties of any other entity or make a contribution of capital to any other person, other than a wholly owned subsidiary, except in various specified transactions in the ordinary course of business;

amend its certificate of incorporation or by-laws;

change its accounting principles, practices or methods, except as required by GAAP;

make, change or revoke any material tax election, file any amended tax return, enter into any closing agreement, settle any material tax claim or assessment, surrender any right to claim a material refund of taxes, take any action with respect to taxes that is outside the ordinary course of business or take any action that is reasonably likely to have a material adverse impact on the tax position of Bridgeview or, after the merger, First Midwest;

settle any action, suit, claim or proceeding against it, other than in the ordinary course of business in an amount not in excess of $25,000 and that would not impose any material restriction on Bridgeview's or its subsidiaries' business;

enter into, terminate, amend, modify, extend or renew any employment, consulting, severance, non-competition, non-solicitation, change-in-control, retention, stay bonus or similar agreements or grant salary increases or employee benefit increases, except as required by applicable law or the merger agreement, for certain prorated annual bonuses that are in the ordinary course of business, or to pay certain stay bonuses for certain employees as provided in the merger agreement;

hire any employee or engage any consultant with an annual salary or wage rate or consulting fee and target cash bonus in excess of a specified amount, or terminate the employment of any executive officer other than for cause;

enter into, terminate, establish, adopt, amend, modify, make any new grants or awards under or increase any benefits under any employee compensation or benefit plans, or take any action to accelerate the vesting, payment, exercisability or funding under any employee compensation or

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benefit plan or add any new participants to any benefit plan, except as contemplated by the merger agreement, as required by applicable law, to pay certain annual bonuses and stay bonuses as provided in the merger agreement, to grant annual salary, wage or fee increases in an amount up to a maximum of two percent (2%) of each employee or consultant's then-current base compensation, or to add individuals as participants to any existing benefit plan that is a tax-qualified retirement, health or welfare benefit plan who became eligible for participation in the ordinary course of business under the existing terms;

communicate with its officers or employees regarding compensation or benefits matters affected by the transaction, except as permitted by the merger agreement;

engage in or conduct any building, demolition, remodeling or material modifications or alterations to any of its business premises, unless required by applicable law or to comply with the merger agreement, or fail to maintain its business premises or other assets in substantially the same condition;

acquire or otherwise become the owner of any real property by way of foreclosure or in satisfaction of a debt previously contracted without first obtaining an appropriate Phase I environmental site assessment and consulting First Midwest;

other than in the ordinary course of business, incur any indebtedness for borrowed money that cannot be prepaid at any time without penalty, or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, other than indebtedness of Bridgeview or any of its wholly owned subsidiaries to Bridgeview or any of its subsidiaries;

merge or consolidate itself or any of its significant subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve itself or any of its significant subsidiaries;

knowingly take, or knowingly fail to take, any action that would, or is reasonably likely to, prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code or knowingly take, or knowingly fail to take, any action that is reasonably likely to result in any of the conditions to the merger not being satisfied in a timely manner, or any action that is reasonably likely to materially impair its ability to perform its obligations under the merger agreement or to complete the transactions contemplated thereby, except as required by applicable law; or

make, pledge or otherwise commit to make any contributions or donations to any political, charitable, social or other organization other than as provided in the merger agreement.

Acquisition Proposals by Third Parties

Bridgeview has agreed that it will not, and will cause its subsidiaries and its and its subsidiaries' representatives, agents, advisors and affiliates not to, solicit or encourage inquiries or proposals with respect to any other acquisition proposal. Bridgeview has also agreed that it will not engage in any negotiations concerning any other acquisition proposal, or provide any confidential or non-public information to, or have any discussions with, any person relating to any other acquisition proposal.

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However, if Bridgeview receives an unsolicited *bona fide* acquisition proposal and Bridgeview's board of directors concludes in good faith (after consultation with its financial and outside legal advisors) that it constitutes or could reasonably be expected to lead to a superior proposal, Bridgeview may furnish non-public information and participate in negotiations or discussions if its board of directors concludes in good faith, after consultation with such legal advisors, that failure to take those actions would be inconsistent with its fiduciary duties under applicable law. Before providing any non-public information, Bridgeview must have provided First Midwest with written notice of its intention to provide such nonpublic information and enter into a confidentiality agreement with the third party no less favorable to it than the confidentiality agreement with First Midwest. While Bridgeview has the right to enter into negotiations regarding a superior proposal under the foregoing circumstances, the merger agreement does not allow Bridgeview to terminate the merger agreement solely because it has received a superior proposal, entered into such negotiations or decided to accept such offer.

For purposes of the merger agreement, the terms "acquisition proposal" and "superior proposal" have the following meanings:

The term "acquisition proposal" means, other than the transactions contemplated by the merger agreement:

a tender or exchange offer to acquire more than 20% of the voting power in Bridgeview or its significant subsidiaries;

a proposal for a merger, consolidation or other business combination involving Bridgeview or its significant subsidiaries; or

any other proposal to acquire more than 20% of the voting power in, or more than 20% of the business, assets or deposits of, Bridgeview or its significant subsidiaries.

The term "superior proposal" means a *bona fide* written acquisition proposal (with the references to 20% deemed references to 50%) that Bridgeview's board of directors concludes in good faith to be more favorable from a financial point of view to its stockholders than the First Midwest merger after:

receiving the advice of its financial advisors;

taking into account the likelihood of completion of the proposed transaction (as compared to, and with due regard for, the terms of the merger agreement); and

taking into account all legal, financial, regulatory and other aspects of such proposal.

Bridgeview has agreed to cease immediately any activities, negotiations or discussions conducted before the date of the merger agreement with any other persons with respect to acquisition proposals and to use reasonable best efforts to enforce any confidentiality or similar agreement relating to such acquisition proposals. Bridgeview has also agreed to notify First Midwest within one business day of receiving any acquisition proposal and the substance of the proposal.

In addition, Bridgeview has agreed to use its reasonable best efforts to obtain from its stockholders approval of the merger agreement and the transactions contemplated thereby, including the merger. However, if Bridgeview's board of directors (after consultation with, and based on the advice of, outside legal counsel) determines in good faith that, because of an acquisition proposal that Bridgeview's board of directors concludes in good faith constitutes a superior proposal, to continue to recommend such items to its stockholders would result in a violation of its fiduciary duties under applicable law, it may submit such items without recommendation and communicate the basis for its lack of recommendation to its stockholders. Bridgeview agreed that before taking such action with respect to an acquisition proposal, it will give First Midwest at least ten business days to respond to the proposal and will consider any amendment or modification to the merger agreement proposed by First Midwest.

Under certain circumstances, including if the merger agreement is terminated in the event Bridgeview breaches certain obligations described above, Bridgeview must pay First Midwest a fee equal to $6,400,000. See "   Termination of the Merger Agreement."

Other Agreements

In addition to the agreements we have described above, we have also agreed in the merger agreement to take several other actions, such as:

- we agreed to use commercially reasonable efforts to complete the merger and the other transactions contemplated by the merger agreement;
- we agreed that First Midwest and Bridgeview will give notice to the other party of any fact, event or circumstance that is reasonably likely to result in any material adverse effect, as defined in the merger agreement, or that would constitute a breach of any of its representations, warranties, covenants or agreements in the merger agreement that reasonably could be expected to give rise to the failure of a condition to the merger to be satisfied;
- we agreed that First Midwest and Bridgeview will supplement their respective representations and warranties in the merger agreement with respect to any matter arising after the date of the merger agreement which would render any such representations and warranties inaccurate or incomplete in any material respect;
- we agreed that Bridgeview will convene a special meeting of its stockholders within 45 days from the date the registration statement, of which this proxy statement/prospectus is a part, becomes effective to consider and vote on the merger proposal;
- we agreed that First Midwest will use its commercially reasonable efforts to cause the shares of First Midwest common stock to be issued in the merger to be approved for listing on the Nasdaq Stock Market (subject to official notice of issuance) as promptly as practicable, and in any event before the effective time of the merger;
- we agreed that, subject to applicable law, First Midwest and Bridgeview will cooperate with each other and prepare promptly and file all necessary documentation to obtain all required permits, consents, approvals and authorizations of third parties and governmental entities, including applications for the required regulatory approvals and this proxy statement/prospectus and the registration statement for the First Midwest common stock to be issued in the merger of which this proxy statement/prospectus is a part;
- we agreed to cooperate on stockholder and employee communications and press releases;
- we agreed that Bridgeview will not take any actions that would cause the transactions contemplated by the merger agreement to be subject to any takeover laws;
- we agreed that Bridgeview will provide First Midwest, and First Midwest's officers, employees, counsel, accountants and other authorized representatives, reasonable access during normal business hours throughout the period prior to the effective time of the merger to the books, records, properties, personnel and other information of Bridgeview as First Midwest may reasonably request;
- we agreed that Bridgeview will provide First Midwest with copies of documents filed Bridgeview pursuant to the requirements of federal or state banking or securities laws and all other information concerning the business, properties and

personnel of Bridgeview and its subsidiaries as First Midwest may reasonably request, including providing First Midwest with biweekly

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general ledger reports beginning with the first full biweekly period following December 6, 2018 and until the effective time of the merger;

we agreed to keep any non-public information confidential;

we agreed that First Midwest and Bridgeview will execute and deliver supplemental indentures and other documents and instruments required for the assumption of Bridgeview's outstanding debt, guarantees, securities, and other agreements;

we agreed that, upon completion of the merger, First Midwest will indemnify, defend and hold harmless the directors and officers of Bridgeview (when acting in such capacity) against all costs and liabilities arising out of actions or omissions occurring at or before the completion of the merger, in accordance with Bridgeview's certificate of incorporation, as amended, and by-laws, to the extent permitted by law;

we agreed that, prior to the closing of the merger, Bridgeview will obtain a prepaid tail policy of directors' and officers' lability coverage that provides directors' and officers' liability insurance with respect to actions and omissions occurring prior to the closing date;

we agreed that Bridgeview will, prior to the closing of the merger, take all actions necessary to terminate the Bridgeview Bank 401(k) Plan;

we agreed that, following the effective time of the merger, First Midwest or its subsidiaries will cause Bridgeview's employees to be covered by a severance policy whereby certain employees of Bridgeview and Bridgeview Bank will be entitled to receive certain severance benefits as provided in the merger agreement if they incur a qualifying involuntary termination of employment after the effective time of the merger;

we agreed that First Midwest will cause each employee benefit plan of First Midwest in which Bridgeview employees are eligible to participate (other than a cash or equity compensation plan) to take into account, for purposes of eligibility and vesting (and not for benefit accrual) thereunder, the service of such employees with Bridgeview as if such service were with First Midwest, to the same extent that such service was credited under a comparable plan of Bridgeview, and, with respect to welfare benefit plans of First Midwest in which employees of Bridgeview are eligible to participate, First Midwest agreed to waive any preexisting conditions, waiting periods and actively at work requirements under such plans;

we agreed that for purposes of each First Midwest health plan, First Midwest will cause any eligible expenses incurred by employees of Bridgeview who are employees of Bridgeview or Bridgeview Bank on the closing date of the merger and their covered dependents during the portion of the plan year of the comparable plan of Bridgeview or Bridgeview Bank ending on the date such employee's participation in the corresponding First Midwest plan begins to be taken into account under such First Midwest plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year of the First Midwest plan;

we agreed to use our commercially reasonable efforts to plan, execute and complete the conversion of the processing, reporting, payment and other operating systems of Bridgeview Bank to those of First Midwest Bank by the closing of the merger, or at such later time as First Midwest may determine, provided that such conversion will not become effective prior to the closing of the merger;

we agreed that Bridgeview will order (and Bridgeview will use commercially reasonable efforts to cause to be delivered to First Midwest) title commitments, surveys and title documents for real property owned by Bridgeview or its subsidiaries in order to determine, as provided in the merger agreement, whether there are any defects to the title of such real property;

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we agreed that First Midwest is authorized to obtain certain environmental examinations within a timeframe set forth in the merger agreement of any real property owned or leased by Bridgeview, or any real property acquired after the date of the merger agreement, at Bridgeview's cost and expense, in order to determine, as provided in the merger agreement, whether certain environmental conditions exist on such real property;

we agreed that if certain environmental conditions and/or title defects exist with respect to Bridgeview's real property and the total cost to remediate and/or cure such conditions or defects (the "real property adjustment amount") is greater than $100,000, the cash consideration will be reduced by an amount equal the (i) the real property adjustment amount up to an aggregate amount of $4,000,000, *divided by* (ii) the number of outstanding shares of Bridgeview common stock, *however,* if the real property adjustment amount is greater than $4,000,000, First Midwest may reduce the cash consideration by $4,000,000 divided by the number of outstanding shares of Bridgeview common stock or terminate the merger agreement;

we agreed that Bridgeview will use its commercially reasonable efforts to dispose of its residential home mortgage business prior to February 28, 2019, subject to adjustments to the cash consideration relating thereto;

we agreed that Bridgeview will give First Midwest the opportunity to participate in the defense or settlement of any litigation against Bridgeview and/or its directors or affiliates relating to the transactions contemplated by the merger agreement;

we agreed that Bridgeview will use its commercially reasonable efforts to dispose of certain identified assets and real estate properties prior to the Closing;

we agreed that Bridgeview will use its commercially reasonable efforts to dispose of certain life insurance contracts prior to the closing;

we agreed that Bridgeview will make certain charitable contributions as described in the merger agreement;

we agreed that Bridgeview will, and will cause its subsidiaries to, make all sales and dispositions in a commercially reasonable manner in *bona fide* transactions; and

we agreed that if, after the effective time of the merger, any further action is necessary to carry out the purposes of the merger agreement or to vest First Midwest with full title to all properties, assets, rights, approvals, immunities and franchises of any of the parties to the merger, the then current officers and directors of each party to the merger agreement and their respective subsidiaries will take or cause to be taken such necessary action.

See "The Merger Agreement Merger Consideration" for a description of certain cash consideration adjustments relating to the foregoing agreements.

Conditions to Completion of the Merger

The obligations of First Midwest and Bridgeview to complete the merger are subject to the satisfaction or waiver of the following conditions:

the merger agreement and the merger must be approved by the requisite vote of holders of Bridgeview common stock;

the conversion proposal must be approved by the requisite vote of holders of Bridgeview Series A non-voting common stock, which the holders of in excess of a majority of Bridgeview Series A non-voting common stock have agreed to approve;

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- the required regulatory approvals must be obtained without any conditions that could (i) materially and adversely affect the business, operations or financial condition of First Midwest (measured on a scale relative to Bridgeview), (ii) require First Midwest or any of its subsidiaries to make any material covenants or commitments, or complete any divestitures, whether prior to or subsequent to the closing of the merger, (iii) result in a material adverse effect on Bridgeview or its subsidiaries, or (iv) restrict or impose a burden on First Midwest or any of its subsidiaries in connection with the transactions contemplated by the merger agreement or with respect to the business or operations of First Midwest or any of its subsidiaries, and any waiting periods required by law must expire;

- the First Midwest common stock that is to be issued in the merger must be approved for listing on the Nasdaq Stock Market and the registration statement filed with the SEC, of which this proxy statement/prospectus is a part, must be effective;

- there must be no government action or other legal restraint or prohibition preventing completion of the merger or the other transactions contemplated by the merger agreement; and

- the adjusted tangible common equity of Bridgeview as of its December 31, 2018 fiscal year-end must be finally determined.

The obligation of Bridgeview to complete the merger is subject to the satisfaction or waiver of the following conditions:

- the representations and warranties of First Midwest contained in the merger agreement must be true and correct in all material respects (except for representations and warranties qualified by the words "material" or "Material Adverse Effect," which are required to be true and correct in all respects) as of the date of the merger agreement and as of the closing date of the merger, and First Midwest must have performed in all material respects all of its obligations and complied in all material respects with all of its agreements and covenants under the merger agreement; and

- the receipt of a legal opinion from Vedder Price, dated as of the date the merger is completed, that, on the basis of facts, representations and assumptions set forth in the opinion, the merger will be treated as a reorganization under federal income tax laws.

In addition, the obligation of First Midwest to complete the merger is subject to the satisfaction or waiver of the following conditions:

- the representations and warranties of Bridgeview contained in the merger agreement must be true and correct in all material respects (except for representations and warranties qualified by the words "material" or "Material Adverse Effect," and certain representations and warranties regarding Bridgeview's capitalization, which are required to be true and correct in all respects) as of the date of the merger agreement and as of the closing date of the merger, and Bridgeview must have performed in all material respects all of its obligations and complied in all material respects with all of its agreements and covenants under the merger agreement;

- the receipt of a legal opinion from Chapman and Cutler, dated as of the date the merger is completed, that, on the basis of facts, representations and assumptions set forth in the opinion, the merger will be treated as a reorganization under federal income tax laws;

- the receipt of a legal opinion from Vedder Price as to certain corporate matters, including Bridgeview's due incorporation and legal standing, the legal status of Bridgeview's capital stock and the due authorization and execution of the merger agreement;

- the number of dissenting shares of Bridgeview common stock must not exceed 7.5% of the outstanding shares of Bridgeview common stock;

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- Bridgeview will have obtained required third-party consents, as defined in the merger agreement, and will deliver to First Midwest an officers' certificate to that effect;

- Bridgeview's minimum adjusted tangible common equity, as defined in the merger agreement, as estimated as of the close of the business day immediately preceding the closing date of the merger must be greater than or equal to $112,000,000;

- the ten-day average of Bridgeview's consolidated deposits must be greater than or equal to $950,000,000 for the ten-day period ending on the day immediately prior to the closing date;

- Bridgeview's closing consolidated total loans (excluding loans held for sale of Bridgeview and its subsidiaries) must be greater than or equal to $750,000,000;

- the environmental and title review process of Bridgeview's real property set forth in the merger agreement will be completed in accordance with the provisions of the merger agreement;

- the receipt by First Midwest of the resignations, effective as of the effective time of the merger, of certain directors and officers of Bridgeview and certain directors and executive officers of Bridgeview Bank;

- the receipt by First Midwest of a certificate by Bridgeview stating that it and Bridgeview Bank are not and have not been United States real property holding corporations;

- a material adverse effect, as defined in the merger agreement, has not occurred to Bridgeview;

- the receipt by First Midwest of a certificate from certain officers of Bridgeview certifying the number of shares of Bridgeview common stock outstanding as of the closing date;

- no action, suit, claim or proceeding will be pending against or affecting Bridgeview, any of its Subsidiaries or First Midwest that is seeking to prohibit or make illegal the consummation of the merger;

- the identified deposit account will have been closed and the extensions of credit identified in the merger agreement will have been sold by Bridgeview prior to the closing date; and

- Plante & Moran, PLLC will have audited Bridgeview's financial statements for the year ended December 31, 2018 and will have delivered to Bridgeview and unqualified opinion on such financial statements and First Midwest will have received a certificate from certain officers of Bridgeview dated as of the closing that the foregoing has occurred.

No assurance can be provided as to if, or when, the required regulatory approvals necessary to complete the merger will be obtained, or whether all of the other conditions to the merger will be satisfied or waived by the party permitted to do so. As discussed below, if the merger is not completed on or before December 6, 2019, either First Midwest or Bridgeview may terminate the merger agreement, unless the failure to complete the merger by that date is due to the failure of the party seeking to terminate the merger agreement to comply with any of the provisions of the merger agreement.

Termination of the Merger Agreement

The merger agreement may be terminated by either First Midwest or Bridgeview at any time before or after Bridgeview has received approval of the merger agreement and the transactions contemplated thereby:

- by our mutual agreement;

- if the other party is in a continuing breach of a representation, warranty or covenant contained in the merger agreement, as long as that breach has not been cured within 15 days following written notice thereof and that breach would also allow the non-breaching party not to complete the merger;

if any governmental entity that must grant a regulatory approval has denied approval of the merger, bank merger or the other transactions contemplated by the merger agreement by final and non-appealable action, or if an application for a required regulatory approval has been withdrawn upon the request or recommendation of the applicable governmental authority and such authority would not accept the refiling of such application, but not by a party whose failure to comply with any provision of the merger agreement caused, or materially contributed to, such denial or withdrawal request;

if the merger is not completed on or before December 6, 2019, unless the failure to complete the merger by this date is due to the failure of the party seeking to terminate the merger agreement to comply with any of the provisions of the merger agreement; or

if a material adverse effect, as defined in the merger agreement, occurs with respect to the other party.

The merger agreement may also be terminated by First Midwest at any time before or after the stockholders of Bridgeview approve the merger proposal:

if holders of the requisite Bridgeview common stock fail to approve the merger proposal or if holders of Bridgeview Series A non-voting common stock fail to approve the conversion proposal;

if Bridgeview's board of directors fails to recommend approval of the merger agreement, the conversion proposal and the transactions contemplated thereby, including the merger, to its stockholders, or withdraws or materially and adversely modifies its recommendation;

if Bridgeview's board of directors recommends an acquisition proposal other than the merger, or if Bridgeview's board of directors negotiates or authorizes negotiations with a third party regarding an acquisition proposal other than the merger and those negotiations continue for at least 10 business days, except that negotiations will not include the request and receipt of information from any person that submits an acquisition proposal, or discussions regarding such information for the sole purpose of ascertaining the terms of the acquisition proposal and determining whether Bridgeview's board of directors will, in fact, engage in or authorize negotiations;

if Bridgeview has breached its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal, in circumstances not permitted under the merger agreement, as described above under " Acquisition Proposals by Third Parties";

if the number of dissenting shares of Bridgeview common stock exceeds 7.5% of the outstanding shares of Bridgeview common stock; or

if the real property adjustment amount is greater than $4,000,000.

The merger agreement also provides that Bridgeview must pay First Midwest a fee equal to $6,400,000 plus reasonable and documented out-of-pocket expenses incurred by First Midwest in connection with the transactions contemplated by the merger agreement if, on or prior to the termination of the merger agreement or the 12 month anniversary of the termination of the merger agreement in certain circumstances set forth in the merger agreement, both (i) the merger agreement is terminated and (ii) any of the following circumstances occur:

Bridgeview's board of directors submits the merger agreement and the transactions contemplated thereby, including the merger, to Bridgeview stockholders without a recommendation for

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approval or with material and adverse conditions on such approval, or withdraws or materially and adversely modifies its recommendation;

Bridgeview enters into an agreement to engage in a competing acquisition proposal with any person other than First Midwest or any of First Midwest's subsidiaries;

Bridgeview authorizes, recommends or proposes (or publicly announces its intention to authorize, recommend or propose) an agreement to engage in a competing acquisition proposal with any person other than First Midwest or its subsidiaries or recommends that Bridgeview stockholders approve or accept such a competing acquisition proposal;

any person, other than First Midwest or its subsidiaries, acquires beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of any class or series of Bridgeview common stock;

Bridgeview fails to convene a stockholder meeting to approve the merger agreement and the transactions contemplated thereby, including the merger, within 45 days of the effectiveness of the registration statement of which this proxy statement/prospectus is a part; or

Bridgeview breaches its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal in circumstances not permitted under the merger agreement, which covenant is described above under " Acquisition Proposals by Third Parties."

Waiver and Amendment of the Merger Agreement

At any time before completion of the merger, either First Midwest or Bridgeview may, to the extent legally allowed, waive in writing compliance by the other with any provision contained in the merger agreement or amend the merger agreement. However, once holders of Bridgeview common stock have approved the merger proposal, no waiver of any condition or amendment may be made that would require further approval by Bridgeview stockholders unless that approval is obtained.

First Midwest may also change the structure of the merger or the method of effecting the merger before the effective time of the merger, by notice to Bridgeview at least five business days prior to the approval of the merger agreement and the transactions contemplated thereby, including the merger, by all requisite votes of the holders of Bridgeview common stock, so long as any change does not: (i) change the kind or amount of consideration to be received by Bridgeview stockholders; (ii) adversely affect the tax consequences of the merger to Bridgeview stockholders; (iii) adversely affect the timing of or capability of completion of the merger; or (iv) cause or could not be reasonably expected to cause any of the conditions to complete the merger to be incapable of being satisfied.

The merger agreement may not be amended except by an instrument in writing signed on behalf of each of the parties. Any such amendment by the parties must be approved by the board of directors of First Midwest and the board of directors of Bridgeview at any time before or after the approval of the merger agreement and the transactions contemplated thereby by the stockholders of Bridgeview, except that no amendment may be made after the receipt of such approval which requires further approval of the stockholders of Bridgeview unless such further approval is obtained. Notwithstanding the foregoing, First Midwest and Bridgeview may without approval of their respective boards of directors, make technical changes to the merger agreement, not inconsistent with the purposes of the merger agreement, as may be required to effect or facilitate any required government approvals or acceptance of the merger or of the merger agreement or to effect or facilitate any filing or recording required for the consummation of any of the transactions contemplated by the merger agreement.

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Regulatory Approvals Required for the Mergers

We have agreed to use commercially reasonable efforts to obtain the regulatory approvals required for the merger. We refer to these approvals, along with the expiration of any statutory waiting periods related to these approvals, as the "requisite regulatory approvals." These include approval from the Federal Reserve and the IDFPR. We have filed the applications to obtain the requisite regulatory approvals. The merger and the related transactions cannot proceed in the absence of the requisite regulatory approvals. We cannot assure you as to whether or when the requisite regulatory approvals will be obtained, and, if obtained, we cannot assure you as to the date of receipt of any of these approvals, the terms thereof or the absence of any public protest or litigation challenging them. Likewise, we cannot assure you that the U.S. Department of Justice or a state attorney general will not attempt to challenge the merger on antitrust grounds, or, if such a challenge is made, as to the result of that challenge.

We are not aware of any other material governmental approvals or actions that are required prior to the parties' completion of the merger other than those described below. We presently contemplate that if any additional governmental approvals or actions are required, these approvals or actions will be sought. However, we cannot assure you that any of these additional approvals or actions will be obtained.

Federal Reserve. Completion of the merger requires approval by the Federal Reserve pursuant to Section 3 of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and an application to the Federal Reserve was filed on December 31, 2018.

The Federal Reserve is prohibited from approving any merger transaction under Section 3 of the BHC Act (i) that would result in a monopoly or be in furtherance of any combination or conspiracy to monopolize, or to attempt to monopolize, the business of banking in any part of the United States, or (ii) whose effect in any section of the United States may be to substantially lessen competition, or to tend to create a monopoly or in any other manner restrain trade, unless the Federal Reserve finds that the anti-competitive effects of the merger transaction are clearly outweighed in the public interest by the probable effect of the merger transaction in meeting the convenience and needs of the communities to be served.

In addition, among other things, in reviewing the merger, the Federal Reserve must consider (i) the financial condition and future prospects of First Midwest, Bridgeview and their respective subsidiary banks, (ii) the competence, experience, and integrity of the officers, directors and principal stockholders of First Midwest, Bridgeview and their respective subsidiary banks, (iii) the convenience and needs of the communities to be served, including the record of performance under the Community Reinvestment Act of 1977, as amended, (iv) the companies' effectiveness in combating money-laundering activities, (v) First Midwest's and its subsidiaries' record of compliance with applicable community reinvestment laws and (vi) the risk to the stability of the United States banking or financial system presented by the merger and the related transactions.

Completion of the bank merger requires approval by the Federal Reserve pursuant to the Bank Merger Act. In evaluating an application filed under the Bank Merger Act, the Federal Reserve uses substantially the same criteria as used when evaluating applications filed pursuant to the BHC Act as described above.

Pursuant to the BHC Act and the Bank Merger Act, a transaction approved by the Federal Reserve is subject to a waiting period ranging from 15 to 30 days, during which time the U.S. Department of Justice may challenge the merger on antitrust grounds and seek appropriate relief. The commencement of an antitrust action would stay the effectiveness of such an approval, unless a court specifically ordered otherwise. In reviewing the merger, the U.S. Department of Justice could analyze the merger's effect on competition differently than the Federal Reserve, and thus, it is possible that the

U.S. Department of Justice could reach a different conclusion than the Federal Reserve regarding the merger's effects on competition. A determination by the U.S. Department of Justice not to object to the merger does not prevent the filing of antitrust actions by private persons or state attorneys general.

Illinois Department of Financial and Professional Regulation. Completion of the bank merger requires approval from the IDFPR under Section 22 of the Illinois Banking Act, and an application for approval was filed filed on December 31, 2018.

Among other things, in reviewing the bank merger, the IDFPR must consider (i) the financial condition and future prospects of First Midwest, Bridgeview and their respective subsidiary banks, (ii) the general character, experience and qualifications of the directors and management of the resulting bank, (iii) the convenience and needs of the area sought to be served by the resulting bank, (iv) the fairness of the proposed merger to all parties involved, and (v) the safety and soundness of the resulting bank following the proposed bank merger.

Dividends

Pursuant to the terms of the merger agreement, Bridgeview is prohibited from paying cash dividends to holders of its common stock. For further information, please see "Price Range of Common Stock and Dividends."

Stock Exchange Listing

First Midwest has agreed to use its commercially reasonable efforts to list the First Midwest common stock to be issued in the merger on the Nasdaq Stock Market. It is a condition to the completion of the merger that those shares be approved for listing on the Nasdaq Stock Market, subject to official notice of issuance. Following the merger, First Midwest expects that its common stock will continue to trade on the Nasdaq Stock Market under the symbol "FMBI."

Restrictions on Resales by Affiliates

First Midwest has registered its shares of common stock to be issued in the merger with the SEC under the Securities Act. No restrictions on the sale or other transfer of shares of First Midwest common stock issued in the merger will be imposed solely as a result of the merger, except for restrictions on the transfer of shares of First Midwest common stock issued to any Bridgeview stockholder who is or becomes an "affiliate" of First Midwest for purposes of Rule 144 under the Securities Act. The term "affiliate" is defined in Rule 144 under the Securities Act as a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, First Midwest or the combined company, as the case may be, and generally includes executive officers, directors and stockholders beneficially owning 10% or more of First Midwest's outstanding common stock.

Dissenters' Rights of Appraisal of Holders of Bridgeview Common Stock

The following discussion is a summary of the material statutory procedures to be followed by a holder of Bridgeview common stock in order to dissent from the merger and perfect appraisal rights. If you want to exercise appraisal rights, you should review carefully Section 262 of the DGCL and are urged to consult a legal advisor before electing or attempting to exercise these rights because the failure to precisely follow all the necessary legal requirements may result in the loss of such appraisal rights. This description is not complete and is qualified in its entirety by the full text of the relevant provisions of *the DGCL, which are reprinted in their entirety as Appendix C to this proxy statement/prospectus. Bridgeview stockholders seeking to exercise appraisal rights must strictly comply with these provisions.*

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Stockholders of Bridgeview as of the Bridgeview record date may exercise appraisal rights in connection with the merger by complying with Section 262 of the DGCL. Completion of the merger is subject to, among other things, the holders of no more than 7.5% of the outstanding shares of Bridgeview common stock electing to exercise their appraisal rights.

If you hold one or more shares of Bridgeview common stock, you are entitled to appraisal rights under Delaware law and have the right to dissent from the merger, have your shares appraised by the Delaware Court of Chancery and receive the "fair value" of such shares (exclusive of any element of value arising from the accomplishment or expectation of the merger) as of completion of the merger in place of the merger consideration, as determined by the court, if you strictly comply with the procedures specified in Section 262 of the DGCL. Any such Bridgeview stockholder awarded "fair value" for such stockholder's shares by the Delaware Court of Chancery would receive payment of that fair value in cash, together with interest, if any, in lieu of the right to receive the merger consideration, and accordingly, such stockholder awarded "fair value" for their shares would not receive any shares of First Midwest common stock following the completion of the merger. Such fair value amount may differ from the value of the consideration that you would otherwise receive in the merger.

The following is a summary of the statutory procedures that you must follow if you elect to exercise your appraisal rights under the DGCL. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that you exercise your rights to seek appraisal under Section 262 of the DGCL. This summary is not complete and is qualified in its entirety by reference to Section 262 of the DGCL, the text of which is set forth in full in *Appendix C* to this proxy statement/prospectus.

Under Section 262 of the DGCL, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262 of the DGCL. This proxy statement/prospectus constitutes Bridgeview's notice to its stockholders that appraisal rights are available in connection with the merger, and the full text of Section 262 of the DGCL is attached to this proxy statement/prospectus as *Appendix C*. A holder of Bridgeview common stock who wishes to exercise appraisal rights or who wishes to preserve the right to do so should review the following discussion and *Appendix C* carefully. Failure to strictly comply with the procedures of Section 262 of the DGCL in a timely and proper manner will result in the loss of appraisal rights. A stockholder who loses his, her or its appraisal rights will be entitled to receive only the per share merger consideration.

How to exercise and perfect your right to dissent. Bridgeview stockholders wishing to exercise the rights to seek an appraisal of its shares must do ALL of the following:

- you must not vote in favor of the adoption of the merger agreement. Because a proxy that is signed and submitted but does not otherwise contain voting instructions will, unless revoked, be voted in favor of the adoption of the merger agreement, if you vote by proxy and wish to exercise your appraisal rights you must vote against the adoption of the merger agreement or abstain from voting your shares;

- you must deliver to Bridgeview a written demand for appraisal before the vote on the adoption of the merger agreement at the special meeting and all demands for appraisal must reasonably inform Bridgeview of your identity and your intention to demand appraisal of your shares of common stock;

- you must continuously hold the shares from the date of making the demand through the effective date of the merger. You will lose your appraisal rights if you transfer the shares before the effective date of the merger; and

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you or the surviving company must file a petition in the Delaware Court of Chancery requesting a determination of the fair value of the shares within 120 days after the effective date of the merger. The surviving company is under no obligation to file any such petition in the Delaware Court of Chancery and has no intention of doing so. Accordingly, it is the obligation of the Bridgeview stockholders demanding appraisal to initiate all necessary action to perfect their appraisal rights in respect of shares of Bridgeview common stock within the time prescribed in Section 262 of the DGCL.

Voting, in person or by proxy, against, abstaining from voting on or failing to vote on the adoption of the merger agreement will not constitute a written demand for appraisal as required by Section 262 of the DGCL. The written demand for appraisal must be in addition to and separate from any proxy or vote.

Who May Exercise Appraisal Rights. Any holder of shares of Bridgeview common stock wishing to exercise appraisal rights must deliver to Bridgeview, before the vote on the adoption of the merger agreement at the special meeting at which the merger proposal will be submitted to the Bridgeview stockholders, a written demand for the appraisal of such stockholder's shares, and that stockholder must not submit a blank proxy or vote in favor of the merger proposal. A holder of shares of Bridgeview common stock wishing to exercise appraisal rights must hold of record the shares on the date the written demand for appraisal is made and must continue to hold the shares of record through the effective date of the merger. A demand for appraisal must be executed by or on behalf of the stockholder of record and must reasonably inform Bridgeview of the identity of the stockholder and that the stockholder intends to demand appraisal of his, her or its shares of Bridgeview common stock.

Only a holder of record of shares of Bridgeview common stock is entitled to demand appraisal rights for the shares registered in that holder's name. Beneficial owners who do not also hold their shares of common stock of record may not directly make appraisal demands to Bridgeview. The beneficial holder must, in such cases, have the owner of record, such as a bank, brokerage firm or other nominee, submit the required demand in respect of those shares of common stock of record. A record owner, such as a bank, brokerage firm or other nominee, who holds shares of Bridgeview common stock as a nominee for others, may exercise his, her or its right of appraisal with respect to the shares of Bridgeview common stock held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares of Bridgeview common stock as to which appraisal is sought. Where no number of shares of Bridgeview common stock is expressly mentioned, the demand will be presumed to cover all shares of Bridgeview common stock held in the name of the record owner.

IF YOU HOLD YOUR SHARES IN BANK OR BROKERAGE ACCOUNTS OR OTHER NOMINEE FORMS, AND YOU WISH TO EXERCISE APPRAISAL RIGHTS, YOU SHOULD CONSULT WITH YOUR BANK, BROKERAGE FIRM OR OTHER NOMINEE, AS APPLICABLE, TO DETERMINE THE APPROPRIATE PROCEDURES FOR THE BANK, BROKERAGE FIRM OR OTHER NOMINEE TO MAKE A DEMAND FOR APPRAISAL OF THOSE SHARES. IF YOU HAVE A BENEFICIAL INTEREST IN SHARES HELD OF RECORD IN THE NAME OF ANOTHER PERSON, SUCH AS A BANK, BROKERAGE FIRM OR OTHER NOMINEE, YOU MUST ACT PROMPTLY TO CAUSE THE RECORD HOLDER TO FOLLOW PROPERLY AND IN A TIMELY MANNER THE STEPS NECESSARY TO PERFECT YOUR APPRAISAL RIGHTS.

If you own shares of Bridgeview common stock jointly with one or more other persons, as in a joint tenancy or tenancy in common, demand for appraisal must be executed by or for you and all other joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose the fact that, in exercising the demand, such person is acting as agent for the record owner. If you hold shares of Bridgeview common stock through a broker who in turn holds

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the shares through a central securities depository nominee such as Cede & Co., a demand for appraisal of such shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

If you elect to exercise appraisal rights under Section 262 of the DGCL, you should mail or deliver a written demand to:

Bridgeview Bancorp, Inc.
Attention: Peter J. Haleas,
Chairman of the Board of Directors
7940 South Harlem Avenue
Bridgeview, Illinois 60455

You should sign every communication.

First Midwest's actions after completion of the merger. If the merger is completed, the surviving company will give written notice of the effective date of the merger within 10 days after the effective date to you if you did not vote in favor of the merger agreement and you made a written demand for appraisal in accordance with Section 262 of the DGCL. At any time within 60 days after the effective date of the merger, you have the right to withdraw the demand and to accept the merger consideration in accordance with the merger agreement for your shares of Bridgeview common stock, provided that you have not commenced an appraisal proceeding or joined an appraisal proceeding as a named party. Within 120 days after the effective date of the merger, but not later, either you, provided you have complied with the requirements of Section 262 of the DGCL, or the surviving company may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery, with a copy served on the surviving company in the case of a petition filed by you, demanding a determination of the value of the shares of Bridgeview common stock held by all stockholders entitled to appraisal rights. The surviving company is under no obligation to file an appraisal petition and has no intention of doing so. If you desire to have your shares appraised, you should initiate any petitions necessary for the perfection of your appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

Within 120 days after the effective date of the merger, provided you have complied with the provisions of Section 262 of the DGCL, you will be entitled to receive from the surviving company, upon written request, a statement setting forth the aggregate number of shares not voted in favor of the adoption of the merger agreement and with respect to which Bridgeview has received demands for appraisal, and the aggregate number of holders of those shares. The surviving company must mail this statement to you within the later of 10 days of receipt of the request or 10 days after expiration of the period for delivery of demands for appraisal. If you are the beneficial owner of shares of stock held in a voting trust or by a nominee on your behalf you may, in your own name, file an appraisal petition or request from the surviving company the statement described in this paragraph.

If a petition for appraisal is duly filed by you or another record holder of Bridgeview common stock who has properly exercised appraisal rights in accordance with the provisions of Section 262 of the DGCL, and a copy of the petition is delivered to the surviving company, the surviving company will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the Chancery Court with a duly verified list containing the names and addresses of all holders who have demanded an appraisal of their shares. The Delaware Court of Chancery will then determine which stockholders are entitled to appraisal rights and may require the stockholders demanding appraisal who hold certificated shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings and the Delaware Court of Chancery may dismiss any stockholder who fails to comply with this direction from the appraisal proceedings. Where appraisal proceedings are not dismissed or the demand for appraisal is not successfully withdrawn, the appraisal proceeding will be conducted as to the shares of Bridgeview common stock owned by such

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stockholders, in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. The Delaware Court of Chancery will thereafter determine the fair value of the shares of Bridgeview common stock at the effective time held by stockholders entitled to appraisal rights, exclusive of any element of value arising from the accomplishment or expectation of the merger. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. When the value is determined, the Delaware Court of Chancery will direct the payment of such value, with interest thereon, if any, to the stockholders entitled to receive the same, upon surrender by such stockholders of their stock certificates in the case of shares represented by certificates and forthwith in the case of uncertificated shares.

In determining the fair value, the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.,* the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered and that "[f]air price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court has stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other factors which could be ascertained as of the date of the merger which throw any light on future prospects of the merged corporation. Section 262 of the DGCL provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.,* the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value," but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger,* the Delaware Supreme Court construed Section 262 of the DGCL to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered."

An opinion of an investment banking firm as to the fairness from a financial point of view of the consideration payable in a merger is not an opinion as to, and does not in any manner address, fair value under Section 262 of the DGCL. The fair value of their shares as determined under Section 262 of the DGCL could be greater than, the same as, or less than the value of the merger consideration. We do not anticipate offering more than the per share merger consideration to any stockholder exercising appraisal rights and reserve the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the "fair value" of a share of Bridgeview common stock is less than the per share merger consideration.

If no party files a petition for appraisal within 120 days after the effective time, then you will lose the right to an appraisal, and will instead receive the merger consideration described in the merger agreement, without interest thereon, less any withholding taxes.

The Delaware Court of Chancery may determine the costs of the appraisal proceeding and may allocate those costs to the parties as the Delaware Court of Chancery determines to be equitable under the circumstances. However, costs do not include attorneys and expert witness fees. Each stockholder exercising appraisal rights is responsible for its own attorneys and expert witnesses expenses, although, upon application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including reasonable attorneys' fees and the fees and expenses of experts, to be charged *pro* rata against the value of all shares entitled to appraisal.

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If you have duly demanded an appraisal in compliance with Section 262 of the DGCL you may not, after the effective date of the merger, vote the Bridgeview shares subject to the demand for any purpose or receive any dividends or other distributions on those shares, except dividends or other distributions payable to holders of record of shares of Bridgeview common stock as of a Bridgeview record date prior to the effective date of the merger.

If you have not commenced an appraisal proceeding or joined such a proceeding as a named party you may withdraw a demand for appraisal and accept the merger consideration by delivering a written withdrawal of the demand for appraisal to the surviving company, except that any attempt to withdraw made more than 60 days after the effective date of the merger will require written approval of the surviving company, and no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery. Such approval may be conditioned on the terms the Delaware Court of Chancery deems just; *provided, however*, that this provision will not affect the right of any stockholder who has not commenced an appraisal proceeding or joined such proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered in the merger within 60 days after the effective date of the merger. If you fail to perfect, successfully withdraw or lose the appraisal right, your shares will be converted into the right to receive the merger consideration, without interest thereon, less any withholding taxes.

Failure to follow the steps required by Section 262 of the DGCL for perfecting appraisal rights may result in the loss of appraisal rights. In that event, you will be entitled to receive the merger consideration for your shares in accordance with the merger agreement. In view of the complexity of the provisions of Section 262 of the DGCL, if you are a Bridgeview stockholder and are considering exercising your appraisal rights under the DGCL, you should consult your own legal advisor.

THE PROCESS OF DEMANDING AND EXERCISING APPRAISAL RIGHTS REQUIRES STRICT COMPLIANCE WITH TECHNICAL PREREQUISITES. IF YOU WISH TO EXERCISE YOUR APPRAISAL RIGHTS, YOU SHOULD CONSULT WITH YOUR OWN LEGAL COUNSEL IN CONNECTION WITH COMPLIANCE UNDER SECTION 262 OF THE DGCL. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THE FOREGOING SUMMARY AND SECTION 262 OF THE DGCL, THE DGCL WILL GOVERN.

Voting Agreements

In connection with the execution of the merger agreement, and as a condition to First Midwest's willingness to enter into the merger agreement, all of the directors and executive officers of Bridgeview who beneficially owned in the aggregate approximately 33% of Bridgeview voting common stock and certain Bridgeview stockholders who beneficially owned in the aggregate approximately 29% of Bridgeview voting common stock as of December 6, 2018, have entered into voting agreements with First Midwest. Accordingly, the holders of approximately 62% of the outstanding voting shares entitled to vote on the merger have entered into voting agreements with First Midwest. A copy of the form of these voting agreements is attached as *Annex 1-B* to *Appendix A* to this proxy statement/prospectus.

Under the voting agreement, each such stockholder has agreed, with respect to the shares of Bridgeview common stock owned of record or beneficially by the stockholder, that at any meeting of Bridgeview stockholders in relation to the merger agreement and transactions contemplated by the merger agreement and at the special stockholders meeting or any other meeting or action of Bridgeview stockholders called in relation to such matters, the stockholder will vote, or cause to be voted, such shares as follows:

- vote in favor of the adoption of the merger proposal, including the transactions contemplated by the merger agreement, including the merger, any other matters required to be approved or adopted in order to effect the merger and the transactions contemplated by the merger agreement and the conversion proposal; and

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not vote in favor of any competing acquisition proposal or any action that is intended or could reasonably be expected to materially impede, interfere with, delay or materially and adversely affect the merger or any transactions contemplated by the merger agreement.

The voting agreement also contains restrictions on the sale, transfer, assignment, pledge or other disposition of the stockholder's shares or the voting rights thereunder prior to the effective time of the merger, unless the proposed transferee executes and delivers an agreement in which it agrees to comply with the requirements of the voting agreement.

The voting agreement will terminate automatically upon the termination of the merger agreement, in the event the board of directors of Bridgeview submits the merger agreement to the Bridgeview stockholders without a recommendation for approval or upon the eight-month anniversary of the closing date of the merger.

Restrictive Covenant Agreements

In connection with the execution of the merger agreement, and as a condition to First Midwest's willingness to enter into the merger agreement, all of the directors and executive officers of Bridgeview who beneficially owned in the aggregate approximately 33% of Bridgeview's outstanding common stock as of the Bridgeview record date, have entered into restrictive covenant agreements with First Midwest. Copies of the forms of these restrictive covenant agreements are attached as *Annex 2-B* to *Appendix A* to this proxy statement/prospectus.

Under the restrictive covenant agreements, each director has agreed to keep secret and confidential certain information related to Bridgeview, Bridgeview Bank and their respective businesses and certain directors have agreed to refrain from competing against the business of Bridgeview and soliciting the customers or employees of Bridgeview for between six (6) and eighteen (18) months following the effective time of the merger.

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Market Prices

First Midwest common stock is traded on the Nasdaq Stock Market under the symbol "FMBI." The high and low trading prices for First Midwest common stock as of December 6, 2018, the last trading day immediately before the public announcement of the merger, were $22.00 and $21.33, respectively. The high and low trading prices for First Midwest common stock as of , 2019, the latest practicable date before the date of this proxy statement/prospectus, were $ and $, respectively.

You should obtain current market quotations for First Midwest common stock as the market price of First Midwest common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger is completed. You can get these quotations from newspapers, on the internet or by calling your broker.

Bridgeview common stock is not traded or quoted over-the-counter. Any market in Bridgeview common stock prior to the merger should be characterized as illiquid and irregular.

As of February 12, 2019, there were approximately 2,258 holders of record of First Midwest common stock. As of February 14, 2019, there were approximately 76 holders of record of Bridgeview common stock. These numbers do not reflect the number of persons or entities who hold their stock in nominee or "street name" through brokerage firms.

Past price performance is not necessarily indicative of likely future performance. Because market prices of shares of First Midwest common stock will fluctuate, you are urged to obtain current market prices for shares of First Midwest common stock. No assurance can be given concerning the market price of shares of First Midwest common stock before or after the effective date of the merger. Changes in the market price of shares of First Midwest common stock prior to the completion of the merger will affect the market value of the merger consideration that Bridgeview stockholders will receive upon completion of the merger.

Dividends and Other Matters

In the first three quarters of 2018, First Midwest declared a quarterly cash dividend of $0.11 per share of First Midwest common stock and in the fourth quarter of 2018, First Midwest declared a quarterly cash dividend of $0.12 per share of First Midwest common stock. The actual payment of future dividends will depend on various factors including the discretion of First Midwest's board of directors, earnings, cash requirements, the financial condition of First Midwest, applicable state law and government regulations and other factors deemed relevant by First Midwest's board of directors, which may change at any time.

First Midwest may repurchase shares of its common stock in accordance with applicable legal and regulatory guidelines. The actual amount of shares repurchased will depend on various factors, including: the discretion of First Midwest's board of directors, market conditions, legal and regulatory limitations and considerations affecting the amount and timing of repurchase activity, the company's capital position, internal capital generation and alternative potential investment opportunities.

First Midwest's primary source of liquidity is dividend payments from First Midwest Bank. In addition to requirements to maintain adequate capital above regulatory minimums, First Midwest Bank is limited in the amount of dividends it can pay to First Midwest under the Illinois Banking Act. Under this law, First Midwest Bank is permitted to declare and pay dividends in amounts up to the amount of its accumulated net profits, provided that it retains in its surplus at least one-tenth of its net profits since the date of the declaration of its most recent dividend until those additions to surplus, in the aggregate, equal the paid-in capital of First Midwest Bank. While it continues its banking business,

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First Midwest Bank may not pay dividends in excess of its net profits then on hand (after deductions for losses and bad debts). In addition, First Midwest Bank is limited in the amount of dividends it can pay under the Federal Reserve Act and Regulation H. For example, dividends cannot be paid that would constitute a withdrawal of capital, dividends cannot be declared or paid if they exceed a bank's undivided profits and a bank may not declare or pay a dividend if all dividends declared during the calendar year are greater than current year net income *plus* retained net income of the prior two years without Federal Reserve approval.

Since First Midwest is a legal entity separate and distinct from First Midwest Bank, its dividends to stockholders are not subject to the bank dividend guidelines discussed above. However, First Midwest is subject to other regulatory policies and requirements related to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve and the IDFPR are authorized to determine that the payment of dividends by First Midwest would be an unsafe or unsound practice and to prohibit payment under certain circumstances related to the financial condition of a bank or bank holding company. The Federal Reserve has taken the position that dividends that would create pressure or undermine the safety and soundness of a subsidiary bank are inappropriate. Due to the current financial and economic environment, the Federal Reserve indicated that bank holding companies should carefully review their dividend policy and discourages payment ratios that are at maximum allowable levels, unless both asset quality and capital are very strong.

Bridgeview has not paid any dividends to holders of its common stock during 2019 or the last two most recent fiscal years. Pursuant to the merger agreement, Bridgeview is generally prohibited from paying cash dividends to holders of its common stock prior to completion of the merger.

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INFORMATION ABOUT THE COMPANIES

First Midwest

First Midwest is a relationship-focused financial institution and one of the largest independent publicly-traded bank holding companies based on assets headquartered in Chicago and the Midwest, with over $15 billion in assets and approximately $11 billion in assets under management. First Midwest's principal subsidiary, First Midwest Bank, and other affiliates provide a full range of commercial, treasury management, equipment leasing, consumer, wealth management, trust and private banking products and services through locations in metropolitan Chicago, northwest Indiana, central and western Illinois, and eastern Iowa. First Midwest common stock is traded on the Nasdaq Stock Market under the symbol "FMBI."

First Midwest's executive offices are located at 8750 West Bryn Mawr Avenue, Suite 1300, Chicago, Illinois 60631, and its telephone number is (708) 831-7483.

Bridgeview

Bridgeview is a financial services and registered bank holding company headquartered in Bridgeview, Illinois. Bridgeview's primary business is operating its wholly-owned subsidiary, Bridgeview Bank, an Illinois state chartered bank founded in 1971. Bridgeview Bank provides a full range of commercial and retail banking products and services.

For over 45 years, Bridgeview Bank has delivered uncompromising customer service and financial expertise to the Chicagoland area. Bridgeview Bank provides its customers with these benefits without the hassles and impersonal service of the "big box" banks. Today, Bridgeview Bank operates 13 full-service banking facilities in and around Chicagoland, including locations in Bridgeview, Woodridge, Oswego, the Northern suburbs and in the Edgewater, Lincoln Park, Lincoln Square and Uptown communities in Chicago, Illinois.

Bridgeview Bank prides itself on honesty and fair dealing, and is dedicated to providing a better banking experience for all of its personal and business banking customers.

On December 31, 2018, Bridgeview Bank had approximately $1.3 billion in total assets, $1.0 billion in deposits and $900 million in total loans.

Additional Information

Bridgeview common stock is privately held and is not quoted on any stock exchange or market.

Bridgeview's executive offices are located at 7940 South Harlem Avenue, Bridgeview, Illinois 60455, and its telephone number is (708) 594-7400.

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DESCRIPTION OF FIRST MIDWEST CAPITAL STOCK

As a result of the merger, Bridgeview stockholders who receive shares of First Midwest common stock in the merger will become stockholders of First Midwest. First Midwest stockholder's rights will be governed by Delaware law and the restated certificate of incorporation and the amended and restated by-laws of First Midwest as may be amended and in effect from time to time. The following description of the material terms of First Midwest's capital stock, including the common stock to be issued in the merger, reflects the anticipated state of affairs upon completion of the merger. We urge all Bridgeview stockholders to read the applicable provisions of Delaware law, First Midwest's restated certificate of incorporation and amended and restated by-laws and federal law governing bank holding companies carefully and in their entirety. Copies of First Midwest's restated certificate of incorporation and First Midwest's amended and restated by-laws have been filed with the SEC. To find out where copies of these documents can be obtained, see "Where You Can Find More Information."

General

First Midwest's authorized capital stock consists of 250,000,000 shares of First Midwest common stock, par value $0.01 per share, and 1,000,000, shares of preferred stock, without par value. As of the Bridgeview record date, there were shares of First Midwest common stock, including shares of restricted stock, outstanding and no shares of First Midwest preferred stock outstanding. In addition, as of the Bridgeview record date, shares of First Midwest common stock were reserved for issuance upon vesting of awards of performance shares and restricted stock units under First Midwest's equity compensation plans.

Because First Midwest is a holding company, the rights of First Midwest to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise (and thus the ability of First Midwest stockholders to benefit indirectly from such distribution) would be subject to the prior claims of creditors of that subsidiary, except to the extent that First Midwest itself may be a creditor of that subsidiary with recognized claims. Claims on First Midwest's subsidiaries by creditors other than First Midwest will include substantial obligations with respect to deposit liabilities and purchased funds.

Preferred Stock

First Midwest's restated certificate of incorporation authorizes the First Midwest board of directors to authorize the issuance of shares of First Midwest preferred stock without stockholder approval. The First Midwest board of directors is authorized to divide the preferred stock into series and, subject to applicable law, to fix for any series of preferred stock the number of shares of such series and the voting powers (if any), designations and preferences, priorities, qualifications, privileges, limitations, restrictions, options, conversion rights, dividend features, retirement features, liquidation features, redemption features and any other special or relative rights that may be desired for any such series. If and when any First Midwest preferred stock is issued, the holders of First Midwest preferred stock may have a preference over holders of First Midwest common stock in the payment of dividends, upon liquidation of First Midwest, in respect of voting rights and in the redemption of the capital stock of First Midwest.

Common Stock

Dividends. Subject to the rights of any series of preferred stock authorized by the board of directors as provided by First Midwest's restated certificate of incorporation, the holders of First Midwest common stock are entitled to dividends as and when declared by the First Midwest board of directors out of funds legally available for the payment of dividends.

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Voting Rights. Each holder of First Midwest common stock has one vote for each share held on matters presented for consideration by the stockholders. Except as otherwise required by law or provided in any resolution adopted by First Midwest's board of directors with respect to any series of preferred stock, the holders of common stock possess all voting power. First Midwest's restated certificate of incorporation does not provide for cumulative voting in the election of directors.

Preemptive Rights. The holders of First Midwest common stock have no preemptive rights and no right to convert their stock into any other securities.

Redemption and Sinking Fund. There are no redemption or sinking fund provisions applicable to First Midwest common stock. The holders of First Midwest common stock will have no liability for further calls or assessments and will not be personally liable for the payment of First Midwest's debts except as they may be liable by reason of their own conduct or acts.

Issuance of Stock. First Midwest's restated certificate of incorporation authorizes the First Midwest board of directors to authorize the issuance of shares of First Midwest common stock and any other securities without stockholder approval. However, First Midwest common stock is listed on the Nasdaq Stock Market, which requires stockholder approval of the issuance of additional shares of First Midwest common stock under certain circumstances. The DGCL also requires stockholder approval of the issuance of additional shares of First Midwest common stock under certain circumstances.

Liquidation Rights. In the event of liquidation or dissolution, subject to the rights of any outstanding series of preferred stock and creditors of First Midwest, the holders of First Midwest common stock are entitled to share in all assets remaining for distribution to holders of common stock according to their interests therein.

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COMPARISON OF STOCKHOLDER RIGHTS

The rights of First Midwest stockholders are governed by the DGCL, and First Midwest's restated certificate of incorporation and amended and restated by-laws. The rights of Bridgeview stockholders are governed by the DGCL and Bridgeview's certificate of incorporation, as amended, and by-laws. After the merger, the rights of Bridgeview and First Midwest stockholders will be governed by the DGCL and First Midwest's restated certificate of incorporation and amended and restated by-laws. The following discussion summarizes the material differences between the rights of Bridgeview stockholders and the rights of First Midwest stockholders. We urge you to read First Midwest's restated certificate of incorporation, First Midwest's amended and restated by-laws, Bridgeview's certificate of incorporation, as amended, Bridgeview's by-laws, and the DGCL carefully and in their entirety.

Authorized Capital Stock	*First Midwest*. First Midwest's restated certificate of incorporation authorizes it to issue up to 250,000,000 shares of First Midwest common stock, par value $0.01 per share, and 1,000,000 shares of preferred stock, without par value. As of the Bridgeview record date, there were shares of First Midwest common stock, including shares of restricted stock, outstanding and no shares of First Midwest preferred stock outstanding. See "Description of First Midwest Capital Stock." As of the Bridgeview record date, shares of First Midwest common stock were reserved for issuance upon vesting of awards of performance shares and restricted stock units under First Midwest's equity compensation plans.	*Bridgeview*. Bridgeview's certificate of incorporation, as amended, provides that the authorized capital stock of Bridgeview consists of 23,000,000 shares of voting common stock, par value $0.10 per share, 500,000 shares of non-voting common stock, par value $0.10 per share, 7,000,000 shares of Series A non-voting common stock and 40,000 shares of preferred stock, par value $0.01 per share. As of the Bridgeview record date, there were 17,089,218 shares of Bridgeview common stock outstanding, consisting of 10,525,882 shares of Bridgeview voting common stock (which includes 8,334 shares of outstanding Bridgeview restricted voting common stock), 283,366 shares of Bridgeview non-voting common stock outstanding, 6,279,970 shares of Bridgeview Series A non-voting common stock outstanding and no shares of Bridgeview preferred stock outstanding. As of the Bridgeview record date, of the authorized capital stock, 3,440,900 shares of Bridgeview voting common stock were issuable upon vesting of awards under Bridgeview's equity compensation plans.

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Size of Board of Directors	*First Midwest*. First Midwest's restated certificate of incorporation provides for First Midwest's board of directors to consist of not less than 3 nor more than 20 directors, with the exact number to be fixed by First Midwest's board of directors from time to time. The First Midwest board of directors currently has 13 directors.	*Bridgeview*. Bridgeview's by-laws provide for Bridgeview's board of directors to consist initially of 5 directors, with the exact number to be fixed by the resolution of Bridgeview's board of directors from time to time. The board of directors of Bridgeview currently has 8 directors.
Classes of Directors	*First Midwest*. On May 17, 2017, First Midwest's restated certificate of incorporation was amended to declassify the board of directors. First Midwest has engaged in a three-year process to declassify its board of directors, which will conclude at First Midwest's 2019 annual meeting. Accordingly, all director terms will expire at the next annual meeting of stockholders and the successors of the directors whose terms expire at each annual meeting of stockholders will serve a term of office expiring at the annual meeting of stockholders next following their election. Holders of shares of First Midwest common stock do not have the right to cumulate their votes in the election of directors.	*Bridgeview*. Bridgeview's by-laws provide that Bridgeview's board of directors consists of one class of directors, elected on an annual basis. Holders of shares of Bridgeview common stock do not have the right to cumulate their votes in the election of directors.
Removal of Directors	*First Midwest*. Under First Midwest's restated certificate of incorporation, any First Midwest director may be removed either for or without cause at any time by the affirmative vote of the holders of at least a majority of the shares then entitled to vote in the election of directors.	*Bridgeview*. Under Bridgeview's by-laws, any Bridgeview director may be removed either for or without cause at any time by the affirmative vote of the holders of at least a majority of the shares then entitled to vote in the election of directors.
Filling Vacancies on the Board of Directors	*First Midwest*. Under First Midwest's restated certificate of incorporation, any vacancy occurring in First Midwest's board of directors will be filled by a majority vote of the remaining directors.	*Bridgeview*. Under Bridgeview's by-laws any vacancy occurring in Bridgeview's board of directors may be filled by a majority vote of the remaining directors, although less than a quorum, or by a sole remaining director.

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Nomination of Director Candidates by Stockholders

First Midwest. First Midwest's restated certificate of incorporation establishes procedures that stockholders must follow to nominate persons for election to First Midwest's board of directors. The stockholder making the nomination must deliver written notice to First Midwest's Secretary between 120 and 180 days prior to the date of the meeting at which directors will be elected. However, if less than 130-days' notice is given of the meeting date, that written notice by the stockholder must be delivered by the tenth day after the day on which the meeting date notice was given. Notice will be deemed to have been given more than 130 days prior to the annual meeting if First Midwest previously disclosed that the meeting in each year is to be held on a specific date.

The nomination notice must set forth certain information about the person to be nominated, including information that is required pursuant to paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the SEC, and must also include the nominee's written consent to being nominated and to serving as a director if elected. The nomination notice must also set forth certain information about the person submitting the notice, including the stockholder's name and address and the class and number of First Midwest shares that the stockholder owns of record or beneficially. The person presiding at the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the provisions of First Midwest's restated certificate of incorporation, and the defective nomination will be disregarded.

Bridgeview. Bridgeview's by-laws provide procedures that stockholders must follow to nominate persons for election to Bridgeview's board of directors. The stockholder making the nomination must deliver written notice to Bridgeview's Chairman of the Board, the Vice Chairman of the Board or the Secretary at least 120 days prior to the anniversary date of the mailing of proxy materials by Bridgeview in connection with the immediately preceding annual meeting of Bridgeview stockholders.

The nomination notice must set forth certain information about the person to be nominated, including the nominee's name and qualifications. The nomination notice must also set forth certain information about the person submitting the notice, including the stockholder's name and record address and the number of Bridgeview shares that the stockholder beneficially owns. The person presiding at the meeting may refuse to acknowledge and disregard the proposal of any stockholder not made in compliance with these requirements.

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Calling Special Meetings of Stockholders	*First Midwest*. A special meeting of stockholders may be called only by First Midwest's board of directors, by First Midwest's Chairman of the board of directors or by First Midwest's President; *provided, however*, that holders of at least 51% of First Midwest's outstanding stock entitled to vote generally in the election of directors may also call a special meeting solely for the purpose of removing a director or directors for cause.	*Bridgeview*. A special meeting of stockholders may be called at any time by Bridgeview's Chairman of the board of directors, by Bridgeview's Vice Chairman of the board of directors, or by Bridgeview's Secretary, and will be called upon a request in writing stating the purpose of such special meeting signed by a majority of Bridgeview's board of directors.
Stockholder Proposals	*First Midwest*. First Midwest's amended and restated bylaws provide that stockholder proposals brought before any stockholder meeting will be determined by a majority of the votes cast, unless a greater number is required by law or the First Midwest restated certificate of incorporation for the action proposed. First Midwest's restated certificate of incorporation provides that a stockholder must give advance written notice to First Midwest of any proposal for business to be transacted at an annual or special meeting of stockholders. The notice must be in writing and must be delivered to the Secretary of First Midwest between 120 and 180 days before the stockholder meeting. However, if less than 130-days' notice is given of the meeting date, that written notice by the stockholder must be delivered by the tenth day after the day on which the meeting date notice was given.	*Bridgeview*. Bridgeview's by-laws provide that a stockholder must give advance written notice to Bridgeview's Chairman of the board of directors, Bridgeview's Vice Chairman of the board of directors or Bridgeview's Secretary of its intent to bring any proposal or proposal for business to be transacted at an annual meeting of stockholders. The notice must be in writing and must be personally delivered or mailed by United States mail, certified or registered with return receipt requested, and received by Bridgeview's Chairman of the board of directors, Bridgeview's Vice Chairman of the board of directors or Bridgeview's Secretary at the principal executive offices of Bridgeview not less than 120 days prior to the anniversary date of the mailing of proxy materials by Bridgeview in connection with the immediately preceding annual meeting of stockholders of Bridgeview.

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	Stockholder notice for stockholder proposals must set forth, as to each matter such stockholder proposes to bring before the stockholder meeting, (i) a brief description of the business desired to be brought before the meeting and the reasons for why the stockholder favors the proposal, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of First Midwest capital stock which are owned beneficially or of record of such stockholder, and (iv) any material interest of the stockholder in such proposal.	Stockholder notice for stockholder proposals must set forth, as to each item of business the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting, and in the case of a nomination for election of director, such nominee's name and qualifications, (ii) the name and record address of the stockholder or stockholders proposing such business, (iii) the number of shares of Bridgeview common stock which are beneficially owned by such stockholder or stockholders and (iv) any material interest of the stockholder in such business.
Notice of Stockholder Meetings	*First Midwest*. First Midwest's amended and restated by-laws provide that First Midwest must notify stockholders between 10 and 60 days before any stockholder meeting of the place, day and hour of the meeting and the general nature of the business to be considered at the meeting.	*Bridgeview*. Bridgeview's by-laws provide that Bridgeview must notify stockholders between 10 and 60 days before any stockholder meeting of the place, day and hour of the meeting and the purpose or purposes for which the meeting is called.
Stockholder Rights Plans ("Poison Pill")	*First Midwest*. First Midwest does not have a stockholder rights plan in place.	*Bridgeview*. Bridgeview does not have a stockholder rights plan in place.

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Indemnification of Directors and Officers	*First Midwest*. First Midwest's amended and restated by-laws provide that First Midwest will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director, officer, employee or agent of First Midwest or by reason of the fact that such person is or was serving at the request of First Midwest as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, but in each case only if and to the extent permitted under Delaware or federal law.	*Bridgeview*. Bridgeview's certificate of incorporation, as amended, provides that Bridgeview will indemnify, to the extent permitted by Delaware law, each director or executive officer of Bridgeview who is or was serving at the request of Bridgeview as a director, officer, employee or agent of another corporation, bank, partnership, joint venture, trust, or other enterprise. Bridgeview's certificate of incorporation, as amended, defines an executive officer of Bridgeview as including any person who is or was Chairman of the board of directors, Vice Chairman of the board of directors, President, an Executive Vice President, a Senior Vice President or the Secretary. Bridgeview's certificate of incorporation, as amended, also provides that Bridgeview will indemnify, to the extent permitted by Delaware law, each person who is or was an officer (other than an executive officer), an employee or an agent of Bridgeview, or who is or was serving at the request of Bridgeview as a director, officer, employee or agent of another corporation, bank, partnership, joint venture, trust, or other enterprise. Bridgeview's by-laws provide that Bridgeview will indemnify, to the extent permitted by Delaware law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was an officer, director or employee of Bridgeview, or is or was serving at the request of Bridgeview as a director, officer,

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		employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against liabilities and expenses reasonably incurred or paid by such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative. Bridgeview's by-laws define "liabilities" and "expenses" as including, without limitation: liabilities, losses, damages, judgments, fines, penalties, amounts paid in settlement, expenses, attorneys' fees and costs.
Amendments to Certificate of Incorporation and By-Laws	*First Midwest*. First Midwest's restated certificate of incorporation provides that the affirmative vote of the holders of at least 80% of the outstanding shares of capital stock entitled to vote is required to alter, amend or repeal most provisions of the restated certificate of incorporation; *provided, however*, if any proposal to alter, amend or repeal any such provision is approved by 80% of the board of directors, then in such case only the affirmative vote as is required by law or as may otherwise be required by the restated certificate of incorporation of the outstanding shares of capital stock entitled to vote is required to alter, amend or repeal such provision. First Midwest's amended and restated by-laws may be amended only upon the affirmative vote of a majority of all of the directors or upon the affirmative vote of the holders of at least 67% of the voting power of the then outstanding shares of capital stock entitled to vote.	*Bridgeview*. In accordance with the DGCL, an affirmative vote of a majority of the outstanding capital stock entitled to vote is required to alter, amend or repeal most provisions of Bridgeview's certificate of incorporation. Bridgeview's by-laws provide that Bridgeview's by-laws may be altered, amended or repealed and new by-laws may be adopted by Bridgeview's board of directors at any regular or special meeting of the board of directors.
Forum Selection Clause	*First Midwest*. First Midwest's by-laws were amended on May 18, 2016 to provide that Delaware will be the sole and exclusive forum for certain types of legal actions unless First Midwest consents in writing to the selection of an alternative forum.	*Bridgeview*. Bridgeview does not have a forum selection clause in its certificate of incorporation, as amended, or by-laws.

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SECURITY OWNERSHIP OF CERTAIN BRIDGEVIEW BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth, as of February 1, 2019, holdings of Bridgeview voting common stock by (i) each person who is known to Bridgeview to be the beneficial owner of more than 5% of Bridgeview voting common stock; (ii) each director of Bridgeview; (iii) each executive officer of Bridgeview; and (iv) all directors and executive officers of Bridgeview as a group. The information contained herein has been obtained from Bridgeview's records and from information furnished directly to Bridgeview by each individual or entity. Applicable percentage ownership in each of the tables is based on 10,525,882 shares of Bridgeview voting common stock (which includes 8,334 shares of Bridgeview restricted voting common stock) outstanding as of February 14, 2019. Except as otherwise indicated in the footnotes to the table, the beneficial owners listed have sole voting and investment power as to all of the shares beneficially owned by them (or, where applicable, shared power with such individual's spouse with respect to shares owned as community property). Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act; however, the inclusion of shares of the Bridgeview common stock in the tables below will not be deemed an admission of beneficial ownership of all the reported shares for any purpose. The address for each director and executive officer listed below is c/o Bridgeview Bancorp, Inc., 7940 South Harlem Avenue, Bridgeview, Illinois 60455.

Directors and Executive Officers

The following table sets forth the number and percentage of shares of Bridgeview voting common stock beneficially owned, as of February 1, 2019, by: (i) each of Bridgeview's directors; (ii) each of Bridgeview's executive officers; and (iii) all directors and executive officers of Bridgeview as a group.

Name of Beneficial Owner	Position	Shares of Bridgeview Voting Common Stock Beneficially Owned	Shares of Bridgeview Non-Voting Common Stock Beneficially Owned	Shares of Bridgeview Series A Non-Voting Common Stock Beneficially Owned	Percent of Bridgeview Voting Common Stock
Thomas P. Haleas	Director/Executive Vice President	2,573,710(1)			22.0%
Peter J. Haleas	Chairman of the Board of Directors	1,658,671(2)			15.8%
William L. Conaghan	Director/President and Chief Executive Officer	777,679(3)			7.1%
Bryan Griffin	Chief Lending Officer	217,436(4)	300		2.0%
Nicolas S. Mando(5)	Chief Operating Officer	139,643	1,440		1.3%
Gerald E. Pfeiffer	Chief Financial Officer	73,529(6)			0.7%
Jill Belconis	Director				
Henchy R. Enden	Director				
J. Michael Hester	Director				
Brian D. Jones	Director				
Michael F. Rosinus	Director				
All Directors and Executive Officers as a group (11 in number)		5,440,667	1,740		48.9%

(1) Includes 6,100 shares held through the Thomas P. Haleas IRA. Also includes 1,176,386 shares underlying options that are currently exercisable and 8,334 shares of restricted stock with respect to which Mr. Haleas may exercise voting rights.

(2) Includes 12,800 shares held through the Peter J. Haleas IRA and 700 shares held through the Peter J. Haleas SEP.

(3) Includes 48,000 shares held through the William L. Conaghan IRA. Also includes 509,221 shares underlying options that are currently exercisable.

(4)

Includes 32,265 shares held jointly by Mr. Griffin and his spouse. Also includes 185,171 shares underlying options that are currently exercisable.

(5) Includes 47,058 shares held through the Madison Trust Company FBO Nicolas S. Mando. Also includes 92,585 shares underlying options that are currently exercisable.

(6) Includes 73,529 shares held jointly by Mr. Pfeiffer and his spouse.

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Principal Stockholders

The following table sets forth the number and percentage of shares of Bridgeview voting common stock beneficially owned, as of February 1, 2019, by each person who is known to Bridgeview to be the beneficial owner of more than 5% of Bridgeview voting common stock.

Name of Beneficial Owner	Shares of Bridgeview Voting Common Stock Beneficially Owned	Shares of Bridgeview Non-Voting Common Stock Beneficially Owned	Shares of Bridgeview Series A Non-Voting Common Stock Beneficially Owned	Percent of Bridgeview Voting Common Stock
Thomas P. Haleas	2,573,710(1)			22.0%
Peter J. Haleas	1,658,671(2)			15.8%
MFP Partners, L.P.	1,036,060			9.8%
Michael T. O'Brien/Deerhill Pond Investment Partners, L.P.	1,036,060			9.8%
JAM Special Opportunities Fund III, L.P.	851,195			8.1%
William L. Conaghan	777,679(3)			7.1%

(1) Includes 6,100 shares held through the Thomas P. Haleas IRA. Also includes 1,176,386 shares underlying options that are currently exercisable and 8,334 shares of restricted stock.

(2) Includes 12,800 shares held through the Peter J. Haleas IRA and 700 shares held through the Peter J. Haleas SEP.

(3) Includes 48,000 shares held through the William L. Conaghan IRA. Also includes 509,221 shares underlying options that are currently exercisable.

STOCKHOLDER PROPOSALS

Bridgeview held its annual meeting of stockholders on April 26, 2018. If the merger is completed, Bridgeview stockholders will become stockholders of First Midwest and there will be no future annual meetings of Bridgeview stockholders.

Bridgeview's next annual meeting is currently anticipated to be held on May 23, 2019, if the merger has not been completed by that date, or at all, any stockholder nominations or proposals intended to be presented at Bridgeview's next annual meeting must be submitted in accordance with Bridgeview's bylaws and applicable law.

VALIDITY OF SECURITIES

The validity of the First Midwest common stock to be issued in connection with the merger has been passed upon for First Midwest by Chapman and Cutler.

EXPERTS

The consolidated financial statements of First Midwest Bancorp, Inc. appearing in First Midwest Bancorp, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2017, and the effectiveness of First Midwest Bancorp, Inc.'s internal control over financial reporting as of December 31, 2017 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and First Midwest Bancorp, Inc. management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2017 are

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incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Bridgeview Bancorp, Inc. and its subsidiaries as of December 31, 2017 and 2016 and for each of the years in the two-year period ended December 31, 2017, have been audited by Plante & Moran, PLLC, an independent public accounting firm, as stated in their reports thereon and included in the registration statement of which this proxy statement/prospectus is a part in reliance upon such reports and upon the authority of such firm as experts in accounting and auditing.

OTHER MATTERS

As of the date of this proxy statement/prospectus, Bridgeview's board of directors knows of no matter that will be presented for consideration at its special meeting other than as described in this proxy statement/prospectus. If any other matters properly come before the Bridgeview special meeting, or any adjournments thereof, and are voted upon, the enclosed proxies will be deemed to confer discretionary authority on the individuals that they name as proxies to vote the shares represented by those proxies as to any of these matters. The individuals named as proxies intend to vote or not to vote in accordance with the recommendation of the board of directors of Bridgeview.

WHERE YOU CAN FIND MORE INFORMATION

First Midwest has filed a registration statement with the SEC under the Securities Act that registers the distribution to Bridgeview stockholders of the shares of First Midwest common stock to be issued in the merger.

The registration statement, of which this proxy statement/prospectus is a part, including the attached appendices and exhibits, contains additional relevant information about First Midwest and its common stock, Bridgeview and the combined company.

First Midwest is required to file annual, quarterly and current reports, proxy statements and other information with the SEC. First Midwest's filings with the SEC are available to the public through the SEC's Internet website at http://www.sec.gov. You can also find information about First Midwest by visiting First Midwest's website at www.firstmidwest.com. Information contained on these websites does not constitute part of this proxy statement/prospectus.

The SEC allows First Midwest to "incorporate by reference" information into this proxy statement/prospectus. This means that First Midwest can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this proxy statement/prospectus, except for any information that is superseded by information that is included directly in this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that First Midwest has previously filed with the SEC (other than the portions of those documents not deemed to be filed). They contain important information about First Midwest and First Midwest's financial condition:

- Annual Report on Form 10-K for the year ended December 31, 2017;
- Definitive Proxy Statement on Schedule 14A for First Midwest's 2018 Annual Meeting of Stockholders filed on April 11, 2018;
- Quarterly Reports on Form 10-Q filed for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018;

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Current Reports on Form 8-K filed on February 27, 2018, May 17, 2018, May 21, 2018 (solely with respect to the disclosure set forth under Item 2.05 of such report), June 7, 2018, June 22, 2018, August 16, 2018, October 2, 2018, October 15, 2018, November 13, 2018, December 7, 2018, January 16, 2019, and January 24, 2019; and

The description of First Midwest common stock set forth in First Midwest's registration statement on Form 8-A filed on March 7, 1983 and any amendment or report filed for the purpose of updating any such description, including the form of First Midwest common stock certificate filed as an exhibit to the registration statement of which this proxy statement/prospectus is a part.

First Midwest incorporates by reference additional documents that it may file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement/prospectus and the date of Bridgeview's special meeting (other than the portions of those documents not deemed to be filed). These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

First Midwest has supplied all information contained or incorporated by reference in this proxy statement/prospectus relating to First Midwest. Bridgeview has supplied all information contained in this proxy statement/prospectus relating to Bridgeview.

You can obtain any of the documents incorporated by reference in this proxy statement/prospectus through First Midwest or from the SEC through the SEC's Internet website at http://www.sec.gov. Documents incorporated by reference are available from First Midwest without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing at the address, by telephone, or from the website as specified below:

First Midwest Bancorp, Inc.
Attention: Corporate Secretary
8750 West Bryn Mawr Avenue, Suite 1300
Chicago, Illinois 60631
www.firstmidwest.com
(708) 831-7483

You will not be charged for any of these documents that you request. In order for you to receive timely delivery of the documents, you must request them no later than , 2019, in order to receive them before the Bridgeview special meeting. If you request any incorporated documents, First Midwest will mail them to you by first-class mail, or another equally prompt means, within one business day after it receives your request.

We have not authorized anyone to give any information or make any representation about the merger agreement or the merger or our companies that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that First Midwest has incorporated into this proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

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Bridgeview Bancorp, Inc.

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Independent Auditor's Report

To the Board of Directors
Bridgeview Bancorp, Inc. and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bridgeview Bancorp, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheet as of December 31, 2017 and 2016 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridgeview Bancorp, Inc. and Subsidiary as of December 31, 2017 and 2016 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were made for the purpose of forming an opinion on the consolidated financial statements as of and for the years ended December 31, 2017 and 2016 taken as a whole. The accompanying supplementary information (consolidating information as of December 31, 2017 and 2016) is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and is not a required part of the consolidated financial statements. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting records used to prepare the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements as of December 31, 2017 and 2016 and, in our opinion, is presented fairly, in all material respects, in relation to the consolidated financial statements taken as whole.

Audit of Internal Control Over Financial Reporting

We also have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants, Bridgeview Bancorp, Inc. and Subsidiary's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control Integrated Framework* (2013 framework), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 21, 2018 expresses an unqualified opinion on the effectiveness of Bridgeview Bancorp, Inc. and Subsidiary's internal control over financial reporting.

Chicago, Illinois
February 21, 2018

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Bridgeview Bancorp, Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS

December 31, 2017 and 2016

(Dollars in Thousands, Except Share Data)

	2017	**2016**
ASSETS		
Cash and due from banks	$ 23,876	$ 26,139
Interest-bearing deposits in banks	403	737
Total cash and cash equivalents	24,279	26,876
Certificates of deposit	3,100	100
Loans held for sale	128,949	138,644
Investment securities:		
Available-for-sale	172,417	90,199
Held-to-maturity		21,505
Federal Home Loan Bank stock	1,757	2,731
Loans, net of deferred fees	751,816	707,302
Allowance for loan losses	(8,060)	(7,520)
Loans net of allowance for loan losses	743,756	699,782
Other real estate owned	12,908	13,870
Premises, furniture, and equipment net	47,330	48,351
Accrued interest receivable	3,298	2,698
Deferred income taxes	20,926	30,269
Life settlement contracts	10,561	9,437
Investments in unconsolidated subsidiaries	928	928
Other assets	8,678	13,930
TOTAL ASSETS	**$ 1,178,887**	**$ 1,099,320**
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 203,292	$ 158,835
Interest-bearing	784,526	769,529
Total deposits	987,818	928,364
Bank borrowings	37,661	21,876
Subordinated debentures	30,928	30,928
Accrued interest payable and other liabilities	16,436	15,984
Total liabilities	1,072,843	997,152
SHAREHOLDERS' EQUITY		
Preferred stock, 40,000 shares with $.01 par authorized:		
Series A, $1,000 liquidation preference, 50 shares outstanding at December 31, 2016		50
Series B, $1,000 liquidation preference, 950 shares outstanding at December 31, 2016		950
Common stock:		
Voting-par value, $.10 per share, 23,000,000 authorized shares; issued and outstanding: 10,175,881 shares at December 31, 2017 and 10,102,105 shares at December 31, 2016	1,017	1,010
Series A nonvoting-par value, $.10 per share, 7,000,000 authorized shares; 6,279,970 shares issued and outstanding	628	628

Nonvoting-par value $.10 per share, 500,000 authorized shares; 283,366 shares issued and outstanding		28		28
Additional paid-in capital		54,923		53,229
Retained earnings		49,949		49,896
Accumulated other comprehensive loss		(501)		(3,623)
Total shareholders' equity		106,044		102,168
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**1,178,887**	**$**	**1,099,320**
Book value per common share	$	6.26	$	6.01
Fully diluted book value per common share	$	5.96	$	5.71

See Notes to Consolidated Financial Statements.

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Bridgeview Bancorp, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2017 and 2016

(Dollars in Thousands)

	2017	2016
INTEREST AND DIVIDEND INCOME		
Loans Including fees	$ 41,099	$ 41,379
Investment securities	2,825	2,358
Interest-bearing deposits in banks	463	72
Total interest and dividend income	44,387	43,809
INTEREST EXPENSE		
Deposits	4,256	3,491
Federal Home Loan Bank borrowings	193	294
Other borrowings	87	319
Subordinated debentures	1,417	1,266
Total interest expense	5,953	5,370
NET INTEREST INCOME	38,434	38,439
PROVISION FOR LOAN LOSSES	3,100	9,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	35,334	29,439
NONINTEREST INCOME		
Service charges on deposit accounts	2,406	2,023
Net realized loss on sales of securities	(383)	(20)
Net realized gain on sales of loans and other mortgage banking income	114,515	122,865
Other	1,644	1,484
Total noninterest income	118,182	126,352
NONINTEREST EXPENSE		
Salaries and employee benefits	83,817	89,075
Pension plan termination	6,252	
Occupancy and equipment	6,861	6,411
Marketing and advertising	3,568	3,366
Data processing	6,673	6,358
FDIC insurance	463	1,057
Other real estate owned net	1,369	4,828
Mortgage related appraisal, investor credit, and other loan origination costs	11,238	9,781
Mortgage related lead acquisition costs	11,985	11,492
Legal expense	1,467	2,434
Other	8,742	9,223
Total noninterest expense	142,435	144,025
Income before income taxes	11,081	11,766
Income tax expense		

		10,078		4,293
Consolidated net income	**$**	**1,003**	**$**	**7,473**

See Notes to Consolidated Financial Statements.

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Bridgeview Bancorp, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2017 and 2016

(Dollars in Thousands)

	2017	2016
NET INCOME	$ 1,003	$ 7,473
OTHER COMPREHENSIVE INCOME (LOSS)		
Net change on investment securities available for sale		
Unrealized gains (losses) on investment securities	(1,511)	32
Reclassification of unrealized gains on securities transferred from held to maturity to available for sale	780	
Reclassification adjustment for losses realized	383	20
Tax effect	139	(20)
Total unrealized gains (losses) on investment securities available for sale	(209)	32
Net change on postretirement benefits		
Pension plan termination	4,988	
Net unrealized gain (loss) on postretirement benefits		(541)
Amortization of unrecognized net actuarial loss before pension plan termination	472	433
Tax effect	(2,129)	42
Net change on postretirement benefits	3,331	(66)
OTHER COMPREHENSIVE INCOME (LOSS)	3,122	(34)
COMPREHENSIVE INCOME	**$ 4,125**	**$ 7,439**

See Notes to Consolidated Financial Statements.

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Bridgeview Bancorp, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended December 31, 2017 and 2016

(Dollars in Thousands)

	Preferred Stock		Common Stock						
	Series A	**Series B**	**Voting**	**Nonvoting**	**Series A Nonvoting**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Total Shareholders' Equity**
Balance December 31, 2015	$ 50	$ 950	$ 1,010	$ 28	$ 628	$ 52,103	$ 42,423	$ (3,589)	93,603
Net income							7,473		7,473
Other comprehensive loss								(34)	(34)
Additional costs related to 2015 issuance of common shares						(13)			(13)
Stock-based compensation expense						1,139			1,139
Balance December 31, 2016	50	950	1,010	28	628	53,229	49,896	(3,623)	102,168
Net income							1,003		1,003
Other comprehensive income								3,122	3,122
Cash payment of dividends on preferred stock							(950)		(950)
Repurchase of preferred stock	(50)	(950)							(1,000)
Issuance of common shares			10			(10)			
Retired common shares			(3)			3			
Stock-based compensation expense						1,701			1,701
Balance December 31, 2017	**$**	**$**	**$ 1,017**	**$ 28**	**$ 628**	**$ 54,923**	**$ 49,949**	**$ (501)**	**$ 106,044**

See Notes to Consolidated Financial Statements.

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Bridgeview Bancorp, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2017 and 2016

(Dollars in Thousands)

	2017	2016
Cash Flows from Operating Activities		
Net Income	$ 1,003	$ 7,473
Adjustments to reconcile net income to cash provided by (used in) operating activities: Provision for depreciation and amortization	1,881	1,692
Net amortization on securities	625	498
Provision for loan losses	3,100	9,000
Write-downs of other real estate owned	34	604
Deferred income tax adjustment for income tax rate changes	5,842	
Deferred income taxes	1,512	4,128
Loans originated for sale	(2,191,775)	(2,629,456)
Proceeds from sale of loans held for sale	2,298,533	2,726,711
Net realized gain on sales of loans	(97,230)	(113,694)
Change in fair value of derivative instruments net	301	674
Change in fair market value of loans held for sale recorded at fair value	167	(149)
Net realized loss (gain) on sales of investment securities	383	20
(Gain) loss on disposals of property and equipment	(64)	8
Net loss on sale of other real estate owned	1,055	3,267
Pension plan termination loss, net of cash contributed	5,928	
Stock-based compensation expense	1,701	1,139
Net change in accrued interest receivable and other assets	4,294	(157)
Net change in accrued interest payable and other liabilities	452	3,166
Net cash provided by (used in) operating activities	37,742	14,924
Cash Flows from Investing Activities		
Proceeds from maturities and pay-downs of available-for-sale securities	39,576	11,611
Proceeds from sales of available-for-sale securities	42,709	9,957
Purchases of available-for-sale securities	(146,335)	(42)
Proceeds from maturities and pay-downs of held-to-maturity securities	2,053	1,501
Purchases of held-to-maturity securities		(946)
Purchase of certificates of deposit	(3,000)	
Redemption of FHLB stock	974	
Premiums paid on life settlement contracts	(1,608)	(1,540)
Net increase in portfolio loans outstanding	(48,686)	(47,260)
Proceeds from sales of premises, property, and equipment	272	77
Purchases of premises, property, and equipment	(1,068)	(2,071)
Proceeds from sales of other real estate owned	1,485	8,572
Net cash used in investing activities	(113,628)	(20,141)
Cash Flows from Financing Activities		
Net increase in deposits	59,454	36,021
Costs from issuance of common stock		(13)
Redemption of preferred stock	(1,000)	
Payment of dividends on preferred stock	(950)	
Repayments of Federal Home Loan Bank long-term advances	(54)	(50)
Proceeds from (repayment of) other short-term borrowings	15,839	(29,740)
Net cash provided by (used in) financing activities	73,289	6,218
Net Increase (Decrease) in Cash and Cash Equivalents	(2,597)	1,001
Cash and Cash Equivalents Beginning of year	26,876	25,875

Cash and Cash Equivalents End of year	**$ 24,279**	**$ 26,876**

Supplemental Cash Flow Information		
Cash paid for interest	$ 5,845	$ 5,275
Cash received for income tax refunds	17	216
Cash paid for income taxes	670	2,202
Noncash transactions:		
Transfer from loans to other real estate owned	1,612	1,526
Transfer from other real estate owned to loans		3,688
Transfer of securities from held-to-maturity to available-for-sale	19,451	

See Notes to Consolidated Financial Statements.

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Bridgeview Bancorp, Inc. (the "Company"), a Delaware corporation, provides a full range of banking services to individual and corporate customers through its subsidiary bank, Bridgeview Bank Group ("Bank"). The Company is subject to competition from other financial and nonfinancial institutions providing financial services in its customer service area which is primarily communities located in the Greater Chicago area. The Bank's division, BBMC Mortgage ("BBMC"), operates as an approved residential lender with Freddie Mac (FHLMC), FHA and other private investors and is currently lending in most states throughout the U.S.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) and reporting practices applicable to the banking industry. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Material estimates that are particularly susceptible to significant changes in the near term relate to the allowance for loan losses, valuation of other real estate owned, the valuation and classification of investment securities, the valuation of deferred tax assets, the fair value of derivative instruments and certain key assumptions related to the defined benefit plan. Actual results could differ from those estimates.

The following is a summary of the significant accounting policies adhered to in the preparation of the consolidated financial statements.

Basis of Consolidation

The consolidated financial statements of Bridgeview Bancorp, Inc. include the accounts of the Company and its wholly owned subsidiary Bank. The Bank has the following wholly owned subsidiaries: Bridgeview Capital Solutions, LLC (BCS), Bridgeview Commercial Finance, Broadway Clark Building Corporation, and Mill Tax Corporation. Significant intercompany accounts and transactions have been eliminated in consolidation. BBMC Mortgage, LLC (previously a subsidiary of the Bank) was merged into the Bank in 2016.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold and interest-bearing deposits in banks that are either due on demand or have an original maturity of ninety days or less.

Certificates of Deposit

Certificates of deposit in banks have a range of remaining maturities from 12 months to 56 months. Individual bank certificates do not exceed the FDIC insurance coverage limit of $250,000.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Securities

The Company classifies its debt and marketable equity securities in one of two categories: held- to-maturity or available-for-sale. Held-to-maturity securities are those debt securities in which the Company has the ability and intent to hold until maturity. All other securities are classified as available-for-sale.

Held-to-maturity securities are stated at amortized cost which represents actual cost adjusted for amortization of premiums and accretion of discounts. Available-for-sale securities are stated at fair value with unrealized gains/losses, net of related deferred income taxes, recorded in equity as a separate component of accumulated other comprehensive income ("AOCI"). In late 2017, management determined that, in order to provide for improved investment portfolio management opportunities, all held-to-maturity securities should be reclassified to available-for-sale.

Purchased premiums and discounts are recognized in interest income over the estimated life of the security, using the level-yield method. In determining the estimated life of a mortgage-backed security, certain judgments are required as to the timing and amount of future principal prepayments. These judgments are made based on the actual performance of the underlying security and general market consensus regarding changes in mortgage interest rates and underlying prepayment estimates.

Purchases and sales of securities are recognized on a trade date basis and are determined using the specific identification method. On a quarterly basis, the Company makes an assessment to determine whether there have been any events or circumstances to indicate that a security for which there is an unrealized loss is impaired on an other-than-temporary ("OTTI") basis. This determination requires significant judgment. OTTI is considered to have occurred (1) if management intends to sell the security; (2) if it is more likely than not we will be required to sell the security before recovery of its amortized cost; or (3) the present value of the expected cash flows is not sufficient to recover the entire amortized cost basis. Presentation of OTTI is made in the income statement on a gross basis with a reduction for the amount of OTTI recognized in OCI. Once an other-than-temporary impairment is recorded, when future cash flows can be reasonably estimated, future cash flows are re-allocated between interest and principal cash flows to provide for a level-yield on the security.

Federal Home Loan Bank Stock

As a member of the Federal Home Loan Bank of Chicago (FHLBC), the Company is required to hold FHLBC stock. The stock is carried at cost, which approximates fair value. This equity security is restricted in that it can only be sold back to the FHLBC or another member at par. In addition, the Company may have limitations on the timing of redemptions of this stock. Dividends are recorded on the ex-dividend date.

Loans Held for Sale

Loans held for sale ("LHFS") represents mortgage and small business loan originations intended to be sold in the secondary market. The Company utilizes the Fair Value Option for Financial Assets and Financial Liabilities and has elected to value all loans held for sale originated or purchased in the

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

future at fair value. Therefore, all loans held for sale at December 31, 2017 and December 31, 2016 are recorded at fair value. At December 31, 2017 and December 31, 2016, the fair value adjustment to loans held for sale amounted to $5,039 and $4,872, respectively, and is included in net realized gain on sales of loans and other mortgage banking income on the consolidated statements of income. Fair value is determined on an aggregate basis based on commitments from investors to purchase such loans and upon prevailing market rates.

During the years ended December 31, 2017 and 2016, the Company sold approximately 5% and 19%, respectively, of its mortgage loans originated to Federal Home Loan Mortgage Corp.("FHLMC"). During the same time periods, the Company also sold loans to 34 and 24 institutional investors, respectively.

During 2017, the Company had 3 investors that individually purchased greater than 10% of its loans sold; cumulatively, those investors purchased 45% of loans sold. During 2016, the Company had 4 investors that individually purchased greater than 10% of its loans sold; cumulatively, those investors purchased 56% of loans sold. During the years ended December 31, 2017 and 2016, approximately 61% and 76%, respectively, were mortgage refinancings compared to 39% and 24%, respectively, new home purchases.

Loans

Loans are carried at the principal amount outstanding, net of unearned income, net deferred fees or costs, and any direct principal charge-offs. Interest income on loans is accrued based on principal amounts outstanding. Loan origination fees, fees for commitments that are expected to be exercised and certain direct loan origination costs are deferred and the net amount amortized over the estimated life of the related loan or commitment period as a yield adjustment. Other credit-related fees are recognized as fee income when earned.

Loans are considered past due or delinquent if the required principal and interest payments have not been received as of the date the payment is due. Generally, loans are placed on nonaccrual status: (a) when either principal or interest payments are 90 days or more past due based upon contractual terms or (b) when an individual analysis of a borrower's creditworthiness indicates a loan should be placed on nonaccrual status rather than waiting until the loan becomes 90 days past due. A loan may not be placed on nonaccrual if the loan is well secured and in the process of collection. When a loan is placed on nonaccrual status, unpaid interest accrued to income in the current year is reversed and unpaid interest from prior years is charged against the allowance for loan losses. Subsequent receipts of nonaccrual loans are recorded as a reduction of principal and interest income may only be recorded on a cash basis after recovery of principal is reasonably assured. Nonaccrual loans are returned to accrual status when all delinquent principal and interest payments become current in accordance with the terms of the loan agreement and when the financial position of the borrower and other relevant factors indicate there is little doubt as to collectibility.

Loans are generally charged-off when deemed uncollectible. A loss is recorded at that time if the net realizable value can be quantified and it is less than the associated principal and interest.

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A loan is considered impaired when, based upon current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due.

The impairment is measured based upon the present value of expected cash flows or, alternatively, the observable market price of the loans or the fair value of the collateral. The amounts of the impairment, if any, and any subsequent changes, are included as specific reserves as a component of the allowance for loan losses.

A loan is accounted for as a troubled-debt restructuring when a borrower is experiencing financial difficulties that leads to a restructuring of the loan and the Company grants concessions to the borrower in the restructuring that it would not otherwise consider. These concessions may include rate reductions, principal forgiveness, extensions of maturity date and other actions intended to minimize potential losses. Restructured loans can involve loans remaining on nonaccrual, moving to nonaccrual or continuing on accrual status, depending on the individual facts and circumstances of the borrower.

Allowance for Loan Losses

The allowance for loan losses ("ALLL") is maintained at a level that the Company believes is sufficient to absorb credit losses inherent in the loan portfolio. The ALLL is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loans are charged against the ALLL when management believes that the collectability of the principal is unlikely. Recoveries on loans previously charged-off are credited to the ALLL when received. The ALLL is evaluated for adequacy on a regular basis and takes into account evaluation of collectability of existing loans, prior loss experience, market and economic data, along with management judgment. While management uses the best information available, this evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of provisions for probable losses that have been identified related to specific borrowing relationships that are considered to be impaired (a specific component) as well as probable losses inherent in the loan portfolio that are not specifically identified (a general component). The general component is based upon loan type and is based upon historical loss experience adjusted for qualitative factors and uncertainties that could affect management's estimate of probable losses.

Other Real Estate Owned

Other real estate owned is comprised of property acquired through, or in lieu of, loan foreclosure. These properties are held for sale and are initially recorded at the lower of the recorded investment in the loan at the time of acquisition or fair value less estimated cost to sell at the date of foreclose. Any write-downs in the carrying value of a property at the time of acquisition are charged against the allowance for loan losses. Any subsequent write-downs to reflect current fair market value less disposition costs, as well as any gains or losses on disposition, as well as revenues and expenses from operations are included in other real estate owned net expenses.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Premises, Furniture and Equipment

Land is carried at cost. Buildings, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. The provision for depreciation and amortization is computed on a straight-line method over the estimated useful lives of the related assets or the terms of the lease.

These assets are evaluated periodically for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment exists when the expected undiscounted future cash flows of a long lived asset are less than its carrying value. Impairment losses are recorded in other non-interest expense in the consolidated statements of income.

Life Settlement Contracts

The Company owns life insurance settlement contracts on three unaffiliated individuals. The Company elected to account for the contracts using the investment method, by which continuing premiums paid are capitalized. At December 31, 2017, the carrying value of the contracts was $10,561, while the realizable face value of the contracts was $28,281. The Company routinely quantifies the expected proceeds from the insurance contracts against the carrying amount of contracts plus anticipated future premiums and capitalizable direct costs. If the expected proceeds will not recover the anticipated investment including estimated future premiums, then an impairment is recognized. During 2017 and 2016, premium expense of $484 and $462, respectively, has been recorded. In the absence of a life settlement event, the Company anticipates paying the following estimated premiums for these contracts over the next five years:

2018	$ 1,624
2019	1,708
2020	1,792
2021	1,875
2022	1,960

Derivative Instruments

The Company enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (interest rate lock commitments). Interest rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. The Company does not designate these derivatives as hedging instruments and accordingly, recognizes the change in their fair value as other noninterest income in the consolidated statements of income. The fair value for interest rate lock commitments is based on secondary market execution prices for similar commitments at December 31, net of estimated direct costs and an estimate of the probability the loan will close. The derivative for interest rate lock commitments is included in other assets in the consolidated balance sheets.

The Company enters into commitments to sell loans to investors whereby the agreed-upon price for the loan or group of loans is determined prior to the sale of the loans. These commitments have

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expiration dates ranging from 7 days to 60 days, and are typically made on a best efforts basis or mandatory basis. The Company utilizes best efforts commitments on a portion of the open pipeline of loans which become mandatory upon the closing of the underlying loan and a pair-off fee may be charged if the commitment to deliver the loan is not met. The Company enters into forward trade commitments with counter parties on a majority of the open pipeline of loans designated for mandatory delivery by utilizing forward MBS trades. Both best efforts commitments and forward MBS trades economically hedge changes to loan prices locked by the Company, but not yet originated or sold. All mandatory basis commitments and forward trade commitments are considered derivative instruments. The Company does not designate these derivatives as hedging instruments and accordingly, recognizes the change in their fair value as other noninterest income in the consolidated statements of income. The fair value of mandatory forward sale and forward trade commitments is based on secondary market execution prices for similar commitments at the reporting date. The derivative for mandatory sales commitments is included in other assets or other liabilities on the consolidated balance sheets.

Income Taxes

The Company and its subsidiaries file a consolidated Federal income tax return. The provision for income taxes is based upon income reported in the consolidated statements of income, rather than the amounts reported on the Company's income tax return.

Deferred income taxes are provided from all significant types of income and expense that are recognized in different periods for financial reporting purposes and income tax reporting purposes. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases.

Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. This approach requires the Company to take into account changes in the tax rates when valuing deferred tax assets and liabilities recorded in the consolidated statements of income. Deferred and current tax assets are recognized only if it is more likely than not, based on technical merits, that a tax position will be realized or sustained upon examination by the relevant taxing authority. To the extent a current or deferred tax asset is established which is not more likely than not to be realized, a valuation allowance will be established against the asset.

The Company will periodically review and evaluate the status of uncertain tax positions and may establish tax reserves for positions that may not be realized. The amount of any such reserves are based on the standards for determining such reserves as set forth in current accounting guidance and our estimates of amounts that may ultimately be due or owed, including interest.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. In addition, loss contingencies include potential losses that may be incurred on contractually required buy-backs of certain mortgage loans previously sold.

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Commitments

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become funded.

Stock Compensation Plan

U.S. GAAP requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost is measured based on the calculated value of the equity or liability instruments issued. These provisions cover a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. U.S. GAAP also requires entities to measure the cost of employee services received in exchange for stock options or restricted stock based on the grant-date calculated value or fair value, respectively, of the award and to recognize the cost, as compensation expense, over the period the employee is required to provide the services for the awards, which is usually the vesting period.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of two components, reported net income and other comprehensive income (loss). Other comprehensive income (loss) refers to revenue, expenses, gains and losses that under U.S. GAAP are recorded as an element of equity but are excluded from reported net income. The Company includes changes in unrealized gains and losses on available-for-sale securities and changes in funded status of the pension plan, net of taxes, in other comprehensive income (loss) in the consolidated statements of comprehensive income and consolidated statements of changes in shareholders' equity.

The components of accumulated other comprehensive income (loss) were as follows:

	December 31,	
	2017	**2016**
Unrealized losses on available-for-sale investment securities	$ (836)	$ (487)
Unrealized actuarial losses on pension plans		(5,460)
Total pretax accumulated other comprehensive loss	(836)	(5,947)
Tax effect	335	2,324
Net accumulated other comprehensive income (loss)	$ (501)	$ (3,623)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets have been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of the right) to pledge or exchange the transferred assets, and (3) the

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Company does not maintain effective control over the transferred assets through an arrangement to repurchase them before their maturity.

Reclassifications

Certain prior year line item amounts in the consolidated financial statements have been reclassified to conform to the current year presentation.

Common Stock Book Value

The Company utilizes a performance measurement of book value per common share and fully diluted book value per common share. Management calculates book value per common share based on total shareholders' equity less the amount of preferred stock divided by the total outstanding common shares. Fully diluted book value per share assumes all outstanding restricted stock is issued and all stock options with a strike price below current book value per share are exercised. Shareholders' equity and outstanding common shares are adjusted to account for the issuance of the new shares of common stock issued at the strike price. The implicit shareholders' equity is divided by the assumed common shares outstanding after the referenced stock options are exercised and the restricted stock is issued.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02 Topic 842 "*Leases"*. This guidance modifies the lease accounting for lessees to report both operating and finance leases on the balance sheet. A "right of use" asset and a lease commitment liability will be shown on the balance sheet. This ASU will be effective for the Company in the year ending December 31, 2019. Management is currently assessing the impact to the Company's consolidated financial statements.

In June 2016, FASB issued ASU 2016-13 Topic 326 "*Financial Instruments Credit Losses"*. The new ASU guidance introduces a measurement of expected losses on certain types of financial instruments, i.e. loans and investments. It also modifies the impairment model on available-for-sale debt securities and provides an accounting model for purchased financial assets with credit deterioration since their origination. This ASU will be effective for the Company in the year ending December 31, 2021. Management is currently assessing the impact to the Company's consolidated financial statements.

In 2014, FASB issued ASU 2014-09 Topic 606, "*Revenue from Contracts with Customers"*. The new revenue recognition standard is based on a core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU does not apply to financial instruments. This ASU will be effective for the Company in the year ending December 31, 2018. Management is currently assessing the impact to the Company's consolidated financial statements, but does not anticipate a significant change as revenue from financial instruments, which include loans, loans held for sale, investment securities and derivative instruments, are scoped out of the standard.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of significant events occurring after year end up through and including February 21, 2018, which is the date the consolidated financial statements were available to be issued.

NOTE 2 CASH AND DUE FROM BANKS

The Federal Reserve Bank of Chicago (FRB) requires the Bank to maintain cash reserve balances in cash on hand or on deposit with the FRB of approximately $12,595 and $5,597 at December 31, 2017 and 2016, respectively.

NOTE 3 INVESTMENTS SECURITIES

The amortized cost and fair values of debt and equity securities, with gross unrealized gains and losses, as of December 31, are as follows:

	2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
U.S. Government treasuries and agencies	$ 15,012	$	$ (39)	$ 14,973
SBA loan pool securities	37,325	27	(184)	37,168
Obligations of states and political subdivisions	20,285	1,182	(399)	21,068
Mortgage-backed securities and collateralized mortgage obligations	93,651	13	(1,398)	92,266
Equity and other investments	6,980		(38)	6,942
Total	$ 173,253	$ 1,222	$ (2,058)	$ 172,417

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 3 INVESTMENTS SECURITIES (Continued)

During 2017, certain held-to-maturity securities with an amortized cost of $19,451, which had a net unrealized gain of $780, were transferred to available-for-sale.

	2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
U.S. Government treasuries and agencies	$ 45,097	$	$ (108)	$ 44,989
Obligations of states and political subdivisions	423		(2)	421
Mortgage-backed securities and collateralized mortgage obligations	43,253	60	(399)	42,914
Equity and other investments	1,913		(38)	1,875
Total	$ 90,686	$ 60	$ (547)	$ 90,199
Held-to-maturity:				
Obligations of states and political subdivisions	$ 21,505	$ 1,617	$ (2)	$ 23,120

The fair value of securities available-for-sale at December 31, 2017, are shown below by contractual maturity. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Within 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	Over 10 Years	SBA and Asset backed Securities	Equity and Other Investment	Total
Available-for-sale, at fair value:							
U.S. Government treasuries and agencies	$ 14,973	$	$	$	$	$	$ 14,973
SBA loan pool securities					37,168		37,168
Obligations of states and political subdivisions	1,550	7,057	5,103	7,358			21,068
Mortgage-backed securities and collateralized mortgage obligations					92,266		92,266
Equity and other investments						6,942	6,942
Total	$ 16,757	$ 7,057	$ 13,723	$ 35,672	$ 92,266	$ 6,942	$ 172,417

For the year ended December 31, 2017, proceeds from sales of securities held as available-for- sale amounted to $42,709. Gross realized gains and losses amounted to $48 and $(431), respectively. For the year ended December 31, 2016, proceeds from sales of securities held as available-for-sale amounted to $9,957. Gross realized gains and losses amounted to $0 and $(20), respectively.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 3 INVESTMENTS SECURITIES (Continued)

Investments with carrying values of approximately $70,760 and $61,022 at December 31, 2017 and December 31, 2016, respectively, were pledged to secure public deposits, bank borrowings and for other purposes as required or permitted by law.

Excluding securities issued or backed by the U.S. Government and its agencies and U.S. Government-sponsored enterprises, there were no investments in securities from one issuer that exceeded 10% of consolidated shareholders' equity at December 31, 2017 or December 31, 2016.

The following tables present investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2017 and December 31, 2016.

	December 31, 2017					
	Investments in a Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or More		Total	
	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
Available-for-sale, at fair value:						
U.S. Government treasuries and agencies	$	$	$ (39)	$ 9,966	$ (39)	$ 9,966
SBA loan pool securities	(184)	29,351			(184)	29,351
Mortgage-backed securities and collateralized mortgage obligations	(1,150)	65,127	(248)	10,392	(1,398)	75,519
Obligations of states and political subdivisions	(398)	6,457	(1)	199	(399)	6,656
Equity and other investments			(38)	1,916	(38)	1,916
Total temporarily impaired securities	$ (1,732)	$ 100,935	$ (326)	$ 22,473	$ (2,058)	$ 123,408

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 3 INVESTMENTS SECURITIES (Continued)

	December 31, 2016					
	Investments in a Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or More		Total	
	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
Available-for-sale, at fair value:						
U.S. Government treasuries and agencies	$ (108)	$ 44,989	$	$	$ (108)	$ 44,989
Mortgage-backed securities and collateralized mortgage obligations	(387)	37,329	(12)	2,876	(339)	40,205
Obligations of states and political subdivisions			(2)	421	(2)	421
Equity and other investments	(38)	1,875			(38)	1,875
Held-to-maturity, at amortized cost:						
Obligations of states and political subdivisions	(2)	583			(2)	583
Total temporarily impaired securities	$ (535)	$ 84,776	$ (14)	$ 3,297	$ (549)	$ 88,073

Management evaluates securities to determine whether impairment is other-than-temporary impairment (OTTI) at least on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. As of December 31, 2017, there were six securities which had been in a continuous loss position in excess of twelve months. There were no OTTI charges taken in 2017 or 2016.

NOTE 4 LOANS

A summary of loans by major category as of December 31, 2017 and 2016 is as follows:

	2017	% Of Portfolio	2016	% Of Portfolio
Real Estate Construction & Land	$ 25,959	3.45%	$ 40,782	5.76%
Real Estate Residential	107,145	14.24%	103,822	14.66%
Real Estate Commercial	372,277	49.47%	360,594	50.92%
Real Estate Multifamily	68,483	9.10%	71,177	10.05%
Commercial and industrial	173,202	23.01%	131,155	18.52%
Consumer	5,472	0.73%	628	0.09%
Gross Loans	752,538	100.00%	708,158	100.00%
Less: Deferred Fees	(722)		(856)	
Less: Allowance for loan losses	(8,060)		(7,520)	

Net Loans	$ 743,756	$ 699,782

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 4 LOANS (Continued)

The Company primarily lends to businesses and consumers in the market areas in which the Company operates.

There were no loans made or outstanding during 2017 and 2016 to executive officers, directors and to parties to which the Company, the Bank, or their executive officers and directors have the ability to significantly influence management or operating policies (related parties). Related party deposits are not considered to be material to the Company's consolidated financial statements.

The Company utilizes an internal asset classification system as a means of reporting problem or potential problem loans. Under its risk rating system, the Company classifies problem or potential problem loans as "Special Mention," "Substandard," and "Doubtful." Loans deemed to be "Loss" are immediately charged off. Substandard loans include those characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Loans classified as Doubtful have all the weaknesses inherent in those classified as Substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of current existing facts, conditions and values, highly questionable or perhaps impossible. Loans that do not currently expose the Company to sufficient risk to warrant classification in one of the aforementioned categories, but possess weaknesses that deserve management's close attention, are deemed Special Mention. Risk weightings are updated any time conditions warrant. Loans not meeting the criteria noted above are considered pass-related loans.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 4 LOANS (Continued)

The Company's credit risk quality indicators at December 31, 2017 and 2016 by loan segment and class are summarized below:

	December 31, 2017				
	Pass	Special Mention	Substandard	Doubtful	Total
Real estate Construction:					
1-4 family residential	$ 18,113	$	$ 181	$	$ 18,294
Other construction, land development, and land loans	7,665				7,665
Real estate Residential:					
Revolving lines of credit	15,334		774		16,108
1-4 family residential	90,897		140		91,037
Real estate Commercial	371,249	421	607		372,277
Real estate Multi-family	68,483				68,483
Commercial and industrial	168,695		4,507		173,202
Consumer	5,472				5,472
Total	$ 745,908	$ 421	$ 6,209	$	$ 752,538

	December 31, 2016				
	Pass	Special Mention	Substandard	Doubtful	Total
Real estate Construction:	$ 15,283	$	$ 190	$	$ 15,473
1-4 family residential					
Other construction, land development, and land loans	25,309				25,309
Real estate Residential:					
Revolving lines of credit	25,037				25,037
1-4 family residential	77,460		1,325		78,785
Real estate Commercial	360,583		11		360,594
Real estate Multi-family	69,897		1,280		71,177
Commercial and industrial	125,995	22	5,138		131,155
Consumer	628				628
Total	$ 700,192	$ 22	$ 7,944	$	$ 708,158

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 4 LOANS (Continued)

The Company also evaluates credit quality based upon the payment activity and the aging status of the loan. The following table summarizes the Company's age analysis of past due loans and details of nonaccrual loans, by loan segment and class, at December 31, 2017 and 2016:

Age Analysis of Past Due Loans and Nonaccrual Loans
As of December 31, 2017

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing	Nonaccrual Loans
Real estate Construction:								
1-4 family residential	$	$ 181	$	$ 181	$ 18,113	$ 18,294	$	$ 181
Other construction, land development, and land loans					7,665	7,665		
Real estate Residential:								
Revolving lines of credit			774	774	15,334	16,108		774
1-4 family residential					91,037	91,037		140
Real estate Commercial	543		607	1,150	371,127	372,277		607
Real estate Multi-family	472	45	29	546	67,937	68,483	20	9
Commercial and industrial	208		4,507	4,715	168,487	173,202		4,507
Consumer					5,472	5,472		
Total	$ 1,223	$ 226	$ 5,917	$ 7,366	$ 745,172	$ 752,538	$ 20	$ 6,218

Age Analysis of Past Due Loans and Nonaccrual Loans
As of December 31, 2016

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment >90 Days and Accruing	Nonaccrual Loans
Real estate Construction:								
1-4 family residential	$	$	$	$	$ 15,473	$ 15,473	$	$ 190
Other construction, land development, and land loans					25,309	25,309		
Real estate Residential:								
Revolving lines of credit	25			25	25,012	25,037		
1-4 family residential	240		1,167	1,407	77,378	78,785		1,325
Real estate Commercial		11		11	360,583	360,594		11
Real estate Multi-family	954	5	444	1,403	69,774	71,177	3	1,295
Commercial and industrial	2,133	152	2,639	4,924	126,231	131,155		5,138
Consumer					628	628		

Total	$ 3,352	$ 168	$ 4,250	$ 7,770	$ 700,388	$ 708,158	$ 3	$ 7,959

The following tables present information about impaired loans. Included in these impaired loans are accruing troubled debt restructured loans with a principal balance of $6,144 and $16,515 as of December 31, 2017 and December 31, 2016, respectively.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 4 LOANS (Continued)

Impaired loans, by loan segment, as of December 31, 2017 are as follows:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment for the Year	Interest Income Recognized for the Year
With no related allowance recorded:					
Real estate Construction	$ 847	$ 862	$	$ 862	$ 34
Real estate Residential	2,306	2,544		2,503	71
Real estate Commercial	2,160	2,239		2,194	93
Real estate Multi-family	2,405	2,405		2,443	131
Commercial and industrial	4,527	8,348		4,884	1
Consumer					
Total	$ 12,245	$ 16,398	$	$ 12,886	$ 330
With an allowance recorded:					
Real estate Construction	$	$	$	$	$
Real estate Residential	68	68	8	69	3
Real estate Commercial	161	161	7	133	
Real estate Multi-family					
Commercial and industrial					
Consumer	21	21	21	28	1
Total	$ 250	$ 250	$ 36	$ 230	$ 4
Total:					
Real estate Construction	$ 847	$ 862	$	$ 862	$ 34
Real estate Residential	2,374	2,612	8	2,572	74
Real estate Commercial	2,321	2,400	7	2,327	93
Real estate Multi-family	2,405	2,405		2,443	131
Commercial and industrial	4,527	8,348		4,884	1
Consumer	21	21	21	28	1
Total	$ 12,495	$ 16,648	$ 36	$ 13,116	$ 334

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 4 LOANS (Continued)

The following is a summary of impaired loans, by loan segment, as of December 31, 2016:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment for the Year	Interest Income Recognized for the Year
With no related allowance recorded:					
Real estate Construction	$ 878	$ 888	$	$ 1,153	$ 48
Real estate Residential	2,021	2,100		2,317	94
Real estate Commercial	3,899	3,977		3,972	210
Real estate Multi-family	3,233	3,234		3,271	172
Commercial and industrial	4,877	8,416		7,105	
Consumer					
Total	$ 14,908	$ 18,615	$	$ 17,818	$ 524
With an allowance recorded:					
Real estate Construction	$	$	$	$	$
Real estate Residential	1,273	1,275	156	1,255	13
Real estate Commercial	7,126	7,126	1,932	7,200	345
Real estate Multi-family	1,135	1,135	557	1,144	
Commercial and industrial	261	1,045	196	269	
Consumer	34	34	34	40	2
Total	$ 9,829	$ 10,615	$ 2,875	$ 9,908	$ 360
Total:					
Real estate Construction	$ 878	$ 888	$	$ 1,153	$ 48
Real estate Residential	3,294	3,375	156	3,572	107
Real estate Commercial	11,025	11,103	1,932	11,172	555
Real estate Multi-family	4,368	4,369	557	4,415	172
Commercial and industrial	5,138	9,461	196	7,374	
Consumer	34	34	34	40	2
Total	$ 24,737	$ 29,230	$ 2,875	$ 27,726	$ 884

For the purpose of the disclosure above, recorded investment represents the borrower's unpaid principal balance less partial charge-offs to date.

Impaired loans and troubled debt restructured loans are presented as segments as class disclosures are not deemed to be meaningful to the financial statements as a whole.

Periodically, the Company will restructure a note to a troubled borrower into two separate notes (A/B structure), charging off the entire B portion of the note. The A note is structured with appropriate loan-to-value and cash flow coverage ratios that provide for a high likelihood of repayment. The A note is classified as a nonperforming note until the borrower has displayed a historical payment performance for a reasonable time period subsequent to the restructuring. A period of sustained

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

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(dollars in thousands, except share data)

NOTE 4 LOANS (Continued)

repayment for at least six months generally is required to return the note to accrual status provided that management has determined that the performance is reasonably expected to continue. The A note will be reclassified as a restructured note (either performing or nonperforming, as appropriate) through the calendar year of the restructuring in which the historical payment performance has been established.

Troubled Debt Restructurings

The following is a summary of the Company's troubled debt restructurings during 2017 and 2016, by loan segment:

	For the Year 2017			For the Year 2016		
	Number of Contracts Modified in the Last 12 Months	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment	Number of Contracts Modified in the Last 12 Months	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Commercial and industrial	2	$ 62	$ 62	1	$ 76	$ 76
Real estate Residential				3	589	284
Real estate Commercial	1	131	161			
Real estate Multi-family				1	131	129
Real estate Construction				1	1,291	688
Total	3	$ 193	$ 223	6	$ 2,087	$ 1,177

Troubled Debt Restructurings that Subsequently Defaulted

The following table presents loans modified as troubled debt restructurings within the previous 12 months that became 90 days or more past due during the years ended December 31, 2017 and 2016 (amounts as of year-end):

	For the Year 2017		For the Year 2016	
	Number of Contracts that Defaulted and was Made a TDR Within the Past 12 Months	Recorded Investment	Number of Contracts that Defaulted and was Made a TDR Within the Past 12 Months	Recorded Investment
Real estate Construction		$		$
Real estate Residential				
Real estate Commercial	1	161		
Real estate Multi-family				
Commercial and industrial				

Consumer				
Total	1	$	161	$

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

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(dollars in thousands, except share data)

NOTE 5 ALLOWANCE FOR LOAN LOSSES

A summary of the changes in the allowance for loan losses for 2017 is as follows:

	Year Ended December 31, 2017						
	Real Estate Construction	Real Estate Residential	Real Estate Commercial	Real Estate Multi-family	Commercial and Industrial	Consumer	Total
Beginning balance	$ 352	$ 698	$ 4,050	$ 679	$ 1,704	$ 37	$ 7,520
Charge-offs		(334)	(2,529)	(687)	(595)	(2)	(4,147)
Recoveries	186	648	21	151	555	26	1,587
Provision	(310)	(637)	3,698	1,060	(696)	(15)	3,100
Ending balance	$ 228	$ 375	$ 5,240	$ 1,203	$ 968	$ 46	$ 8,060
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$	$ 8	$ 7	$	$	$ 21	$ 36
Collectively evaluated for impairment	228	367	5,233	1,203	968	25	8,024
Ending allowance balance	$ 228	$ 375	$ 5,240	$ 1,203	$ 968	$ 46	$ 8,060
Loans and leases:							
Individually evaluated for impairment	$ 847	$ 2,374	$ 2,321	$ 2,405	$ 4,527	$ 21	$ 12,495
Collectively evaluated for impairment	25,112	104,771	369,956	66,078	168,675	5,451	740,043
Ending loans and leases	$ 25,959	$ 107,145	$ 372,277	$ 68,483	$ 173,202	$ 5,472	$ 752,538

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

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(dollars in thousands, except share data)

NOTE 5 ALLOWANCE FOR LOAN LOSSES (Continued)

A summary of the changes in the allowance for loan losses for 2016 is as follows:

	Year Ended December 31, 2016						
	Real Estate Construction	Real Estate Residential	Real Estate Commercial	Real Estate Multi-family	Commercial and Industrial	Consumer	Total
Beginning balance	$ 162	$ 3,013	$ 3,420	$ 806	$ 1,496	$ 96	$ 8,993
Charge-offs	(317)	(1,670)	(6,467)	(91)	(3,004)	(19)	(11,568)
Recoveries	9	123	723	108	109	23	1,095
Provision	498	(768)	6,374	(144)	3,103	(63)	9,000
Ending balance	$ 352	$ 698	$ 4,050	$ 679	$ 1,704	$ 37	$ 7,520
Ending allowance balance attributable to loans:							
Individually evaluated for impairment	$	$ 156	$ 1,932	$ 557	$ 196	$ 34	$ 2,875
Collectively evaluated for impairment	352	542	2,118	122	1,508	3	4,645
Ending allowance balance	$ 352	$ 698	$ 4,050	$ 679	$ 1,704	$ 37	$ 7,520
Loans and leases:							
Individually evaluated for impairment	$ 878	$ 3,294	$ 11,025	$ 4,368	$ 5,138	$ 34	$ 24,737
Collectively evaluated for impairment	39,904	100,528	349,569	66,809	126,017	594	683,421
Ending loans and leases	$ 40,782	$ 103,822	$ 360,594	$ 71,177	$ 131,155	$ 628	$ 708,158

NOTE 6 PREMISES, FURNITURE AND EQUIPMENT

Premises, furniture and equipment, including leasehold improvements, consists of the following at December 31, 2017 and 2016:

	2017	2016
Land and land improvements	$ 18,036	$ 18,036
Building and building improvements	34,653	34,515
Leasehold improvements	2,959	2,966

Furniture, fixtures, and equipment	15,697	14,761
Construction in progress	111	489
Total, at cost	71,456	70,767
Less: accumulated depreciation and amortization	(24,126)	(22,416)
Total	$ 47,330	$ 48,351

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 6 PREMISES, FURNITURE AND EQUIPMENT (Continued)

Depreciation and amortization expense on premises, furniture and equipment was $1,881 and $1,692 for the years ended December 31, 2017 and 2016, respectively.

At December 31, 2017, the Company was obligated under certain non-cancelable leases for premises and equipment, which expire at various dates through December, 2022. Many of these leases contain renewal options to extend for a period from two to ten years. Other leases contain escalation charges calling for rentals to be adjusted for increased real estate taxes and other operating expenses. The cost of such rentals and other potential lease charges are not included in the future minimum lease payment schedule below:

Years ending December 31:	
2018	$ 1,778
2019	1,303
2020	1,045
2021	557
2022	157
Total	$ 4,840

Total rent expense under all lease terms, including certain operating costs, was approximately $3,426 and $3,140 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 DEPOSITS

Interest-bearing deposits at December 31, 2017 and 2016 consist of the following:

	2017	2016
NOW and money market	$ 298,489	$ 254,780
Savings	202,296	197,907
Time, $250,000 and over	37,465	43,414
Other time	246,276	273,428
Total	$ 784,526	$ 769,529

At December 31, 2017, the scheduled maturities of time deposits are as follows:

2018	$ 232,192
2019	47,848
2020	2,584
2021	601
2022	441
Thereafter	75

Total	$	283,741

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

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NOTE 7 DEPOSITS (Continued)

For the year ended December 31, 2017, the Bank's overall average cost of deposits was 0.44%, while during the year ended December 31, 2016, the cost of deposits averaged 0.38%.

NOTE 8 BANK BORROWINGS

The following table is a summary of the short and long term borrowings as of December 31, 2017 and 2016:

		2017		2016	
	Maturity	Rate	Balance	Rate	Balance
Short-Term Borrowings					
FHLB overnight advance	1/02/18	1.44%	$ 20,000	.70%	$ 20,000
FHLB-fixed rate-fixed term	1/29/18	1.29%	15,000		
Mortgage banking warehouse line of credit	1/31/18	3.63%	839		
Total Short-Term		1.43%	$ 35,839	.70%	$ 20,000
Long-Term Borrowings					
FHLB fixed rate-term advance	6/01/26	5.74%	1,822	5.74%	1,876
Total Borrowings			$ 37,661		$ 21,876

Federal Home Loan Bank of Chicago

The Bank has a line of credit for short and long term advances from the FHLB of Chicago. The line of credit and all advances are secured by approximately $352,432 and $298,469 of qualifying residential real estate loans at December 31, 2017 and 2016, respectively, and certain other investments. As of December 31, 2017, the Bank had $165,031 in available borrowing capacity on this line of credit. The maximum amount of these borrowings is limited to a percentage of the collateral pledged.

Other Borrowings

The Company has established unsecured Federal Funds purchased lines of credit with correspondent banks. These lines have a maximum overnight borrowing capacity of $10,000 and $40,000 as of December 31, 2017 and 2016, respectively, and have no maturity. There were no borrowings on these lines as of December 31, 2017 and 2016.

The Company has an established mortgage warehouse line of credit with a non-affiliated bank, which provides for a maximum borrowing capacity of $30,000 as of December 31, 2017 and 2016. The mortgage warehouse line of credit is used to support the origination of mortgage loans and is secured by the corresponding portfolio of mortgage loans held for sale. Interest payable on outstanding advances is calculated using the mortgage loan note rate that secures the advance less .35%. The interest rate is subject an increase of 4.00% for advances for mortgage loans not sold within 60 days. The agreement is subject to financial covenants that require (a) minimum tangible net worth, (b) maximum ratio of debt to tangible net worth, and (c) minimum liquidity ratio. As of December 31, 2017, the Company was in compliance with the financial covenants.

Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 9 SUBORDINATED DEBENTURES

The Company has established two business trusts (Bridgeview Statutory Trust 1 and Bridgeview Capital Trust II) that have issued floating rate capital securities ("capital securities") which are guaranteed by the Company.

The Company owns all of the equity in each of these two trusts. In accordance with ASC Topic 810, the Company does not consolidate these trusts. The trusts used the proceeds from the issuance of their capital securities to buy floating rate junior debentures ("debentures") issued by the Company. These debentures are the trusts' only assets and the interest payment from the debentures finance the distributions paid on the capital securities. These debentures are unsecured and rank junior and are subordinate in the right of payment to all senior debt of the Company.

The subordinated debentures as of December 31, 2017 are summarized as follows:

	Balance	Interest Rate	Maturity
Bridgeview Statutory Trust I	$ 15,464	4.96%(a)	July 31, 2031
Bridgeview Capital Trust II	15,464	4.71%(b)	January 7, 2033
Total	$ 30,928		

(a) Interest payable at the 3-month LIBOR plus 3.58%

(b) Interest payable at the 3-month LIBOR plus 3.35%.

The capital securities are subject to mandatory redemption upon payment of the debentures. The maturity dates of both debentures may be shortened if certain conditions are met, or at any time within 120 days following the occurrence and continuation of certain changes in either tax treatment of the capital treatment of the debentures or the capital securities. If the debentures are redeemed before they mature, the redemption price will be the principal amount plus any accrued but unpaid interest and any premium due for early redemption. The Company has the right to terminate both debentures and cause the debentures to be distributed to the holders of the capital securities in liquidation of such trust.

Each issue of capital securities carries an interest rate identical to that of the related debenture. The subordinated debentures have been structured to qualify as Tier 1 capital for regulatory purposes and the dividends paid on such are tax deductible. However, the debentures cannot be used to constitute more than 25% of the Company's core Tier 1 capital under Federal Reserve Board guidelines inclusive of these debentures. The Company utilized the proceeds of these issuances to inject capital into the Bank.

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Bridgeview Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

December 31, 2017 and 2016

(dollars in thousands, except share data)

NOTE 10 INCOME TAXES

The components of the income tax expense for the year ended December 31, 2017 and 2016 are as follows:

	2017	2016
Current tax expense	$ 2,724	$ 165
Deferred tax expense	1,512	4,128
Adjustment to deferred tax assets for increase in Illinois tax rate	(2,061)	
Adjustment to deferred tax assets for decrease in Federal tax rate	7,903	
Total income tax provision	$ 10,078	$ 4,293

The components of the net deferred tax asset at December 31, 2017 and 2016 are:

	2017	2016
l tax		
ce for loan	$ 2,096	$ 2,933
plan nized net loss		2,129
l loan	188	334
alized e-for-sale s	217	195
ating loss ward	19,703	30,220
al estate	2,185	3,567
e stock rred sation	532	654
lement s	688	844
le tion ward	473	686
	798	468
ferred tax	26,880	42,030
	1,984	3,212

luation ce														
	)	(982,447)												
es as of ber 31,	600,000	$	2,294,927	743,674	159,455	11,720,612	(879,048)	-	-	-	14,039,620	39,799	14,07

See accompanying notes to consolidated financial statements.

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INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Changes in Financial Position

(Thousands of mexican pesos-note 2x)

Years ended December 31, 2006 and 2007

	2006	2007
Operating activities:		
Net income	$ 907,129	1,272,226
Add charges to operations not requiring funds:		
Depreciation	537,383	571,393
Deferred income tax	346,110	169,716
Labor obligations, net period cost	37,464	42,112
Funds provided by operations	1,828,086	2,055,447
Changes in operating assets and liabilities:		
Accounts receivable	(51,435)	(336,083)
Inventories and biological assets	(535,933)	(1,140,124)
Prepaid expenses and others current assets	(11,081)	(31,463)
Accounts payable	364,813	300,566
Related parties	6,002	14,169
Taxes payable and other accruals	(73,193)	(45,534)
Labor obligations, plan contributions	(27,576)	(32,617)
Derivative financial instruments	(6,407)	(35,769)
Funds provided by operating activities	1,493,276	748,592
Financing activities:		
Proceeds from of long-term debt	-	40,000
Proceeds from notes payable to bank	-	40,000
Payment of long-term debt and notes payable to bank	(104,836)	(13,963)
Constant pesos effect on notes payable to banks and long-term debt	(6,081)	(1,638)
Cash dividends paid	(378,075)	(363,708)
Sales of Company's own shares, net	17,849	-
Funds used in financing activities	(471,143)	(299,309)
Investing activities:		
Acquisition of property, plan and equipment, net	(856,227)	(991,737)
Investment in securities	(394,004)	(12,001)
Other assets	(2,060)	(1,561)
Funds used in investing activities	(1,252,291)	(1,005,299)
Net increase (decrease) in cash and equivalents	(230,158)	(556,016)
Cash and equivalents at beginning of year	3,420,045	3,189,887

Cash and equivalents at end of year	3,189,887	2,663,871
Investment in securities	394,004	406,005
Cash and investment at end of year	$ 3,583,891	3,039,876

See accompanying notes to consolidated financial statements.

INDUSTRIAS BACHOCO, S.A.B DE C.V. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended December 31, 2008

(Thousand mexican pesos)

		Thousands of U.S. dollars (note 2v)
	2008	2008
Cash flows from operating activities:		
Loss before income taxes and minority interest	$ (1,160,056)	(83,970)
Items relating to investing activities:		
Valuation effects of financial instruments	1,666,821	120,653
Depreciation and amortization	616,358	44,615
Loss on sale of plant and equipment	49,485	3,582
Interest income	(173,694)	(12,573)
Item relating to financing activities:		
Interest expense	36,202	2,620
Subtotal	1,035,116	74,927
Derivative financial instruments	(747,795)	(54,129)
Accounts receivable, net	(151,635)	(10,976)
Recoverable taxes and other assets	52,972	3,834
Inventories and biological assets	(784,442)	(56,781)
Prepaid expenses and other current assets	(24,703)	(1,788)
Trade accounts payable, taxes payable and other accruals	596,229	43,158
Income taxes paid	(147,426)	(10,671)
Accounts payable to related parties	23,517	1,702
Labor obligations	15,170	1,098
Deferred tax related to derivative financial instruments in stockholders' equity	(23,204)	(1,679)
Assets available for sale	2,159	156
Net cash used in operating activities	(154,042)	(11,149)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,156,168)	(83,690)
Proceeds from sale of plant and equipment	57,329	4,150
Increase in other non-current assets	(1,113)	(80)
Interest collected	173,694	12,573
Net cash used in investing activities	(926,258)	(67,047)
Cash flows from financing activities:		
Equity component of derivative financial instruments	(98,922)	(7,160)

Dividends paid	(353,880)	(25,615)
Proceeds from loans	535,100	38,733
Interest paid	(33,339)	(2,414)
Asset tax recovery	8,521	616
Principal payments on loans	(18,809)	(1,361)
Net cash provided by financing activities	38,671	2,799
Net decrease in cash and investments	(1,041,629)	(75,397)
Cash and investments:		
At beginning of year	3,039,876	220,040
At end of year	$ 1,998,247	144,643

See accompanying notes to consolidated financial statements.

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

(1) Organization and Business Activity-

Industrias Bachoco, S.A.B. de C.V. and subsidiaries (collectively "Bachoco" or the "Company") was incorporated on February 8, 1980 and it is engaged in breeding, processing and marketing of poultry (chicken and eggs), swine and other products (principally balanced animal feed). Bachoco, S.A.B. de C.V. is the controlling company of a group of subsidiaries.

In June 2006, the new Securities Trading Act came into effect, which, among other provisions, established that corporations listed on the Mexican Stock Exchange must change their entity names from variable capital stock corporation (S.A. de C.V.) to variable capital stock market corporation (S. A. B. de C.V.); as of February 1, 2007, the Company's name is Industrias Bachoco, S.A.B. de C.V., in compliance with the aforementioned law.

On July 10, 2009, the accompanying financial statements and related notes were authorized by the Company's Finance Director, Daniel Salazar Ferrer, for the Audit Committee, Board of Directors and Stockholders' meeting approval.

(2) Accounting Policies and Practices-

The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are no limited to, the carrying amount of property, plant and equipment, and goodwill; valuation allowances for receivables, inventories and deferred income tax assets; valuation of financial instruments; and assets and obligations related to employee benefits. Actual results could differ from those estimates and assumptions.

For disclosure purposes, "thousands pesos" or "$" means thousands of Mexican pesos, and "thousands dollars" or "US dollars" means thousands of U.S. dollars, except per share amounts.

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

The Company's consolidated financial statements are prepared in accordance with Mexican Financial Reporting Standards (Mexican FRS) in effect as of the balance sheet date (see note 2x). The significant accounting policies and practices observed by the Company in the preparation of the accompanying financial statements are described below:

a) Consolidation-

The consolidated financial statements include the financial statements of the Company and all of its majority-owned and controlled subsidiaries.

The ownership interests of other stockholders in such subsidiaries are shown as minority interest.

Intercompany balances, investments and transactions between consolidated entities have been eliminated in consolidation.

The results of operations of the subsidiaries were included in the Company's consolidated financial statements as at the acquisition or inception month.

The consolidation was based on the audited financial statements of the issuing companies, which have been prepared in accordance with Mexican FRS.

The accompanying consolidated financial statements include the following consolidated subsidiaries as of December 31, 2006, 2007 and 2008:

	Percentage equity interest		
	2006	2007	2008
Acuícola Bachoco, S.A. de C.V.	100	100	100
Aviser, S.A. de C.V.	100	100	100
Bachoco, S.A. de C.V. ("BSACV") (Consolidated)	100	100	100
Bachoco Comercial, S.A. de C.V.	-	100	100
Campi Alimentos, S.A. de C.V.	100	100	100
Huevo y Derivados, S.A. de C.V.	97	97	97
Operadora de Servicios de Personal, S.A. de C.V.	100	100	100
Pecuarius Laboratorios, S.A. de C.V.	64	64	64
Secba, S.A. de C.V.	100	100	100
Sepetec, S.A de C.V.	100	100	100
Servicios de Personal Administrativo, S.A. de C.V.	100	100	100
Induba Pavos, S.A. de C.V.	100	100	100

(Continued)

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

The main subsidiaries of the group are as follows:

- Bachoco, S.A. de C.V. ("BSACV") (Consolidated)
This company is engaged in breeding, processing and marketing of poultry (chicken and eggs).

- Campi Alimentos, S.A. de C.V.
- Acuícola Bachoco S.A. de C.V.
These companies are engaged in producing and marketing of balanced animal feed.

- Aviser, S.A. de C.V.
- Operadora de Servicios de Personal, S.A. de C.V.
- Secba, S.A. de C.V.
- Sepetec, S.A. de C.V.
- Servicios de Personal Administrativo, S.A. de C.V.
These companies are engaged in providing administrative and operative services to their related parties.

On December 2006 and July 2007, the subsidiaries Induba Pavos, S.A. de C.V. and Bachoco Comercial, S.A. de C.V. were incorporated, respectively. Both entities have 100% ownership from their holding company, Industrias Bachoco, S.A.B. de C.V. These entities are engaged in the import and trading of turkey.

b) Revenue recognition-

Revenues are recognized when each of the following criteria is met:

- There is evidence of an arrangement.
- Delivery has occurred.
- The seller fixes or determines the prices with the buyer.
- Collectability is reasonably certain.

Based on management analysis and estimates, the Company provides for doubtful receivables (reported under selling expenses).

(Continued)

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

c) Recognition of the effects of inflation on financial information-

The accompanying consolidated financial statements have been prepared in accordance with Mexican FRS in effect as of the balance sheet date and include the recognition of the effects of inflation on financial information through December 31, 2007, based on the Mexican National Consumer Price Index (NCPI) published by Banco de México (central bank) (see note 2x).

Cumulative inflation percentages of the current and three preceding years and the indexes used in recognizing inflation through such year are as follows:

December 31	NCPI	Inflation	
		Yearly	Cumulative
2008	133.761	6.53%	18.84%
2007	125.564	3.76%	11.56%
2006	121.015	4.05%	7.51%
2005	116.301	3.33%	3.33%

A summary of the key inflation accounting concepts and procedures is as follows:

- Property, plant and equipment

Property, plant and equipment were carried at replacement cost, determined annually by an independent appraiser, through 1996. The fifth amendment to bulletin B-10 “Accounting Recognition of the Effects of Inflation on Financial Information” (as modified), which is applicable to financial statements for periods beginning on or after January 1, 1997, disallows the use of appraisals. Based on such amendment, the Company restated the appraised value at December 31, 1996 and property, plant and equipment acquisitions since January 1, 1997 until December 31, 2007 are carried at cost adjusted by the NCPI.

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INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

- Stockholders' equity

Until December 31, 2007, date in which the economic environment moved to a non-inflationary environment in conformity with FRS B-10 "Effects of Inflation", capital stock, additional paid-in capital, reserve for stock repurchase of Company's own shares, retained earnings and other capital accounts were restated using adjustment factors obtained from the NCPI. The amounts obtained in this manner represented the constant value of the stockholders' investment.

- Net monetary position loss

Until December 31, 2007, the net monetary position loss represented the impact of inflation on monetary assets and liabilities at the beginning of each month updated by inflation factors through year-end. The monetary position loss of each year is included in the statements of operations as a part of the comprehensive financial result (See note 2x).

- Deficit from restatement of stockholders' equity

Until December 31, 2007, the deficit from restatement of stockholders' equity comprises the accumulated monetary position loss at the time the provisions of Bulletin B-10 were first applied and the subsequent gain or loss from holding nonmonetary assets, mainly inventories. Deficit from restatement of stockholders' equity is originated when the replacement cost of these assets is lower than the cost of these assets restated by the NCPI (see note 2x).

d) Cash and investments-

Cash and investments consist primarily of bank deposits and checking accounts in foreign currencies. At the date of the consolidated financial statements, interest income and foreign exchange gains and losses are included in the statements of operations, under comprehensive financial results.

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INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

e) Primary investment securities-

All rights and obligations arising from primary investment securities are recognized on the balance sheet and the company classifies its investment securities depending on the purpose for which the securities were acquired: (i) held-to-maturity, (ii) trading or (iii) available for sale. Investments in these instruments are reflected on the line-item "current primary investment securities within cash and investments" (see note 3).

Trading securities, except held-to-maturity, are recorded at fair value, where peso-denominated debt securities are provided by local price vendors, while US-denominated debt securities are diversified. Held-to-maturity securities are reported at amortized cost. Changes in the carrying amounts of trading securities, including the related costs and yields are included under comprehensive financial results. Gains or losses arising from changes in the fair value of available-for-sale securities (less the corresponding yield and foreign exchange gain or loss, in the case of equity securities), as well as the related monetary position gain or loss, as applicable, are reported as a comprehensive income (loss) item within stockholders equity. Furthermore, where evidence exists that a financial asset held-to-maturity shall not be recovered in full, the expected loss (impairment) is recognized in the statement of operations.

f) Allowance for doubtful accounts-

The Company policy is to record an allowance for doubtful accounts for balances which are not likely to be recovered. In establishing the required allowance, management considers historical losses to take into account current market condition and our customers' financial condition, the amount of receivables in dispute and the current receivable aging and current payment patterns. Past due balances over 60 days are reviewed individually for collectibility.

g) Inventories, agricultural products and biological assets-

- Inventories

At December 31, 2008, inventories are stated at the lower of historical cost determined by the average cost method or market (replacement cost), provided that replacement cost is not less than net realizable value.

Inventories at December 31, 2007, are valued using the average cost method and restated based on the NCPI. The stated value of inventories is not in excess of net realizable value.

(Continued)

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

-Agriculture

The financial statements recognize the requirements of Mexican FRS E-1, "Agriculture", which establishes the rules for recognizing, measuring, presenting and disclosing biological assets and agricultural products.

Mexican FRS E-1 requires biological assets and agricultural products (the latter at the time of harvesting) to be valued at their fair value, net of the estimated costs at the point of sale. Bulletin E-1 also establishes that whenever the fair value cannot be determined in a reliable, verifiable and objective manner, the assets are to be valued at their production cost, net of impairment loss.

The allowance for decline in the productivity of breeder chickens and pigs is estimated based on expected future life under the straight-line method.

Agricultural products are live chickens, processed chickens, commercial eggs and pigs available for sale. The Company's biological assets are comprised of poultry in their different stages, incubatable eggs and breeder pigs.

Broiler chicks less than six and a half weeks old, incubatable eggs, breeder pigs and laying hens are valued at production cost since it is not possible to determine their fair value in a reliable, verifiable and objective manner.

Broilers more than six and a half weeks old through their date of sale are valued at fair value net of estimated point-of-sale costs, considering the price per kilogram of processed chicken at the valuation date.

Processed chicken and commercial eggs are valued at fair value net of estimated point-of-sale costs, considering the price per kilogram of processed chicken and commercial eggs at the time such items are considered as agricultural products. From such date through the date of sale, the fair value is considered to be the cost of processed chicken or commercial eggs, not in excess of net realizable value.

The Company is exposed to financial risks due to changes in the price of chicken. The Company estimates that the price of chicken will not fall significantly in the future; consequently, the Company has not entered into any derivative agreement or any other type of agreement to offset the risk of a drop in the price of chicken.

The Company reviews periodically the price of chicken so as to evaluate the need for a financial instrument to offset such risk.

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INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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(Thousands of Mexican pesos note 2x,
except per share amounts)

In conformity with Mexican FRS E-1, biological assets and agricultural products were classified as either current or non-current assets based on their availability and the business operating cycle.

Cost of sales represents the replacement cost of inventories at the time of sale, increased, as applicable, for reductions in the replacement cost or net realizable value of inventories during the year and, through 2007, is expressed in thousands of constant pesos as of December 31, 2007.

The Company records the necessary allowances for inventory impairment arising from damaged, obsolete or slow-moving inventories.

h) Property, plant and equipment-

Property, plant and equipment are initially recorded at acquisition cost and through December 31, 2007, adjusted for inflation by using factors derived from the NCPI (see note 2c).

As of January 1, 2007, as a result of the adoption of MexFRS D-6 "Capitalization of the Comprehensive Cost of Financing", in which is defined the capitalization of the comprehensive financing cost incurred during the construction or installation of property, plant and equipment in process, which is subsequently restated by applying factors based on the NCPI. The amount of comprehensive financing cost to be capitalized is determined by applying the weighted average interest rate of financing to the weighted average of the investments in qualifying assets made during the qualifying period. In the case of foreign currency denominated financing, comprehensive financing cost includes the related exchange gains or losses. During 2007 the Company did not capitalize any amount due to its immateriality; and during 2008, no comprehensive financial results have been capitalized, as the criteria mentioned above were not met.

Depreciation of property, plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets, determined by management (see note 7).

Minor repairs and maintenance costs are expensed as incurred.

(Continued)

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

i) Impairment of property, plant and equipment and goodwill-

The Company periodically evaluates the values of long-lived assets of property, plant and equipment and goodwill, to determine whether there is an indication of potential impairment. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset against future cash flow expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated net revenues, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

j) Leases-

Leased property, plant and equipment arrangements are recognized as capital leases if a) the ownership of the leased asset is transferred to the lessee upon termination of the lease; b) the agreement includes an option to purchase the asset at a reduced price; c) the term of the lease is basically the same as the remaining useful life of the leased asset; or d) the present value of minimum lease payments is basically the same as the market value of the leased asset, net of any benefit or scrap value.

When the risks and benefits inherent to the ownership of the leased asset remain mostly with the lessor, such leases are classified as operating leases and accrued lease expense is charged to results of operations as incurred.

The Company classified its leases as operating leases at December 31, 2007 and 2008.

k) Goodwill-

Goodwill represents the difference between the purchase price and the fair value of the net assets acquired in a business combination at the purchase date.

Goodwill is recorded initially at acquisition cost and until December 31, 2007, restated using adjustment factors derived from the NCPI. Goodwill is subject to annual impairment testing.

At December 31, 2007 and 2008, there was no impairment loss in the value of goodwill shown in the consolidated balance sheet.

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INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
except per share amounts)

l) Liabilities, provisions, contingent liabilities and commitments-

Liability provisions are recognized when the following three conditions are met: (i) the Company has current obligations (legal or assumed) derived from past events, (ii) it is probable that the liability will give rise to a future cash disbursement for its settlement and (iii) the liability can be reasonably estimated. Liabilities for loss contingencies are recorded when is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

If the effect of the time value of money is material, provision amounts are determined as the present value of the expected disbursements to settle the obligation. The discount rate is determined on a pre-tax basis and reflects current market conditions at the balance sheet date and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

m) Employee benefits-

Bachoco has a retirement plan in which all non-union workers participate. Pension benefits are determined based on the salary of workers in their final three years of service, the number of years worked in the Company and their age at retirement. This plan includes:

- Defined contribution plan: This fund consists of employee and Company contributions. The employee contribution percentage ranges from 1% to 5%. The Company contribution ranges from 1% to 2% in the case of employees with less than 10 years' seniority, and the same contribution percentage as the employee (up to 5%) when the employee has more than 10 years' seniority.

- Defined benefit plan: This fund consists solely of the Company's contributions and covers the Company's labor obligations with each employee.

Seniority premiums and severance payments are paid to workers as required by Mexican labor law.

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INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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(Thousands of Mexican pesos note 2x,
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Termination benefits for reasons other than restructuring and retirement to which employees are entitled are charged to operations for each year, based on actuarial computations using the projected unit credit method and projected salaries. At December 31, 2008 and for purposes of recognizing benefits upon retirement, the remaining average service life of employees entitled to plan benefits approximates 19.66 years (note 14).

n) Comprehensive financial results (CFR)-

The CFR includes interest income and expense, foreign exchange gains and losses and valuation of financial instruments and, through 2007, monetary position gains and losses.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in force at the balance sheet date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported in operations for the year.

o) Comprehensive income (loss)-

Comprehensive income (loss) consists of the net income or loss for the year, plus the result from holding non-monetary assets, the tax effect of the items which are recorded directly in stockholders' equity, the effective portion of the unrealized gain or loss on cash flow hedges, the minimum liability adjustment of labor obligations and the minority interest as required by Mexican FRS B-4 "Comprehensive Income".

p) Derivative financial instruments-

Irrespective of their use and either issuance or holding purpose, the Company recognizes all derivative instruments as either assets or liabilities on the balance sheet at their respective fair values. Fair values are determined based on known market prices such as Chicago Board of Trade (CBOT) and, when not listed in a market (OTC), based on valuation techniques and inputs usually accepted in the financial sector.

(Continued)

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Years ended December 31, 2006, 2007 and 2008

(Thousands of Mexican pesos note 2x,
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Changes in the fair value of financial instruments not designated and/or not qualifying under strict hedge accounting criteria are recognized within earnings for the year in which such changes occur, as derivatives effects under comprehensive financial results.

In the case of operations with options on futures not designated and/or do not qualify under strict hedge accounting criteria, premiums paid or received in connection with options are initially recognized as assets or liabilities within derivative instruments; with subsequent changes in their fair value, recognized within income of the year in which such changes occur, as derivatives effects under comprehensive financial results.

q) Derivative Financial Instruments, and Risk Hedging activities-

As of December 31, 2008

The Company uses selected financial derivative instruments to protect itself against adverse price fluctuations in agriculture commodities, such as corn and sorghum. Said agriculture commodities derivative instruments include futures and options on futures which are listed on the CBOT, as well as options on futures accessed through ASERCA (Farming Marketing Support and Services, a dependent entity ascribed to Mexico's Secretary of Farming and Agriculture) a dependent entity of the Mexican Government's unit that belongs to the Secretary of Farming, Livestock, Rural Development, Fishing and Food (SAGARPA, Secretaria de Agricultura, Ganaderia y Desarrollo Rural, Pesca y Alimentación), through which, a commodities-related price hedging program (the "Farming by Contract") scheme is offered to both farmers and agro-business entities such as the Company. The ASERCA program has two participating modalities: (i) 0% of the payment of the option's premium and 100% of the benefit with a 60% discount on the amount of the initial premium, or (ii) a 50% of the payment of the option's premium, and 100% of the benefit.

Designation of the derivates offered through ASERCA is documented every time derivatives are contracted to hedge price risk and when these hedging relationships meet all of the hedge accounting requirements. Said documentation includes a description of the objective or hedge strategy, the nature of the hedged item position, the risk(s) to be hedged, the designated derivatives and how the initial effectiveness testing assessment will be performed, as well as the subsequent measurement of its retrospective effectiveness, which applies to each established hedge relationship.

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Formal hedge designated derivatives that follow special hedge accounting recognition, with fair value changes based on each corresponding hedge accounting model: (1) Fluctuations in fair value type hedges, require that both the derivative and the hedged item are to be valued at fair value and recognized in the statement of operations; (2) in the case of a cash flow hedge, only the effective portion of the derivative is temporarily recognized in comprehensive income (equity) and recycled to operations when the hedged item affects operations as cost of good sold, interest, etc., while the ineffective portion is immediately recognized within operations.

The Company needs to revoke hedge accounting in the following cases: when the derivative has expired, has been sold, is cancelled or exercised, or when the derivative does not achieve the required level of effectiveness to compensate for the changes in the fair value or cash flows of the hedged item, or when at the Company's discretion, the entity decides to cancel the hedge relationship.

Certain financial derivative instruments are entered into from an economic perspective and are neither designated nor qualify for hedge accounting purposes, hence are treated accounting wise, as trading derivatives, with fluctuations in the fair value of these derivatives recognized within comprehensive financing operations.

In the case of hedges with options or combinations of options, which are designated and qualifying under hedge accounting models, the premiums paid and received through these derivative financial instruments are initially recognized as assets or liabilities within derivative financial instruments, with subsequent changes in their fair values recognized in the comprehensive financial results in the case of fair value hedges, while under cash flow hedge are recognized within the other comprehensive income (OCI) account of stockholders' equity, in the case of cash flow hedges.

The Company has established an Investments and Risk Committee which sets the guidelines and strategies to be followed in terms of the use of investments and derivatives use.

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At December 31, 2007

Derivative Financial hedging instruments

The Company uses derivative financial instruments to hedge certain risks and reduce its financial risks exposure.

The Company is exposed to exchange rate (Mexican Peso-U.S. dollars) fluctuations and fluctuations in the price of grains (corn and sorghum) within its normal course of business. The Company manages these risks through a program that includes the use of derivative financial instruments (FDI).

Company's policy is to establish a 25 to 30% range of protection on the total amount of its annual needs for U.S. dollars. It also uses OTC (non-listed) options and futures agreements exchange rate variability in its short-tern U.S. dollar cash out flow needs, considering these as a forecasted transaction under the cash flow hedge model. Basically, the Company generally uses FDIs for hedging intention, unless they are not designated or do not meet accounting requirements for hedging purposes. These instruments are signed with well-positioned financial institutions.

The FDIs are factored in and documented according to the accounting compliance established in FRS Financial Reporting Standard (FRS) C-10 "Financial instruments, derivates and hedging operations" (Mexican GAAP) which is very similar to US GAAP equivalent (SFAS-133 "Accounting for Derivative Instruments and Hedging Activities".

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The Company has entered into agreements on the following types of FDI:

Options

When options are acquired through a premium payment, these FDI grant the buyer the right, albeit not the obligation to buy (purchased Call) or sell (purchased Put) a price of a commodity or an exchange rate (U.S. dollars parity level against the Mexican Peso in this case) at a fixed price or exchange rate known as the Option's strike price or level of exercise, at a certain date on which the option contract matures or expires. In the case of entering as the issuer or seller of the same options, the Company is obligated to sell (sold Put) or to buy (sold Call) if the buyer exercises the sold option. More than 90% of the cases in which Bachoco contracts combinations of bought and sold options do not involve the payment of a net premium and these instruments were neither designated nor qualify for being designated as hedges under one of the permissible hedge accounting models.

During 2007, the Company entered into bought options under the program offered by ASERCA in order to hedge the risk of lower prices on certain grains prices such as corn, sorghum and wheat it contracts associated to the Farming Contract program. Under this program, the Company agrees the terms to buy certain amount of physical grain volumes and abide by the price established in U.S. dollars for each Metric Ton that must be paid against delivery of future productions that domestic farmers will supply on certain crop dates. ASERCA provides the Company with Put-type of options upon presenting said agreements that allows it to hedge if CBOT prices fall below those agreed upon prices with the local farms. By participating in this government sponsored program, the Company receives 50% of subsidy on the option's market premium from ASERCA (if the price goes up) or a loan that will be recovered by ASERCA (if the price goes down). The results of using these financial derivative instruments ensures that the Company obtains protection from falling prices in regard to the price it contractually agreed to pay binding farmers as firm commitments to them.

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Futures

Futures are contracts that bind two entities to exchange a commodity good, and index, exchange rate or a value (grain prices, in this specific case) at a future date, at an established amount, quality and price. Different from options, this type of contracts do not consider premium payments or receptions and can simply exist symmetrically as a corporate profit or loss when taken long futures positions in the event that the price of the grain in the market happens to be higher than the agreed price (profit) or the market price is lower than the amount established in the agreement (loss). The Company contracted futures through New Age (FIMAT) in fiscal year 2007. FIMAT is a broker that specializes in Futures and Options on Futures listed in organized markets such as CBOT. The Company is required to keep a deposit or margin requirement that guarantees its open position on futures contracts, which generates market interests and represents a safeguard that ensures the honoring of the signed agreement. This margin account is debited or credited on a daily basis by New Age, based on market settlement prices as of the closing time, impacting with respective losses or gains. When the market moves against the Company’s open position, the margin account is consumed and additional margin requirements (intraday margin calls) are needed to be established otherwise, the position is closed with a realized loss.

Effectiveness testing

In order to access special hedge accounting requirements, both prospective assessment and retrospective effectiveness testing of the hedging relationship (hedge item and designated hedge instrument) is needed. Said effectiveness is measured on a periodic basis. In the case of cash flow hedges, an instrument in which the variability in the present value changes in the contractual or expected cash flows of the hedged item attributable to the hedged risk are satisfactorically offset by the hedge instrument (FDI), it is then considered that the hedge relationship is highly effective (a either period by period or cumulative dollar offset in the range of 80% to 125% is to be considered as to meet hedge effectiveness goals).

FRS C-10 establishes that the effective portion of a profit or loss obtained from a cash flow hedging derivative is recognized in the comprehensive profit (OCI, within stockholders equity), net of deferred taxes, while the ineffective portion is recognized directly in the earnings.

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r) Income taxes (Income Tax (IT), Asset Tax (AT), Flat Rate Business Tax (IETU)), and employee statutory profit sharing (ESPS)-

IT, IETU and ESPS payable for the year are determined in conformity with the tax provisions in effect.

Deferred IT, IETU and, from January 1, 2008 deferred ESPS, are accounted for under the asset and liability method. Deferred tax and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT and IETU, for tax loss carryforwards and tax credits. Deferred tax and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax and ESPS assets and liabilities of a change in tax rates is recognized in income during the period that includes the enactment date.

At December 31, 2007, a deferred income tax liability determined by treating the stockholders' equity as a single temporary item is greater than the amount determined by using the asset and liability method, and thus, the Company recognized an additional deferred tax liability of $288,580 in 2007 to account for this difference.

Effective January 1, 2008, Mexican FRS D-4 "Tax on earnings" supersedes Bulletin D-4 and Circular 54. Mexican FRS D-4 establishes the asset and liability method as the only method in determining deferred taxes. Therefore, the Company wrote-off $288,580 against retained earnings, which relates to the additional deferred tax liability previously determined as at December 31, 2007 under the stockholders' equity method.

Until December 31, 2007, deferred ESPS was recognized only for timing differences arising from the reconciliation of book income to income for profit sharing purposes, for which it was reasonably estimated that a future liability or benefit would arise and there was no indication that the liabilities or benefits would not materialize.

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s) Statement of operations-

The Mexican FRS B-3 “Statement of Operations”, that came into effect in 2007, states that costs and expenses in the Company’s statement of operations are presented based on their function, since such classification allows for an accurate evaluation of both operating income and gross profit margins.

Although Mexican FRS B-3 “Statement of Operations”, does not require the presentation of operating income, this caption is shown in the income statement, since operating income is an important indicator used to evaluate the Company’s performance. Operating income consists of revenues as well as operating costs and expenses and thus excludes other income (expenses).

The presentation of the statement of operations for the year ended December 31, 2006, is in accordance with the presentation used in 2007 and 2008.

t) Net majority interest income (loss) per share-

Net majority interest income (loss) per share has been computed based on majority interest net income (loss) and on the weighted average number of shares outstanding, as established in Mexican FRS B-14 “Profit per Share”.

u) Financial information by segments-

Mexican FRS B-5, “Financial Information by Segments”, establishes the rules for disclosing financial information by segment.

Financial information by segment is prepared based on a management’s approach, in conformity with Mexican FRS B-5, considering a segment to be an operating component that is subject to risks and benefits that are different from other business segments.

The financial information by segment is disclosed in note 18.

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v) Convenience translation-

United States thousands dollars amounts as shown in the accompanying consolidated balance sheet as of December 31, 2008, as well as in the consolidated statements of operations and cash flows for the year ended December 31, 2008, have been included solely for the convenience of the reader and are translated from Mexican pesos to US dollars as a matter of arithmetic computation only, at an exchange rate of $13.815 to one U.S. dollar, which was the exchange rate at December 31, 2008. Such translation should not be construed as a representation that the Mexican peso amounts could have been or could be converted into U.S. dollars at this rate.

w) Reclassifications-

Certain captions shown in the 2006 and 2007 consolidated statement of operations and in the consolidated statements of changes in financial position as originally issued have been reclassified for uniformity of presentation with the 2008 financial statements, in conformity with Mexican FRS B-1, "Accounting Changes and Error Corrections".

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x) New accounting pronouncements-

The Mexican Board for Research and Development of Financial Reporting Standards (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera or CINIF) has issued the following Mexican FRS effective for years beginning after December 31, 2007. Early application is not permitted.

(a) Mexican FRS B-10 “Effects of inflation" – Mexican FRS B-10 supersedes Bulletin B-10 "Recognition of the effects of inflation on the financial information" and its five amendment documents, as well as the related circulars and Interpretation of Financial Reporting Standards (IFRS) 2. The principal considerations established by this FRS are:

(i) Recognition of the effects of inflation – An entity operates in a) an inflationary economic environment when cumulative inflation over the immediately preceding 3-year period is equal to or greater than 26%; and b) non-inflationary economic environment, when inflation over the aforementioned period is less than 26%.

For case a), the comprehensive recognition of the effects of inflation is required, (similarly to Bulletin B-10 being superseded). For case b), the effects of inflation are not recognized; however, at the effective date of this FRS and when an entity ceases to operate in an inflationary economic environment, the restatement effects determined through the last period in which the entity operated in an inflationary economic environment (in this case 2008), must be kept and shall be reclassified on the same date and using the same procedure as that of the corresponding assets, liabilities and stockholders' equity. Should the entity once more operate in an inflationary economic environment, the cumulative effects of inflation not recognized in the periods where the environment was deemed as non-inflationary should be recognized retrospectively.

(ii) Price index – the use of the National Consumer Price Index (NCPI) or the change in the value of the Investment Unit (UDI) may be used for determining the inflation for a given period.

(iii) Valuation of inventories and of foreign machinery and equipment – The possibility of using replacement costs for inventories and specific indexation for foreign machinery and equipment is no longer allowed.

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(iv) Equity adjustment for non-monetary Assets – On the effective date of this FRS, the unrealized portion of the equity adjustment for non monetary assets, which is maintained in stockholders' equity, should be identified to be reclassified to earnings of the year when the originating item is realized. The realized portion or when is not practical to identify the unrealized portion, the realized and unrealized portions should be reclassified to retained earnings.

(v) Monetary Position Gains or Losses (included in Deficit/Excess in Equity Restatement) will be reclassified to retained earnings on the effective date of this FRS.

As a result of the adoption of this FRS, at January 1, 2008 the stockholders' equity accounts were reclassified as shown on the consolidated statement of stockholders' equity.

The 2007 consolidated financial statements are presented expressed in constant pesos at December 31, 2007, the date on which the comprehensive method for recognizing the effects of inflation was last used.

(b) Mexican FRS D-3 “Employee benefits”- Mexican FRS D-3 supersedes Bulletin D-3 "Labor Obligations", the sections applicable to Employee Statutory Profit Sharing (ESPS) of Bulletin D-4 and IFRS 4. The principal considerations established by this FRS are:

(i) Elimination of the recognition of an additional liability and the related intangible asset or any comprehensive item as a separate element of stockholders' equity.

(ii) Employee benefits are classified in four principal categories; direct short-term and long term, termination and post-employment benefits. Mexican FRS D-3 establishes a maximum five-year period for amortizing unrecognized/unamortized items while actuarial gains or losses may be recognized as earned or incurred. Unlike termination benefits, post-employment benefits actuarial gains or losses may be immediately recognized in results of operations or amortized over the expected service life of the employees.

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(iii) The use of nominal rates and the incorporation of the term salary increases due to promotions.

(iv) ESPS, including deferred ESPS, shall be presented in the statement of operations as ordinary operations, preferably within "other income and expenses". Furthermore, Mexican FRS D-3 establishes that the asset and liability method should be used for determining deferred ESPS; any effects arising from the change in method shall be recognized in retained earnings, without restatement of prior years' financial statements.

In 2008, as a result of the adoption of this Mexican FRS, the intangible asset of $28,341 reflected in the consolidated balance sheet and the labor obligation minimum liability adjustment of $2,512 reflected in consolidated statements of stockholders equity as of December 31, 2007, were eliminated. Furthermore, for 2008, amortization of unamortized items resulted in an approximate gain of $845.

(c) Mexican FRS D-4 "Taxes on income"- Mexican FRS D-4 supersedes Bulletin D-4 "Accounting for income and asset taxes and employee statutory profit sharing" and Circulars 53 and 54. The principal considerations established by this Mexican FRS are:

(i) the accounting treatment of ESPS (current and deferred) is transferred to Mexican FRS D-3, as mentioned in paragraph (b) above.

(ii) Deferred income tax liabilities at December 31, 2007 were determined by considering the stockholders' equity as a temporary liability, which resulted in an amount that surpassed the amount determined by the asset and liability method. Consequently, the Company recognized an additional liability in the amount of $288,580 in 2007, to recognize the greater amount of the deferred taxes determined by the asset and liability method and the amount determined by considering the stockholders' equity as the only temporary item.

Effective January 1, 2008, the asset and liability method is the only acceptable method to determine deferred taxes. Therefore, the Company write-off $288,580 that relates to the additional deferred tax liability referred to above, against retained earnings.

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(d) Mexican FRS B-2 "Statement of cash flows"- Mexican FRS B-2 supersedes Bulletin B-12 "Statement of changes in financial position" and paragraph 33 of Bulletin B-16. The principal considerations established by this Mexican FRS are shown below:

(i) Instead of the statement of changes in financial position, the financial statements shall include the statements of cash flows for all the periods presented comparatively with those of the current year, except for financial statements of periods prior to 2008;

(ii) Cash inflows and cash outflows are reported in nominal currency units, thus not including the effects of inflation;

(iii) Two alternative preparation methods (direct and indirect) are established, without stating preference for either method. Furthermore, cash flows from operating activities are to be reported first, followed by cash flows from investing activities and lastly by cash flows from financing activities;

(iv) Captions of principal items are to be reported gross, with certain exceptions and require disclosure of the composition of items considered cash equivalents.

Accordingly, the Company presents its consolidated statement of changes in financial position for 2007 and 2006 as issued and the consolidated statement of cash flows for 2008 under the indirect method.

(3) Cash and investments-

Consolidated cash and investments as of December 31, 2007 and 2008 consist of:

		2007	2008
Cash and bank accounts	$	221,539	228,589
Current primary investment securities (note 10 b)		2,818,337	1,545,737
Restricted cash		-	223,921
	$	3,039,876	1,998,247

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Restricted cash correspond to margin calls to cover future derivative commitments.

(4) Trade receivable net-

Trade receivables at December 31, 2007 and 2008, are shown net of an allowance for doubtful accounts for $36,154 and $28,320, respectively.

(5) Related parties-

The companies mentioned below are considered affiliates, since the Company's stockholders are also stockholders in such companies.

a) A summary of related party accounts payable as of December 31, is as follows:

	Relation		2007		2008
Vimifos, S.A. de C.V.	Affiliate	$	21,311	$	39,496
Maquinaria Agrícola, S.A. de C.V.	Affiliate		3,382		4,858
Llantas y Accesorios, S.A. de C.V.	Affiliate		1,688		3,953
Pulmex 2000, S.A. de C.V.	Affiliate		-		905
Frescopack, S.A. de C.V.	Affiliate		-		715
Camiones y Tractocamiones de Sonora, S.A. de C.V.	Affiliate		-		149
Autos y Tractores de Culiacán, S.A. de C.V.	Affiliate		-		106
Autos y Accesorios, S.A. de C.V.	Affiliate		438		76
Alfonso R Bours, S.A. de C.V.	Affiliate		-		48
Distribuidora Automotriz de los Mochis, S.A. de C.V.	Affiliate		-		28
Qualyplast, S.A. de C.V.	Affiliate		-		2
		$	26,819	$	50,336

At December 31, 2007 and 2008, balances due to related parties correspond to unsecured current accounts denominated in thousands of pesos that bear no interest and are payable within 30 days.

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b) For the years ended December 31, 2006, 2007 and 2008, the Company had the following transactions with related parties:

Purchases of feed, raw materials and packing supplies		2006	2007	2008
Vimifos, S.A. de C.V.	$	251,931	192,188	283,912
Frescopack, S.A. de C.V.		-	-	128,176
Pulmex 2000, S.A. de C.V.		-	-	15,619
Qualiplast, S.A. de C.V.		-	634	22
Purchases of vehicles, tires and spare parts				
Maquinaria Agrícola, S.A. de C.V.		17,585	47,155	54,502
Autos y Tractores de Culiacán, S.A. de C.V.		-	-	26,665
Llantas y Accesorios, S.A. de C.V.		12,289	23,349	22,426
Autos y Accesorios, S.A. de C.V.		33,585	14,985	21,729
Camiones y Tractocamiones de Sonora, S.A. de C.V.		-	-	14,501
Distribuidora Automotriz de los Mochis, S.A. de C.V.		-	8,095	13,687
Alfonso R. Bours, S.A. de C.V.		-	2,171	3,356
Airplane leasing expenses				
Taxis Aéreos del Noroeste, S.A. de C.V.		4,196	3,153	2,106

Purchases transactions with related parties are made at market prices, which are similar to those that would be used in arms-length transactions.

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(6) Inventories and biological assets-

a) Inventories consist of the following:

	2007	2008
Raw materials and byproducts	$ 2,004,691	$ 2,232,409
Medicine, materials and spare parts	369,337	457,106
Finished feed	56,608	71,841
	2,430,636	2,761,356
Agricultural products:		
Live chicken	667,022	921,061
Processed chicken	177,719	228,619
Commercial egg	22,551	24,383
Turkey	28,339	35,113
Beef	2,708	2,445
Others	365	638
	898,704	1,212,259
Total	$ 3,329,340	$ 3,973,615

b) Biological assets at December 31, 2007 and 2008 consist of the following:

	2007	2008
Current biological assets:		
Breeder pigs	$ 32,464	$ 40,709
Incubatable eggs for fattening	76,038	99,135
Total current biological assets	$ 108,502	$ 139,844
Non-current biological assets:		
Laying and breeder hens	$ 202,214	$ 248,877
Breeder pigs	27,280	28,040
Laying hens	577,043	681,114
Allowance for productivity declines	(231,124)	(276,454)
Total non-current biological assets	$ 575,413	$ 681,577

The change in the historical value of biological assets and agricultural products to be measured at their fair value presented increases of $10,879 in 2006; $10,882 in 2007; and $16,358 in 2008. Such effects were included in the results of operations each year.

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(7) Property, plant and equipment-

a) Property, plant and equipment at December 31consists of the following:

	Useful lives (years)	2007	2008
Buildings, farm structures and equipment	7-27	$ 13,987,063	$ 14,914,390
Office, furniture and equipment	3	227,183	237,727
Transportation equipment	6	1,162,747	1,207,229
		15,376,993	16,359,346
Accumulated depreciation		(6,702,709)	(7,164,781)
Net		8,674,284	9,194,565
Land		856,486	897,273
Construction in progress and advance payments		725,469	597,397
Total		$ 10,256,239	$ 10,689,235

b) Depreciation expense for the years ended December 31, 2006, 2007 and 2008, amounted to $537,383, $571,393 and $616,358, respectively.

c) Certain property, plant and equipment guarantee part of the loans mentioned in note 9.

(8) Goodwill-

In 1999, goodwill was derived from the purchase of the shares of Campi Alimentos, S.A. de C.V. in the amount of $367,135. At December 31, 2005 (the last year of amortization), accumulated amortization aggregates to $66,287. In 2006, 2007 and 2008, goodwill was not amortized as a result of the adoption of Mexican FRS B-7 “Business Acquisitions”.

(9) Notes payable to banks and long-term debt-

a) Short-term notes payable to banks, consist of the following:

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		2007		2008
Unsecured notes payable to banks:				
Denominated in pesos, interest rate: TIIE(1) FIRA(2) rate less 3.00 points	$	40,000	$	40,000

The weighted average interest rate on short-term notes payable at December 31, 2007 and 2008 was 4.93% and 5.73%, respectively. Average interest rates on short-term notes for the years ended December 31, 2007 and 2008 were 4.68% and 5.28%, respectively.

b) Long-term notes payable to banks, as of December 31, consist of the following:

		2007		2008
Long-term notes payable:				
Secured by equipment:				
Denominated in pesos, payable in monthly installments through December 2010, at CETES(3) rate plus 2 points.	$	30,400	$	20,500
Secured by shares of the Company, and the subsidiaries as collaterals (note 11f):				
Determined in pesos, payable in six quarterly installments beginning in August 2009 and maturing in November 2010 at a rate of TIIE (1) plus 5 points.		-		500,000
Unsecured:				
Denominated in Mexican pesos, at TIIE(1) FIRA(2) rate less 3.30 points, with minimum rate of 2.90%, through December, 2010		5,541		4,112
Denominated in Mexican pesos, at TIIE(1) FIRA(2) rate less 1.10 points, with minimum rate of 0.875 points, through December, 2012 and June 2013.		33,660		61,280
Total		69,601		585,892
Less current installments		(18,844)		(194,235)
Total long-term debt, excluding current installments	$	50,757	$	391,657

(1) TIIE = Interbank Equilibrium Rate

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(2) FIRA = Fideicomisos Instituidos en Relación con la Agricultura
(3) CETE = Treasury Bills

Weighted average interest rates on long-term debt at December 31, 2007 and 2008 were 7.80% and 12.92%, respectively. The weighted average interest rate on the Company's total long-term debt for the years ended December 31, 2007 and 2008 was 7.92%, and 8.45%, respectively.

The weighted average interest rate of the Company's total debt at December 31, 2007 and 2008 was 6.75% and 12.46%, respectively.

c) At December 31, 2007 and 2008, unused lines of credit amounted $956,050 and $1,182,574, respectively. In 2007 and 2008, the Company did not pay any fee for unused lines of credit.

d) The book value of assets collateralizing long-term debt was $137,857 at December 31, 2007 and $129,350 at December 31, 2008.

e) Maturities of long-term debt as of December 31, 2008, are as follows:

Year		Amount
2010	$	360,902
2011		15,280
2012		11,540
2013		3,935
	$	391,657

Interest expense on loans for the years ended December 31, 2007 and 2008, aggregated to $6,885 and $16,040, respectively.

Bank loans establish certain affirmative and negative covenants. As of June 25, 2009, the Company was in compliance with all these covenants.

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(10-a) Financial Instruments and hedging activities as at December 31, 2008-

Derivatives for trading purposes (neither designated or qualified as hedges)

The Company maintains a portfolio of explicit FDI, which are neither designated or qualified as hedges under C-10 and, therefore, their related changes in fair value were recognized as valuation effects of financial instruments within Comprehensive Financial Results, in the results of operations. The related amount for 2008 was $(919,026), and arose from the following derivative instruments, shown on the following pages.

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OTC1 foreign currency option structures – finance counter-party in private agreements:

Counter-party	Instrument	Underlying6	Notional	Maturity	Effects on the results of operations RIF
Merril Lynch5 Capital Services Inc (OTC)	TARNs2	Exchange rate MXP/USD	5,500 US$	April through July 2009	$ 753,705
	KO FWD3	Exchange rate MXP/USD	2,000 US$	January and May 2009	(19,478)
	Call Spread	Exchange rate MXP/USD	84,000 US$	January 2009	(30,639)
	European Call	Exchange rate MXP/USD	1,500 US$	March 2009	(34)
Banamex (OTC)	European Call	Exchange rate MXP/USD	3,000 US$	January through March 2009	(586)
	European Put	Exchange rate MXP/USD	2,000 US$	February through March 2009	17
	Call Digital	Exchange rate MXP/USD	600 US$	January though March 2009	584
	TARNs	Exchange rate MXP/USD	21,000 US$	January and April 2009	59,480
Barclays Capital (OTC)	TARFs4	Exchange rate MXP/USD	2,000 US$	November 2009	96,235
					$ 859,284

1Over the Counter (OTC): refers to privately agreed operations (outside of the standardized or organized futures & options exchange markets such as CBOT) with other financial or non-financial parties.

2 Target Redemption Notes: Options structure on MXP/USD exchange rates that provide the Company with limited earnings when the Mexican peso appreciates, and an unlimited loss when the U.S. dollar appreciates before the Mexican peso.
3 Knock out Forward: this refers to an exchange rate Forward which eliminates or extinguishes both party's rights and obligations when it reaches an exchange rate or barrier level, which was established in the terms of the agreement on the instrument.
4Target Redemption Forward: this is an option structure on MXP/USD exchange rates that provide the Company with limited earnings when the Mexican peso appreciates, and unlimited losses when the U.S. dollar appreciates before the Mexican peso.
5See note 3, collaterals established by Bachoco's broker.
6MXP means Thousands of Mexican Peso and USD means Thousands of U.S. dollars.

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Derivatives on prices of farming goods (commodities):

Counter-party	Instrument	Underlying	Maturity	Effects on the result of operations RIF
Cargill (OTC)	Swap	Corn	January 2009	$ 16,862
	Swap	Soy bean	January 2009	3,285
New Edge[7]	Futures	Corn	March 2009	12,001
	Futures	Soy bean	March 2009	(13,151)
	Call	Corn	March 2009	(727)
	Puts	Corn	March 2009	41,472
				$ 59,742

[7] New Edge is the broker or the commission agents for the futures or options on the futures, that the Company used to enter into these operation in this listed CBOT market on corn and soybeans forwards. See note 3, collaterals established by the broker for Bachoco.

Derivatives that are designated and qualify for hedging purposes attributable to (i) one or more risks included in identified hedged items which are already recognized on the balance sheet or (ii) associated to risk exposures not yet recognized on the balance sheet.

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In regard to the positions on FDI that the Company enters into and that are designated and qualify for hedge accounting purposes on one or more financial risks, its fair value amounted to a total of $126,164 at December 31, 2008. Following are the details on the derivative instruments found accessing special hedge accounting models, their notional dimension, risks and effects, either on the balance sheets or in the statements of operations. The derivatives mentioned below fundamentally offset the effects of the hedged items within the statement of operations, as long as they continue to qualify and be designated for hedge purposes:

Fair value hedges: The Company entered into several firm commitments that are contractual agreements with domestic farmers, to purchase expected volumes of grain crops at a USD-denominated fixed price including basis locks. These agreements were carried as to access hedging instruments under the “farming by contract” program sponsored by ASERCA. These firm commitments create off-balance sheet grain price and foreign exchange risk exposures as well. The ASERCA Put options offering, only hedge the fair value risk of the grain fixed price, hence are designated as fair value hedges under the Fair Value Hedge accounting model, as to hedge against a downside risk, where both effective effects from the derivate (based on intrinsic value changes only, excluding extrinsic value) and from the hedge item for such hedged risk are taken to earnings, where both compensate. The effective changes in the fair value of these firm commitments attributable to price risk, are allocated within the balance sheet as current assets or liabilities until contractual volumes of grain are recognized as inventory, then the same ASERCA put options in their correspondent volume, are re-designated as to hedge the fair value of commodity inventories in accordance with the fair value hedge accounting model, that is, adjusting the book value of such inventory against earnings, up to when these inventories of grain (corn and sorghum) impact earnings as cost of goods sold, then all pending derivate effects allocated as current assets or liabilities coming from the firm commitment period, are then recycled to cost of good sold, as to adjust this for fair value hedging effects.

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Options listed on corn future, effective at December 31, 2008:

Counter-party	Instrument	Underlying	Term	Effective offsetting effects on comprehensive financial result
ASERCA	Puts	Corn	March And May 2009	$ 126,164

Option type of derivatives entered under the ASERCA program are under the 0% modality for payment of the premium and a 100% benefit with a 60% discount over the initial premium amount.

Hedging effects on the price of grain associated with firm commitments and grain inventories denominated in the Company's non-functional currency (USD), that are recognized at their fair value due to the price risk only, under the fair value hedge accounting model.

As the worldwide recession worsened during 2008, international grain prices also experienced a deep downside, hence turned effective the ASERCA Put options held, designated to hedge fixed grain firm commitments, with fair value changes effects on the corn & sorghum[8] prices, while both were under firm commitments and/or inventory, were taken to the consolidated balance sheet as inventory fair value hedge adjustment (lowering this) or fair value adjustments recognized as current liabilities on the balance sheet with correspondent offsetting effects against the option's intrinsic only value changes within comprehensive financial result in the consolidated statement of operations.

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8 The sorghum maintains a high correlation with the futures price of corn, however, unlike said corn, it is not traded or listed in commodity organized/listed futures market.

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Grain purchase firm commitments, subject to fair value hedge relationships[9]:

Description of the contract	Designated derivative and hedged risk		Changes in the fair value recognized within the financial statements as short term liability
Sorghum purchase agreements	ASERCA Puts that hedge the fair value of these firm commitments, due to falling grain prices.	$	(87,586)

Grain inventories adjusted to fair value hedge:

Description	Re-designated derivatives and hedged items		Changes in the fair value, recognized as fair value adjustment to the book value of grain inventory within current assets.
Sorghum and corn inventories	ASERCA Puts that were re-designated as to hedge the fair value of commodity grain inventories from losing fair value, attributable to lower grain prices.	$	(38,578)

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9 These represent contracts the Company enters into with an unrelated party that can been executed through legal means and specify the amount the Company expects to exchange, the fixed price, the currency and the transaction schedule, among other important aspects.

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(10-b) Investment in primary financial securities at December 31, 2007 and 2008-

The Company keeps investments in primary financial debt instruments at December 31, 2007 and 2008, both in U.S. dollars and Mexican pesos, as follows:

	2007			2008		
	Book value	Fair value	Average interest rates	Book value	Fair value	Interest[10] rate
Mexican peso denominated debt securities:						
Government issued	$ 1,097,304	1,097,304		$ 564,055	564,055	8.30%
Bank issued	1,276,109	1,276,109		669,884	669,884	8.95%
Commercial paper	436,491	436,491		109,330	109,330	9.28%
	$ 2,809,904	2,809,904	6.99%	$ 1,343,269	1,343,269	
U.S dollars denominated debt securities:						
Bank issued	$ 8,433	8,433		$ -	-	-
Commercial paper	-	-	-	167,169	167,169	5.31%
	$ 8,433	8,433	0.69%	$ 167,169	167,169	

	2008			
Held to maturity	Paid price when bought	Impairment	Expected recovery amount	Interest rate
Mexican peso denominated debt securities:				
Commercial paper	$ 48,415	$ 13,116	35,299	8.2%

10 Average interest rate in the company

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Due to the financial crisis experienced in most economies around the World, several securities were no longer traded actively in the financial markets, hence the Company decided to access INIF 16 "Transfer of accounting category of financial instruments carried for trading purposes", hence Commercial Paper was transferred to the Held To Maturity category starting October 1, 2008. An impairment effect of $13,116 was immediately recognized considering that these non guaranteed debt securities will not recover their initial paid-in-value. Impairment was recognized in the Comprehensive Results within earnings.

(10-c) Financial instruments and hedging operations at December 31, 2007-

The Company has entered into contracts with Merrill Lynch, JP Morgan and FIMAT USA, LLC, to hedge U.S. dollar exchange rates, corn and sorghum for the Company's projected cash expenditures for the period from January through December 2007.

Following is a summary of these instruments at December 31, 2007:

Instruments	Type (future) Call or Put)	Position Profile assumed	Notional amount	Fair value	Other comprehensive income (equity)	Ineffectiveness effects (earnings)
Futures on Soybean		Short	$ 2,469	$ (3,442)	$ (3,442)	$ -
Futures on Soybean		Long	2,379	4,424	4,424	-
Future on Corn		Short	167	(420)	(420)	-
Future on Corn		Long	553	1,424	1,424	-
Options on Soybean	Call	Long	1,890	1,947	1,947	-
Options on Soybean	Put	Long	3,480	(255)	(255)	-
Options on Corn	Call	Long	2,870	3,815	3,815	-
Options on Corn	Put	Short	5,380	(226)	(226)	-
Options on Corn under ASERCA program	Put	Long	48,438	99,310	99,310	-
Embedded derivatives on the price of corn		Long	16,356	15,549	15,549	-
Exchange rate options	Call	Long	49,500	9,424	-	9,424
Exchange rate options	Put	Long	7,500	429	-	429
Exchange rate options	Call	Short	8,500	(15,632)	-	(15,632)

Exchange rate options	Put	Short	85,000		(3,871)	-	(3,871)
Exchange rate forward	Call	Long	147,500		21,246	-	21,246
Exchange rate forward	Put	Short	120,000		(10,219)	-	(10,219)
					123,503	122,126	1,377
Deferred tax effects					(23,466)	(23,204)	-
Net total after deferred tax effects				$	100,037	98,922	1,377

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As part of the exchange hedge strategy, the Company, includes the use of financial derivative instruments to reduce exchange rate fluctuations associated with forecasted grain purchase operations. The Company has short-tem call and put options whose fair value amount as of 2007 ascending to 277,000 U.S. dollars and liabilities in the amount of 225,000 U.S. dollars. The Company recognized a net payment in the amount of $8,097 in 2007 in its comprehensive financial results.

(11) Commitments and contingencies-

(a) The Company has entered into operating leases for certain offices, production sites, and automotive and computer equipment. Most leases contain renewal options. These agreements have terms between one and five years. Rental expense under these leases was as follows:

Year ended December 31,		Amount
2006	$	124,028
2007		153,165
2008	$	167,871

(b) There is a contingent liability arising from the labor obligations mentioned in note 2m.

(c) The Company is involved in a number of lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and results of operations.

(d) In accordance with Mexican tax law, the tax authorities are entitled to examine transactions carried out during the five years prior to the most recent income tax return filed.

(e) In accordance with the Income Tax Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arms-length transactions.

(f) One of the bank loans mentioned in note 9 is guaranteed by third parties through their shares in the Company, which shares are held in a trust. In the event of a reduction in the value of the qualified shares, Bachoco or the shareholders will directly or indirectly, through its subsidiaries or affiliates, assume the obligation to make additional contributions, or make cash deposits to cover the difference.

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(12) Other taxes payable and other accruals-

An analysis of other taxes payable and other accruals presented in the financial statements is as follows:

	2007	2008
Expenses payable	$ 91,981	$ 76,787
IMSS (1)	29,408	30,234
SAR (2)	5,303	6,721
INFONAVIT (3)	21,765	22,786
Other accounts payable	39,005	99,037
Trade advances	38,204	33,422
Employee statutory profit sharing	5,756	34,355
Salaries payable	4,514	10,804
Tax payable	4,128	5,485
Payroll taxes	2,637	6,107
Interest payable	728	2,864
Total	$ 243,429	$ 328,602

(1) IMSS (a Government health care institution): contributions are made by the Company and by its employees in accordance with applicable regulations. The Company is required to pay this contribution on a monthly basis, along with the Company's own contribution to the social security fund.

(2) SAR (a Government institution for employee retirement savings): Contributions are made by the Company based on applicable regulations as a percentage of the employees' salary. The Company has a duty to pay these contributions to the government every two months.

(3) INFONAVIT (a Government institution that provides mortgages to employees): The Company is required to make contributions to this entity based on approximately 5% of the employees' salaries, subject to certain limits. The Company has a duty to pay these contributions every two months.

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(13) Foreign currency position-

a) A summary of the Company's monetary assets and liabilities denominated in U.S. dollars (the only foreign currency) translated into reporting currency, as of December 31, 2007 and 2008 were as follows:

	2007	2008
Assets:		
Cash and investments	$ 380,344	$ 451,957
Other accounts	-	3,958
Advances to suppliers (included in inventories and property, plant and equipment)	404,936	433,333
	785,280	889,248
Liabilities:		
Accounts payable	(154,358)	(342,993)
Net assets	$ 630,922	$ 546,255

b) As of December 31, 2007 and 2008, the exchange rate was $ 10.91 and $ 13.81 per US dollar, respectively. At March 27, 2009, date of the statutory audit report, the exchange rate was $14.21 per US dollar.

(14) Labor obligations-

a) Labor obligations at December 31, 2008

The Company has a defined benefit pension plan covering the non unionized personnel. The benefits are based on years of service and the employee's compensation. The Company makes annual contributions to the plan equal to the maximum amount that can be deducted for income tax purposes based on the projected unit credit method.

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Cash flows-

Plan contributions and benefits paid were as follows:

	Benefits 2008		
	Termination	Retirement	Total
Plan contributions	$ -	17,450	17,450
Benefits paid	21,489	2,865	24,354

The cost, obligations and other elements of the pension, seniority premium and severance compensation plans for reasons other than restructuring, mentioned in note 2m, have been determined based on computations prepared by independent actuaries at December 31, 2008. The components of the net periodic cost for the year ended December 31, 2008 were as follows:

	Benefits 2008		
	Termination	Retirement	Total
Net periodic cost:			
Service cost	$ 13,122	18,539	31,661
Interest cost	5,324	19,880	25,204
Return on plan assets	-	(18,683)	(18,683)
Net actuarial loss (gain)	7,012	(380)	6,632
Prior service cost (2007 unamortized items):			
Amortization of prior service cost and plan modifications	-	1,885	1,885
Amortization of transition liability	4,828	5,448	10,276
Net periodic cost	$ 30,286	26,689	56,975

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The present value of benefit obligations of the plans at December 31, 2008, is as follows:

		Benefits 2008	
	Termination	Retirement	Total
Accumulated benefit obligation (ABO)	$ 52,131	138,077	190,208
Projected benefit obligation (PBO)	70,915	210,319	281,234
Plan assets at fair value	-	(188,815)	(188,815)
Projected benefit obligation over plan assets	70,915	21,504	92,419
Unrecognized items:			
Transition liability	(18,370)	(21,793)	(40,163)
Plan modifications	-	(25,437)	(25,437)
Actuarial gains	-	53,871	53,871
Projected liability, net	$ 52,545	28,145	80,690

Following is an itemized analysis of the determination of benefits obligations of the plan at December 31, 2008:

		Retirement benefits	
	Seniority premium	Pension plan	Total
Defined benefits obligations:			
Obligation because of defined benefits at the beginning of year	$ 32,095	199,333	231,428
Current labor cost	2,658	15,880	18,538
Interest cost	2,743	17,137	19,880
Actuarial gains and losses	(3,187)	(51,298)	(54,485)
Benefits paid	(1,329)	(3,713)	(5,042)
Defined benefits obligations at end of year	32,980	177,339	210,319

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Following is an itemized analysis of the determination regarding the plan's assets at December 31, 2008:

		Retirement benefits	
	Seniority premium	Pension plan	Total
Plan assets:			
Plan asset at the beginning of year	$ -	182,017	182,017
Yield expected	-	(8,475)	(8,475)
Company contributions	-	17,450	17,450
Benefits	-	(2,177)	(2,177)
Plan assets at end of year	-	188,815	188,815

Following is a detailed description of the current amounts and the amounts for the previous four annual periods derived from the defined benefit obligations, the reasonable value of the plan's assets and the adjustments on the plan assets and liabilities, based on experience:

	Seniority premium*				
	2004	2005	2006	2007	2008
Defined benefits obligations	$ 36,238	46,546	49,097	56,601	59,086
Plan assets	-	-	-	-	-
Plan situation	$ 36,238	46,546	49,097	56,601	59,086

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	Pension plan				
	2004	2005	2006	2007	2008
Defined benefits obligations	$ 130,860	152,360	189,355	199,333	177,339
Plan assets	(96,085)	(130,747)	(160,421)	(182,017)	(188,815)
Plan status	$ 34,775	21,613	28,934	17,316	(11,476)

* The results of Seniority Premium include retirement and termination, due to the fact that this division did not exist in prior years in accordance with the Bulletin D-3.

	Benefits	
	2007	2008
Discount rate (net of inflation)	5.25%	9.75%
Rate of compensation increase	1.00%	4.50%
Expected return on plan assets	6.25%	9.75%
Amortization period of unrecognized items (applicable to retirement benefit)	19.2 years	19.66 years

The distribution of assets listed by category and the related budget at the end of 2006, 2007 and 2008, are analyzed as follows:

	Assets to ended year		
	2006	2007	2008
Fixed rate investment	74%	77%	77%
Variable rate investment	26%	23%	23%
Total	100%	100%	100%

The distribution of the assets reflects the strategy that was used to optimize the return rate on the plan and the fund's results, within the framework of an appropriate risk level.

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b) Labor obligations at December 31, 2007

An analysis of the net period cost, reserve amounts and the assumptions considered in the pension plan, the seniority premium and severance obligation at December 31, 2007 is as follows:

	Pension plan		Seniority premium		Severance	
	2006	2007	2006	2007	2006	2007
Net periodic cost:						
Labor cost	$ 11,791	15,429	3,781	4,361	9,475	9,191
Return on plan assets	(8,395)	(10,090)	-	-	-	-
Amortization of unrecognized prior past service costs	2,429	2,239	3,757	1,215	1,530	4,250
Interest cost	7,864	8,890	2,298	2,348	1,993	1,765
Net periodic cost	13,689	16,468	9,836	7,924	12,998	15,206
Loss from early extinguishment of obligations	$ -	-	-	-	941	2,514

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	Pension plan		Seniority premium		Severance	
	2006	2007	2006	2007	2006	2007
Labor obligations:						
Accumulated benefit obligation	$ 160,280	186,865	33,063	36,306	31,936	38,567
Current benefit obligation	99,220	124,592	28,202	30,821	31,036	38,567
Projected benefit obligation	189,355	199,333	49,098	56,601	36,053	42,895
Plan assets	(160,421)	(182,017)	-	-	-	-
Unrecognized prior service cost	(22,971)	(20,959)	(6,930)	(6,283)	-	-
Transition liability	-	-	-	-	(27,913)	(23,198)
Unrecognized net gains	36,756	48,415	(15,784)	(21,490)	7,223	(455)
Unrecognized changes or improvements	(28,545)	(27,322)	104	-	-	-
Net projected benefit obligation	14,174	17,450	26,488	28,828	15,363	19,242
Unfunded accumulated benefit obligation	4,624	15,960	33,063	36,307	31,936	38,567
Current net liability over net projected liability in some subsidiaries	-	4,049	6,575	7,479	16,573	19,325
Additional liability	-	(4,049)	(6,575)	(7,479)	(16,573)	(19,325)
Intangible assets	-	4,049	5,659	5,967	16,573	18,325
Minimum labor obligation liability adjustment	$ -	-	916	1,512	-	1,000

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	Pension plan		Seniority Premium		Severance	
	2006	2007	2006	2007	2006	2007
Change in benefit obligation:						
Benefit obligation at beginning of year	$ 152,360	189,355	46,546	49,097	42,671	36,053
Service cost	11,791	15,429	3,781	4,361	9,475	9,191
Interest cost	7,864	8,890	2,298	2,348	1,992	1,765
Actuarial differences	8,518	(12,587)	2,339	6,379	(6,077)	9,726
Benefits paid	(1,554)	(1,754)	(5,867)	(5,584)	(8,803)	(13,840)
Changes to plan not applied	-	-	-	-	(3,205)	-
Increase for plan improvement	10,376	-	-	-	-	-
Projected benefit obligation at end of year	$ 189,355	199,333	49,097	56,601	36,053	42,895

	Pension plan	
	2006	2007
Changes in plan assets:		
Plan assets at beginning of the year	$ 130,742	160,421
Actual return on plan assets	8,395	10,090
Employer contribution	14,039	13,193
Actuarial differences	8,799	67
Benefit paid	(1,554)	(1,754)
Fair value of plan assets at end of year	160,421	182,017
Funded status	(28,934)	(17,316)
Unrecognized net actuarial loss (gain)	(36,758)	(48,415)
Unrecognized prior service cost	22,971	20,959
Net amount recognized	$ (42,721)	(44,772)

The Company used December, 2006 and 2007 measurement date for pension plan, seniority premium, and December 31, 2006 and 2007 for the severance plan.

(Continued)

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The transition liability, the prior service cost and plan changes, and actuarial differences assumptions will be amortized over a period ranging from 21 to 25 years (the average remaining working life of employees).

The information about the expected cash flow for the pension benefit plan and seniority premium is as follows:

		Pension plan	Seniority premium	Severance
Expected benefit payment				
2008	$	6,972	6,395	8,215
2009		8,222	6,857	7,431
2010		9,482	7,145	7,002
2011		10,859	7,282	6,651
2012		11,957	7,369	6,303
2013-2017		76,959	37,704	27,856
Total				
	$	124,451	72,752	63,458

The above table reflects the total benefits expected to be paid from the plan.

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(15) Stockholders' Equity-

a) In April 1997, Bachoco had a stock split and created so-called "BL" units, which consist of one series "B" share and one series "L" share, and so-called "BB" units, which consist of two series "B" shares. Series "L" shares have limited voting rights.

In September 2006, the Company split the BL units into B and L shares and converted the series L shares into series B shares; consequently only one series remains (series B). All shares issued and outstanding have voting rights.

b) In 2006, 2007 and 2008, the Company declared and paid cash dividends at nominal values of $353,880, $353,880 and $353,880, respectively ($378,075 and $363,708 in constant pesos as at December 31, 2006 and 2007) or $0.59, $0.59 and $0.59, respectively, per share in nominal pesos, respectively.

c) The Mexican Corporation Act requires that at least 5% of each year's net income be appropriated to increase the legal reserve until such reserve is equal to 20% of capital stock issued and outstanding. The balance of the legal reserve at December 31, 2007 and 2008, included in retained earnings, was $ 209,399.

d) The Company approved a stock repurchase plan in 1998, in conformity with the Mexican Securities Trading Act, providing a stock repurchase reserve for that purpose of $180,000 ($303,861 expressed in constant Mexican pesos at December 31, 2007) through the appropiation of retained earnings in 1998. During 2005, the Company repurchased 920 thousand shares for an amount of $11,462. During 2006, 2007 and 2008, no shares were repurchased. In 2005 and 2006, the Company sold 800 thousand and 920 thousand of shares, respectively, previously repurchased; the sales value was for $2,954 and $17,849, respectively. In 2007 and 2008, no shares were sold.

e) The Company is required to pay taxes on dividends distributed to stockholders only to the extent that the payment made exceeds the balance of the "net tax profit account" (CUFIN), which is used to control earnings on which income tax has already been paid. Income tax paid on dividends refers to a tax payable by corporate entities and not by individuals.

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f) The Company obtains the majority of its revenues and net profit from Bachoco, S.A. de C.V. ("BSACV"). For the years 2007 and 2008, pretax income (loss) of BSACV, represented between 90% and 94% of Bachoco's consolidated pretax income (loss).

Dividends on which BSACV has paid income tax will be credited to the Company's "CUFIN" account and, accordingly, no further income tax will be paid when such amounts are distributed as dividends to the Company's stockholders.

g) From 1999 through 2001, under Mexican income tax law, corporate taxpayers were extended the option of deferring payment of a portion of their annual corporate income tax, so that the tax payable will represent 30% of taxable income. The earnings on which taxpayers opted to defer payment of a portion of corporate income tax had to be controlled in the so-called "net reinvested tax profit account" (CUFINRE).

Since the Company opted for this tax deferral, earnings will be considered to be distributed first from the CUFINRE and any excess will be paid from the "net tax profit account" balance ("CUFIN") so as to pay the 5% deferred tax. The option to defer a portion of the annual corporate income tax was eliminated effective January 1, 2002.

h) Stockholders contribution restated as provided for by the tax law, aggregating $1,999,574, may be refunded to stockholders tax-free, to the extent that such contribution equals or exceeds stockholders' equity.

(16) Income Tax (IT), Asset Tax (AT), and Flat Rate Business Tax (IETU)-

a) Income tax (IT)-

The Company and each of its subsidiaries file separate income tax returns. BSACV, the Company's principal operating subsidiary, is subject to corporate income tax under the provisions of the simplified regime, which is applicable to companies engaged exclusively in agriculture, cattle-raising, fishing, forestry and certain other activities. The income tax law establishes that such regime is exclusive for companies that obtain no more than 10% of their total revenues from the production of processed products, with which rule BSACV has complied.

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The simplified regime establishes that the taxable base for income tax is determined on revenues collected net of deductions paid (cash basis). The tax rate for this regime was 16% in 2005 and 2006, and 19% from 2007.

The income tax reforms passed in December 2004 include the elimination, as from January 2005, of the purchase deduction so as to permit only the deduction of cost of sales. This reform is not applicable for BSACV, since it is subject to taxes under the simplified regime.

The changes in tax rates enacted in 2006 from 16% to 19% effective beginning in 2007 resulted in a charge of $336,376 in the consolidated statement of operations.

b) Flat Rate Business Tax (IETU)-

On October 1, 2007, new laws were published and a number of tax laws were revised. This new law came into effect on January 1, 2008.

The IETU rate is 17.5% for 2010 and thereafter (16.5% for 2008 and 17% for 2009) based on cash flows and limits certain deductions.

IETU credits are derived mainly from the unamortized negative IETU base and salaries credits and social security contributions, as well as credits derived from the deduction of certain investments, such as inventories and fixed assets.

The IETU is required to be paid only when it is greater than the IT. To determine the IETU payable, income tax paid in a given period shall first be subtracted from the current IT of the same period and the difference shall be the IETU payable.

If negative IETU base is determined because deductions exceed income, there will be no IETU payable. The amount of negative base multiplied by the IETU rate results in a IETU credit, which may be applied against income tax for the same year or, if applicable, against IETU payable in the next ten years.

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c) Asset tax (AT)-

In 2007, a new law was enacted that resulted in the derogation of the Asset Tax Law beginning on January 1, 2008. In 2007, the asset tax rate was payable at 1.25% and liabilities were no longer deductible from the asset tax base. Until December 31, 2006, the applicable rate was 1.8% and the asset tax was payable on the average value of most assets, net of certain liabilities. The asset tax in 2006 and 2007 in one of the Company's subsidiaries amounted to $28,267 and $27,189, respectively. In each of the two years, this subsidiary credited these amounts against its income tax paid.

At December 31, 2008, the Company had $4,494 in asset tax credits and such recoverable AT will expire, as follows:

Base year		Asset tax restated at December 31, 2008	Year of expiration
2005	$	1,137	2015
2006		3,357	2016
	$	4,494	

d) Income tax charged to operations-

For the years ended December 31, 2006, 2007 and 2008, income tax charged (credited) to results of operations was as follows:

		2006	2007	2008
Current income tax	$	250,519	143,029	78,559
Flat Rate Business Tax		-	-	108
Deferred income tax		348,607	169,716	(352,686)
Total income tax expense (benefit)	$	599,126	312,745	(274,019)

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e) Deferred income tax-

Based on the financial projections of taxable income in each of the next four years, the Company estimated that it will pay income tax (IT); therefore, deferred tax effects as of December 31, 2007 and 2008 have been recorded reflecting the IT basis.

The component of the Company's deferred income tax assets and liabilities are as follows:

		2007	2008
Deferred tax assets:			
Account payable	$	196,460	393,725
Labor obligations		6,697	15,851
ESPS payable		1,385	9,168
Effects on derivative financial instruments		-	150,644
Recoverable AT		4,613	4,494
Tax loss carry forwards		-	165,121
Total gross deferred tax assets		209,155	739,003
Less valuation allowance		4,613	28,015
Net deferred tax assets		204,542	710,988
Deferred tax liabilities:			
Inventories		420,993	711,742
Accounts receivables		396,437	308,543
Fixed assets		1,450,073	1,394,687
Effects on financial instruments		23,204	-
Other deductions		-	15,092
Other accruals		280	-
Additional liability from stockholders' equity		288,580	-
Total gross deferred tax liabilities		2,579,567	2,430,064
Net deferred tax liability	$	2,375,025	1,719,076

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At December 31, 2007, the deferred income tax liability determined by treating stockholders' equity as a single temporary item is greater than the amount determined by using the asset and liability method, and thus, the Company recognized an additional deferred tax liability of $288,580 in 2007 to account for this difference.

Effective January 1, 2008, the Company adopted Mexican FRS D-4, which supersedes Bulletin D-4 and Circular 54. Mexican FRS D-4 establishes the asset and liability method as the only acceptable method in determining deferred taxes. Therefore, the Company wrote-off $288,580 against retained earnings that relates to the additional deferred tax liability previously determined under the stockholders equity method in 2007.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The significant items that gave rise to the difference between the effective income tax rate (current and deferred taxes) and the current year tax determined at the statutory rate are as follows:

	2006 %	2007 %	2008 %
Statutory income tax rate	16.00	19.00	(19.00)
Effect of companies outside simplified regime	4.42	4.13	2.33
Effect of non-taxable items	(3.04)	(3.40)	(6.95)
Effect due to change in tax rate from 16% to 19% in 2007	22.40	-	-
Effective income tax rate	39.78	19.73	(23.62)

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f) Tax loss carryforwards-

As of December 31, 2008, the Company has tax loss carryforwards restated in accordance with the current Mexican Tax Law, which can be used to offset future taxable income in the next ten years, as follows:

Tax loss carryforwards as adjusted by inflation through December 31, 2008			
Base year	Year of expiration		Restated amount
2001	2011	$	181
2005	2015		241
2007	2017		6,227
2008	2018		835,987
		$	842,636

g) Equity tax value-

As of December 31, 2007 and 2008, the tax value of the Company's equity, which will not be subject to taxation, comprised the following:

		2007	2008
Restated contribution capital (CUCA)	$	1,877,344	1,999,574
Net tax profit account (CUFIN) and net reinvested tax profit account (CUFINRE)		2,574,183	2,535,424
Total	$	4,451,527	4,534,998

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(17) Other income (expense), net-

As of December 31, 2006, 2007 and 2008, other income and expense net, were as follows:

		2006	2007	2008
Other income:				
Sales of waste animals, raw material, by-products and other	$	206,528	276,094	187,911
Tax incentives		32,379	73,054	44,899
Other		-	-	8,106
Total other income		238,907	349,148	240,916
Other expense:				
Cost of waste animals, raw material, by- products and other		(182,324)	(261,703)	(200,960)
Employee statutory profit sharing		(4,362)	(4,828)	(32,981)
Other		(33,794)	(13,046)	(27,933)
Total other expense		(220,480)	(279,577)	(261,874)
Total other income (expense), net	$	18,427	69,571	(20,958)

Employee statutory profit sharing

The Company and BSACV have no employees, but each of the subsidiaries of the Company that has employees is required under Mexican law to pay employees, in addition to their compensation and benefits, profit sharing in an aggregate amount equal to 10% of such subsidiary's taxable income subject to certain adjustments.

Employee statutory profit sharing is recorded as part of the other expense caption.

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(18) Segment financial information-

The segments to be reported are organized by product line. Inter-segment transactions have been eliminated. Our Poultry segment is comprised of our chicken and egg products due to their similarity and to the fact that egg sales represent approximately 10% of total revenue for the years ended on December 31, 2006, 2007 and 2008. The information included under “Others” corresponds to pigs, balanced animal feed and other non-significant sub-products. The required disclosures are shown below:

	As of and for the year ended at December 31, 2006		
	Poultry	Others	Total
Net revenues	$ 13,486,020	2,064,945	15,550,965
Cost of sales	(10,220,870)	(1,832,116)	(12,052,986)
Gross profit	3,265,150	232,829	3,497,979
Interest income	288,932	13,978	302,910
Interest and financial expenses	(129,506)	(2,346)	(131,852)
Monetary position loss	(150,438)	-	(150,438)
Income taxes	(567,933)	(31,193)	(599,126)
Net majority interest income	826,642	79,544	906,186
Property, plant and equipment, net	9,576,266	259,629	9,835,895
Total assets	16,833,872	725,367	17,559,239
Total liabilities	(3,321,636)	(134,649)	(3,456,285)
Capital expenditures	856,227	-	856,227
Expenses not requiring cash disbursement:			
Depreciation	523,720	13,663	537,383

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	As of and for the year ended at December 31, 2007		
	Poultry	Others	Total
Net Revenues	$ 15,885,828	2,333,819	18,219,647
Cost of sales	(12,353,458)	(2,124,403)	(14,477,861)
Gross profit	3,532,370	209,416	3,741,786
Interest income	348,167	14,849	363,016
Valuation effects of financial instruments	(44,137)	-	(44,137)
Interest and financial expenses	(133,913)	(7,665)	(141,578)
Loss on net monetary position	(151,035)	(3,779)	(154,814)
Income taxes	(280,792)	(31,953)	(312,745)
Majority net income	1,203,149	67,792	1,270,941
Property, plant and equipment, net	9,986,129	270,110	10,256,239
Total assets	18,264,882	851,542	19,116,424
Total liabilities	3,798,656	190,602	3,989,258
Capital expenditures	987,322	4,415	991,737
Expenses not requiring cash disbursement:			
Depreciation	556,188	15,205	571,393

	As of and for the year ended at December 31, 2008		
	Poultry	Others	Total
Net Revenues	$ 17,594,994	2,530,327	20,125,321
Cost of sales	(15,171,145)	(2,311,323)	(17,482,468)
Gross profit	2,423,849	219,004	2,642,853
Interest income	168,283	5,411	173,694
Valuation effects of financial instruments	(1,666,821)	-	(1,666,821)
Interest and financial expenses	(16,691)	(19,511)	(36,202)
Income taxes	292,563	(18,544)	274,019
Majority net (loss) income	(939,068)	60,020	(879,048)
Property, plant and equipment, net	10,422,423	266,812	10,689,235
Total assets	18,386,409	1,068,562	19,454,971
Total liabilities	5,039,205	336,347	5,375,552
Capital expenditures	1,140,843	15,325	1,156,168
Expenses not requiring cash disbursement::			
Depreciation	594,704	21,654	616,358

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Revenues from our poultry segment are analyzed as follows:

		Year ended at December 31, 2006	
	hens	Eggs	Total
Net revenues	$ 12,053,293	1,432,727	13,486,020

		Year ended at December 31, 2007	
	hens	Eggs	Total
Net revenues	$ 14,135,242	1,750,586	15,885,828

		Year ended at December 31, 2008	
	hens	Eggs	Total
Net revenues	$ 15,486,614	2,108,380	17,594,994

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(19) Subsequent event-

The Official Federal Gazette granted a tax credit to the Company corresponding to Technological Research and Development on February 27, 2009 for fiscal year 2008 in the amount of $58,122.

(20) Recently issued accounting standards-

The CINIF has issued the following Mexican FRS, effective for years beginning after December 31, 2008. Early application is not permitted.

(a) FRS B-7 “Business acquisitions”– Mexican FRS B-7 supersedes Bulletin B-7 and establishes, among other things, the general rules for the initial valuation and recognition at the acquisition date of net assets, stressing that all business acquisitions should be accounted under the purchase method.

Management considers that the initial effects of this new FRS will not be material.

(b) FRS B-8 “Consolidated and combined financial statements”- Mexican FRS B-8 supersedes Bulletin B-8 "Consolidated and combined financial statements and valuation of permanent investments in shares" and establishes the general rules for the preparation and presentation of consolidated and combined financial statements and related disclosures. Amendments include:

(i) The obligation to consolidate special purpose entities (SPEs) when controlled.

(ii) The possibility, under certain rules, of presenting unconsolidating financial statements when the parent is, in turn, a subsidiary with no minority interest or when the minority stockholders do not object to the fact that consolidated financial statements are not issued.

(iii) Consideration is given to the existence of potential voting rights that might be exercised or converted in favor of the entity as parent and that may change its involvement in decision making at the time of assessing the existence of control.

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(iv) Additionally, regulations relating to the valuation of permanent investments have been transferred to a different bulletin.

Management estimates that the initial effects of this new FRS will be immaterial.

(c) FRS C-7 "Investments in associates and other permanent investments"- Mexican FRS C-7 sets forth the rules to account for investments in associates as well as other permanent investments where there is no control, joint control or significant influence. The principal changes with respect to the former standard include the following:

(i) Equity method of accounting is required for SPEs where significant influence is exercised.

(ii) Consideration is given to the existence of potential voting rights that might be exercised or converted in favor of the entity as parent and that may change its involvement in decision making at the time of assessing the existence of significant influence.

(iii) A specific procedure and a limit for recognizing the associated entity's losses are provided.

Management estimates that the initial effects of this new FRS will not be material.

(d) FRS C-8 "Intangible assets"- Mexican FRS C-8 supersedes Bulletin C-8 and establishes general rules for the initial and subsequent recognition of intangible assets acquired individually, either through the acquisition of a business or arising internally during the normal course of the entity's operations. Main changes include:

(i) The definition of intangible assets is narrowed to establish that separability is not the only condition for the intangible asset to be identifiable;

(ii) Subsequent outlays for research and development projects in progress should be expensed as earned if they are part of the research phase or as an intangible asset if they meet the criteria to be recognized as such;

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(iii) Greater detail is provided to account for the exchange of an asset, in accordance with the provisions of international standards and other FRS;

(iv) The presumption that an intangible asset may not exceed a useful life of twenty years was eliminated;

Management estimates that the initial effects of this new FRS will not be material.

(21) Differences between Mexican Financial Reporting Standards and United States Generally Accepted Accounting Principles

The Company’s consolidated financial statements are prepared in accordance with Mexican Financial Reporting Standards (“MexFRS”), which differ in certain respects from accounting principles generally accepted in the United States (“U.S. GAAP”).

The principal differences between MexFRS and U.S. GAAP, as they relate to us, are described below with an explanation, where appropriate, of the method used to determine the adjustments that affect income and stockholders’ equity, or additional disclosures as applicable.

Effects of inflation

MexFRS B-10 “Effects of inflation" (applicable for years beginning on or after January 1, 2008), supersedes Bulletin B-10 of MexFRS "Recognition of the effects of inflation on the financial information", and its fifth amendment document as well as the related circulars and Mexican Interpretation of Financial Reporting Standards 2. The main considerations established by this MexFRS is: the i) recognition of the effects of inflation when an entity operates in an inflationary economic environment (defined as when cumulative inflation over the immediately preceding 3-year period is equal to or greater than 26%) applicable to as from January 2008. Therefore, the last restatement factor applied to financial statements for the year ended December 2006 was 1.0376, which corresponds to the annual rate of inflation from December 31, 2006 to December 31, 2007, based on the Mexican National Consumer Price Index (NCPI) published by Banco de Mexico.

The reconciliation to U.S. GAAP does not include the reversal of the adjustments to the financial statements for the effects related to the inflation required under MexFRS because the application of MexFRS B-10 represents a comprehensive measure of the effects of price level changes in the Mexican economy and, as such, it is considered a more meaningful presentation than historical cost base over financial reporting for both Mexican and U.S. accounting purposes as permitted by the “Securities and Exchange Commission” (SEC).

Cash flow information

MexFRS B-2 “Statement of cash flows”- Beginning January 1, 2008, MexFRS B-2 supersedes Bulletin B-12 "Statement of changes in financial position" and paragraph 33 of Bulletin B-16. The principal considerations established by this

MexFRS are shown as follows: (i)Instead of the statement of changes in financial position, the financial statements shall include the statements of cash flows for all the periods presented comparatively with those of the current year, except for financial statements of periods prior to 2008; (ii) Cash inflows and cash outflows are reported in nominal currency units, thus not including the effects of inflation; (iii) Two alternative preparation methods (direct and indirect) are established, without stating preference for either method. Furthermore, cash flows from operating activities are to be reported first, followed by cash flows from investing activities and lastly by cash flows from financing activities; (iv) Captions of principal items are to be reported gross, with certain exceptions and require disclosure of the composition of items considered cash equivalents.

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For U.S. GAAP purposes, Statement of Financial Accounting Standards (SFAS) No. 95, Statement of Cash Flows, does not provide guidance with respect to inflation adjusted financial statements. As at December 31, 2007, in accordance with MexFRS, changes in current and long-term debt due to re-expression in constant pesos, including the effect of exchange differences, is presented in the statement of changes in financial position within the financing activities section. Also, under U.S. GAAP, non-cash investing activities are not reported in the Statement of Cash Flows, including the capitalization of debt; whereas under MexFRS, non-cash transactions affecting the financial structure of an entity, such as converting debt into equity, must be presented separately in the statement of changes in financial position. This difference between US GAAP and MexFRS does not have any effect in the Company's financial statements due to the absence of non-cash transactions settled in any of the years presented in such financial statements.

As of the date of this report, certain reclassifications were made to the U.S. GAAP cash flow statement to the 2006 and 2007 figures to conform to the 2008 presentations.

At December 31, 2008, primary investments securities disclosed in note 10b with a maturity of more than three months that amount to Ps.468,003, and restricted cash amounting to Ps.223,921 are being reclassified for U.S. GAAP purposes from the line-item "cash and investment" to "investment securities" and "restricted cash", respectively, within investing activities, since such investments and restricted cash do not meet the definition of cash equivalents according to SFAS 95. At December 31, 2007 there was no difference between book value and fair value on primary investment securities which amount to Ps 406,005.

Consolidated statements of cash flows derived from information prepared in accordance with U.S. GAAP would be as presented in the following page:

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Cash Flow Information	Years ended December 31,		
	2006	2007	2008
OPERATING ACTIVITIES:			
Net income (loss)	Ps 895,570	Ps 1,261,883	Ps (869,369)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	540,862	575,306	620,041
Minority interest in net income (loss)	943	1,285	(6,989)
Deferred income tax	330,982	168,405	(341,925)
Impairment on investment securities	-	-	13,116
Unrealized loss on derivative financial instruments	-	-	887,174
Loss on net monetary position	149,825	154,765	-
Loss on sale of plant and equipment	-	-	49,485
Labor obligations, net period cost	58,155	44,619	48,345
	1,976,337	2,206,263	399,878
Changes in assets and liabilities:			
Accounts receivable	(85,313)	(375,590)	(167,422)
Inventories and biological assets	(781,395)	(1,419,495)	(768,084)
Prepaid expenses and other accounts receivable	25,502	(74,556)	(24,703)
Accounts payable	392,321	338,084	513,919
Related parties payable	6,410	14,944	23,517
Other taxes payable and other accruals	(60,488)	(35,827)	93,694
Labor obligations, net	(26,085)	(37,610)	(41,805)
Assets available for sale	-	-	2,159
Derivative financial instruments	(5,856)	(36,131)	(122,126)
Cash flows provided by (used in) operating activities	1,441,433	580,082	(90,973)
INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	Ps (904,300)	Ps (998,622)	Ps (1,156,168)
Proceeds from sale of property, plant and equipment	-	-	57,329
Restricted cash	-	-	(223,921)
Investment securities	(335,554)	(12,001)	(61,998)
Other assets	(2,696)	(2,216)	(1,112)
Cash flows (used in) provided by investing activities	(1,240,550)	(1,012,839)	(1,385,870)

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FINANCING ACTIVITIES:						
Proceeds from issuance of notes payable to banks		-		80,000		535,100
Repayment of long-term debt and notes payable		(107,324)		(12,529)		(18,809)
Cash dividends paid		(378,075)		(363,708)		(353,880)
Sale of repurchased shares		17,849		-		-
Cash flows (used in) provided by financing activities		(467,550)		(296,237)		162,411
Effect of inflation accounting		96,959		172,978		-
Net increase (decrease) in cash and investments		(169,708)		(556,016)		(1,314,432)
Cash and investments at beginning of year		3,359,595		3,189,887		2,633,871
Cash and investments at end of year	Ps	3,189,887	Ps	2,633,871	Ps	1,319,439

Supplemental disclosure of cash flows information:

		Years ended December 31,		
		2006	2007	2008
Interest paid during the year	Ps	(130,915)	(140,850)	(33,339)
Payment of valuation effects of financial instruments		-	(44,137)	(747,795)
Income taxes paid during the year		(250,519)	(143,029)	(147,426)

Agriculture:

The Company follows the requirements of the MexFRS bulletin E-1, Agriculture, which establishes the rules for recognizing, valuing, presenting and disclosing biological assets and agricultural products.

This bulletin establishes that biological assets and the agricultural products (the latter at the time of their harvesting) are to be valued at their fair value, net of estimated costs at point of sale. Also, the bulletin establishes that whenever the fair value cannot be determined in a reliable, verifiable and objective manner, the assets are to be valued at their production cost, net of accumulated impairment, if any.

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In accordance with U.S. GAAP, under SOP 85-3 biological assets and agricultural products are to be valued at cost. Accordingly, the reconciliation between MexFRS and U.S. GAAP income (loss) for 2006, 2007 and 2008 includes a reversal of the unrealized gain on valuation of biological assets and agricultural products at fair value, which shows a decrease of Ps (10,879), Ps (10,882) and Ps (16,358), respectively.

Capitalized interest:

Under MexFRS D-6 starting January 1, 2007, capitalized interest is comprehensively measured in order to include: (i) the interest expense, plus (ii) any foreign exchange fluctuations, and less (iii) the related monetary position result, which was applicable until December 31, 2007, because of the adoption of the new MexFRS B-10 that came into effect on January 1, 2008. Although the Company adopted the policy of capitalizing the comprehensive result of financing on assets under construction, as a result of MexFRS D-6, during 2007 the Company did not capitalize any amount due to its immateriality as described in Note 2 h), and during 2008, there were no construction projects identified with interest expense related to debt.

Under U.S. GAAP, interest expenses incurred during the qualifying construction period must be considered as an additional cost of qualifying constructed assets to be capitalized in property, plant and equipment and depreciated over the lives of the related assets. The amount of the capitalized interest for U.S. GAAP purposes was determined by applying the weighted average interest rate of financing. During 2008, there were no qualifying construction projects.

Deferred income tax and deferred employee statutory profit sharing:

Under MexFRS, the Company determines deferred income taxes in a manner similar to U.S. GAAP, using the asset and liability method, by applying the enacted statutory income tax rate. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for operating loss and asset tax (AT) carryforwards and other tax credits. The effect on deferred taxes of a change in tax rates is recognized in results of operations in the period that includes the enactment date. For MexFRS presentation purposes, deferred tax assets and liabilities are long-term items, while under U.S. GAAP, deferred tax assets and liabilities should be classified as short-term or long-term items depending on the nature of the caption that gives rise to such deferred tax assets and liabilities.

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All income (loss) before income tax and minority interest and related income tax benefit (expense) are from Mexican sources.

Under U.S. GAAP, as of December 31, 2007 and 2008, the long term deferred tax liability is Ps 1,626,495 and Ps 1,747,348 respectively. Short term deferred tax liability is Ps 739,444 and Ps 261,984 as of December 31, 2007 and 2008, respectively.

The deferred tax adjustment included in the net income (loss) and stockholders' equity reconciliations includes the effect of deferred taxes on all U.S. GAAP adjustments reflected in the reconciliation from MexFRS to U.S. GAAP. Under U.S. GAAP, the Company recognizes a deferred tax liability associated with profits originated during the simplified regime that have not paid income tax previously, but would be subject to taxation upon future distributions under the Mexican tax law. Due to the accounting change in MexFRS in 2008, this concept generates a reconciling difference to U.S. GAAP. The deferred tax liability under this concept amounted Ps. 288,580 and Ps. 284,226 as of December 31, 2007 and 2008, respectively.

The Company is required to pay Employee Statutory Profit Sharing (ESPS) in accordance with Mexican labor law. On January 1, 2008, the Company adopted MexFRS D-3 "Employee Benefits" which supersedes Bulletin D-3 "Labor Obligations", the sections applicable to ESPS of Bulletin D-4 and Mexican Interpretation of Financial Reporting Standards 4. In accordance with this MexFRS, deferred ESPS is determined under the asset and liability method at the statutory rate of 10%. This methodology is in compliance with U.S. GAAP which is determined following the guidelines of SFAS No. 109.

Under MexFRS, as described in Note 2r), until December 31, 2007 the deferred consequences of employee profit sharing were determined only on temporary non-recurring differences with a known turnaround time.

The Company's reconciliations between MexFRS and U.S. GAAP do not include deferred employee profit sharing due that there is no amount to be booked.

Under MexFRS, beginning January 1, 2007, current ESPS is recorded within other expenses, net. In prior years, such effects were presented as equivalents to income tax. The Company's income statement for the year ended December 31, 2006 under MexFRS was reclassified to comply with the presentation rules required in 2007. Under U.S. GAAP, ESPS is classified as selling, general and administrative expenses.

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Severance indemnities

As described in Note 2 x) (b), on January 1, 2008, the Company adopted MexFRS D-3 “Labor Obligations”. This MexFRS requires among other things, that employee benefits should be classified in four main categories; direct short-term and long term, termination and post-employment benefits. MexFRS D-3 establishes a maximum five-year period for amortizing unrecognized/unamortized items while actuarial gains or losses may be recognized as earned or incurred. Unlike termination benefits, post-employment benefits actuarial gains or losses may be immediately recognized in results of operations or amortized over the expected service life of the employees.

Under U.S. GAAP, SFAS No. 112, "Employers' Accounting for Post-employment Benefits" required that a liability for certain termination benefits provided under an ongoing benefit arrangement such as statutorily mandated severance indemnities should be recognized in results of operations when the employers’ obligations relates to rendered services, the likelihood of future settlement is probable and the liability can be reasonably estimated. Therefore, as of December 31, 2006, 2007 and 2008, the amounts of past service cost amortized under MexFRS were Ps (20,691), Ps (2,507) and Ps 4,828, respectively. Such amounts have been reversed for U.S. GAAP since these amounts had been already recognized in the results of operations under U.S. GAAP. These amounts were included in the U.S. GAAP reconciliation of income and equity.

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SFAS 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106 and 132(R)":

Due to the revision of MexFRS D-3, effective January 1, 2008, companies must now amortize transition obligations/benefits, unrecognized prior service costs/benefits and net gains and losses over a maximum period of 5 years. This change has resulted in an increase in net periodic pension cost under MexFRS which is being reversed for US GAAP purposes.

Effective December 31, 2006, the Company adopted the recognition and disclosure provisions of FASB Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. Statement 158 requires companies to recognize the funded status of defined benefit pension and other postretirement plans as a net asset or liability and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income to the extent those changes are not included in the net periodic cost. The funded status reported on the balance sheet as of December 31, 2006, 2007 and 2008 under Statement 158 was measured as the difference between the fair value of plan assets and the projected benefit obligation on a plan-by-plan basis.

The components of the plan funded status that is reflected in the consolidated statement of financial position as of December 31, 2007 and 2008 are as follows:

	2007							
		Pension plan		Seniority premium		Severance		Total
Projected benefit obligation	Ps	199,333	Ps	56,601	Ps	42,895	Ps	298,829
Market value of plan assets		(182,017)		-		-		(182,017)
Under-funded defined benefit plan liability	Ps	17,316	Ps	56,601	Ps	42,895	Ps	116,812

	2008							
		Pension plan		Seniority premium		Severance		Total
Projected benefit obligation	Ps	177,339	Ps	59,085	Ps	44,810	Ps	281,234
Market value of plan assets		(188,814)		-		-		(188,814)
Under-funded defined benefit plan	Ps	(11,475)	Ps	59,085	Ps	44,810	Ps	92,420

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Effects of inflation accounting on U.S. GAAP adjustments:

For the 2006 and 2007 reconciliation of net income between MexFRS and U.S. GAAP purposes, the Company recognized the effects of the inflation on adjustments described throughout this Note.

Goodwill:

Beginning January 1, 2005, due to the adoption of MexFRS B-7, goodwill is no longer amortized, but rather is subject to periodic impairment valuations.

For U.S. GAAP purposes, the Company adopted SFAS No. 142, “Goodwill and Other Intangible Assets” in 2002. Up to December 31, 2004, the Company recognized an accumulated effect (increase in equity) of Ps. 58,716 due to the reversal of amortization of goodwill recognized under MexFRS, restoring the goodwill amount in order to comply with, U.S. GAAP. In performing the yearly goodwill impairment test, the Company compares the estimated fair value to the carrying amount at the reporting unit level. If the carrying amount exceeds the fair value, a second step of the impairment test is required which involves the determination of the implicit fair value of the reporting unit by performing a hypothetical purchase price allocation. If the implicit value of the goodwill exceeds the carrying value, an impairment is recognized. The fair value of the reporting unit is estimated using the present value of future cash flow. In 2006, 2007 and 2008, the Company performed the required impairment tests of goodwill which did not result in any impairment charge.

Reporting comprehensive income:

For U.S. GAAP reconciliation purposes, the Company has adopted the SFAS No. 130, “Reporting Comprehensive Income”, which establishes rules for reporting and disclosure of comprehensive income and its components. Comprehensive income consists of current year net income (loss) plus (less) the change in stockholders’ equity resulting from transactions and other events and circumstances from non-owner sources. For the 2008, 2007 and 2006 fiscal years the components of comprehensive income are the net income (loss), the changes in fair value of the effective portion of derivative financial instruments, and the effect of labor obligation under SFAS 158.

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Impairment of long-lived assets:

Under US GAAP, an impairment test on long-lived assets requires a two-step process to determine the amount of any impairment loss to be recognized when events and circumstances indicated that the carrying amount may not be recoverable. The first step of this test requires the determination of whether the carrying amount of the long-lived asset is recoverable through the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). The second step requires the determination of the amount of impairment loss to be recognized by comparing the carrying amount of the asset (asset group) to its fair value. Mexican FRS does not require a two-step impairment evaluation process for long-lived assets but rather, a direct comparison is made of fair value to carrying value. No impairment losses on long-lived assets have been recorded in 2006, 2007 and 2008.

Valuation and Qualifying accounts:

		Balance at beginning of period	Charged to cost and expenses	Deductions	Balance at and of period
Allowance for doubtful accounts	2008	$ 36,154	$ 7,637	$ (15,471)	$ 28,320
	2007	$ 31,852	$ 8,791	$ (4,489)	$ 36,154
	2006	$ 37,695	$ 15,858	$ (21,701)	$ 31,852

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Accounting for uncertainty in income taxes:

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of Statement of Financial Accounting Standards No.109" (FIN 48). On January 1, 2007, the Company adopted FIN 48, which clarifies the accounting for uncertain tax positions. This interpretation requires that an entity recognizes in the consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The adoption of FIN 48 on January 1, 2007 did not have any effect on the Company's consolidated financial statements. The Company's accounting policy is to accrue interest and penalties related to unrecognized tax benefits, if and when required, as a component of other income (expense), in the consolidated statements of operations.

As of January 1, 2007 and for the years ended December 31, 2007 and 2008, the Company did not have any unrecognized tax benefits and thus no interest and penalties related to unrecognized tax benefits were recorded. In addition, the Company does not expect that the amount of unrecognized tax benefits will change significantly within the next 12 months. The income tax returns of the Company and its Mexican subsidiaries remain subject to examination by the Mexican tax authorities for the tax years beginning in 2003.

Investment Securities:

All rights and obligations arising from primary investment securities are recognized on the balance sheet and the company classifies its investment securities depending on the purpose for which the securities were acquired: (i) held-to-maturity, (ii) trading, or (iii) available for sale. Investments in these instruments are reflected on the line-item "current primary investment securities within cash and investments", denominated in Mexican peso and US dollar.

Trading securities, except held-to-maturity, are recorded at fair value, where peso-denominated debt securities are provided by local price vendors, while US-denominated debt securities are diversified. Held-to-maturity securities are reported at amortized cost. Changes in the carrying amounts of trading securities, including the related costs and yields are included under comprehensive financial results. Gains or losses arising from changes in the fair value of available-for-sale securities (less the corresponding yield and foreign exchange gain or loss, in the case of equity securities), as well as the related monetary position gain or loss, as applicable, are reported as a comprehensive income (loss) item within stockholders equity. Furthermore, where evidence exists that a financial asset held-to-maturity shall not be recovered in full, the expected loss (impairment) is recognized in the statement of operations.

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At December 31, 2008, primary investments securities disclosed in note 10b with a maturity of more than three months that amount to Ps.468,003, and restricted cash amounting to Ps.223,921 are being reclassified for U.S. GAAP purposes from the line-item "cash and investment" to "investment securities" and "restricted cash", respectively, within investing activities, since such investments and restricted cash do not meet the definition of cash equivalents according to SFAS 95. At December 31, 2007 there was no difference between book value and fair value on primary investment securities which amount to Ps 406,005.

Investment Securities:

Investments securities described in note 10b includes Ps 406,005 and Ps 468,003 in 2007 and 2008 respectively, with a maturity of more than 90 days which do not met the definition of cash equivalents according to SFASB 95, consequently such amounts are being presented within investing activities in the consolidated statement of cash flows.

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Due to the financial crisis experienced in most economies around the World, several securities were no longer traded actively in the financial markets, hence the Company decided to access SFAB 115 “Accounting for certain investment in debt and equity securities”; the Company transferred Commercial Paper classified as trading instrument into Held-To-Maturity category starting October 1, 2008. The portion of the unrealized holding gain or loss at the date of the transfer, which was already recognized in financial results, was not reversed. An impairment effect of $13,116 was immediately recognized in the Comprehensive Results within earnings considering that these non guaranteed debt securities will not recover their initial paid-in-value.

Derivative Financial Instruments and Risk Hedging Activities:

The Company accounts for derivatives and hedging activities in accordance with FASB Statement No. 133, Accounting for Derivative Instruments and Certain Hedging Activities, as amended, which requires entities to recognize all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. For derivatives designated into qualified fair value hedging relationships, changes in the fair value are either offset through earnings against the change in fair value of the hedged item attributable to the risk being hedged or if a qualified cash flow hedging relationship is designated, effective portion changes on the fair value of the derivatives are recognized in accumulated other comprehensive income until the hedged item is recognized in earnings.

The Company enters into hedge transactions denominated in foreign currencies, buying and selling structures of options. None of these derivatives are designated in a hedging relationship, thus the changes in their fair values are recorded in financial results.

Relative to grain usage, the Company enters into derivative contracts designated as hedges of either forecasted transactions (cash flow hedges) or firm commitments not ready recognized as assets or liabilities in the balance sheet (fair value hedges). However, derivatives not designated under a hedging relationship or which do not qualify under strict hedge accounting criteria, are accounted for as trading instruments with fair value changes taken within earnings.

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For all qualifying hedging relationships, the Company formally designates the hedging relationship, including its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness.

For derivative instruments that are designated and qualify under the cash-flow hedge accounting model, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects operations, in the case of grain prices, this is taken within cost of good sold. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in comprehensive financial results within current earnings.

For derivative instruments that are designated and qualify for a hedge relationship under the fair value hedge accounting model, the Company recognizes the changes in fair value of the derivative directly in earnings, as well as the changes in fair value attributable to the hedged risk of the hedged item.

The Company discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting changes in fair value or in the cash flows of the hedged item, or if the derivative expires or is sold, terminated, or exercised, or if the derivative is dedesignated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or if management determines that designation of the derivative as a hedging instrument is no longer appropriate.

In all situations in which hedge accounting is discontinued and the derivative is retained, the Company continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent changes in its fair value within earnings. When it is probable that a forecasted transaction will not occur, the Company discontinues hedge accounting and recognizes immediately in earnings gains and losses that were accumulated in other comprehensive income.

Derivative Financial Instruments and Risk Hedging Activities:

As of December 31, 2008, the Company used commodity derivatives to manage its exposure to commodity price, also foreign exchange rate derivatives were entered into. The Company does not enter into derivative instruments for any purpose other than hedging its exposure to these commodity prices and foreign currency exchange rate fluctuations, however, derivatives that did not qualify for hedge accounting were accounted as trading instruments.

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By using derivative financial instruments to hedge exposures to changes in commodity and exchange rate prices, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, the Company is not exposed to the counterparty's credit risk in those circumstances.

The Company maintains a commodity-price-risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. The manufacturing of the Company's products requires a significant volume of grains. Price fluctuations in the grains cause market values of grains inventory to differ from its cost and cause the actual purchase price of the grains to differ from the anticipated price.

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As of December 31, 2008, the Company has periodically entered into grain futures and options on futures (F&O) contracts traded at the CBOT (Chicago Board of Trade) through New Edge, a F&O broker on behalf of the Company, as to economically hedge a portion of its anticipated purchases of grains, against the price risk associated with fluctuations in market prices. These F&O were not designated into hedge relationships, thus changes in its market value is recognized directly in comprehensive financial result.

Also, the Company has entered into options on futures of corn, as to hedge the downward changes in the prices of grains, such as corn and sorghum, when the pricing of these is fixed through firm commitments, based on a Mexican Government sponsored program named "Agricultura por Contrato" managed by ASERCA (Apoyos y Servicios a la Comercialización Agropecuaria), a governmental entity ascribed to Mexico's Secretary of Farming and Agriculture (SAGARPA, Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación). This program basically represents a subsidy to the Company, through which, a commodities-related price hedging program scheme is offered to both farmers and agro-business entities such as the Company. The ASERCA program has two participating modalities: (i) 0% of the payment of the option's premium and 100% of the benefit with a 60% discount on the amount of the initial premium, or (ii) a 50% of the payment of the option's premium, and 100% of the benefit in the payment of the premium of the bought options.

Also, in this program ASERCA plays the role of the intermediary between the Company and the CBOT, but stands as the counterparty. These are put options on futures listed at the CBOT and are designated into fair value hedging relationships. The changes in the fair value of these options and the fair value of the hedged item (firm commitments) are recognized in comprehensive financial result. Changes in the fair value of the hedged item attributable to the hedge risk, that were recognized within consolidated balance sheet during the hedging relationship, are subsequently reclassified as hedge adjustments to cost of goods sold when the related inventory layer affects state of operations.

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As of December 31, 2008, the Company had entered into structures of foreign currency exchange rate derivatives, traded with the following financial institutions: Banco Nacional de México, Merrill Lynch Capital Services and Barclays Bank PLC. These structured derivatives were not designated into hedging relationship, hence changes in the fair value for these instruments were recognized within comprehensive financial results. Likewise, the Company did entered into over-the-counter (OTC) grain derivatives with Cargill Incorporated, which were not designated into a hedging relationship and in consequence, the changes in its fair value were also recognized within comprehensive financial results.

As of December 31, 2008, the Company had not established any current hedging relationship under the cash flow hedge model, hence there is no derivatives effect in other comprehensive income as of this date.

Fair Value Measurements and the Fair Value Option of Financial Instruments:

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When feaseble, the Company uses quoted market prices to determine fair values. Where quoted market prices are not available, the fair value is internally derived based upon valuation methodologies with respect to the amount and timing of future cash flows and estimated discount rates adjusted for both counterparty and entity's own risk. However, considerable judgment is required in interpreting market data to develop estimates of fair value, so the estimates including both counterparty and entity's own risk adjustment, are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange, but those are proxy estimates. The effect of using different market assumptions or estimation methodologies could be material to the estimated fair values. Fair value information presented herein is based on information available as of December 31, 2008 and 2007. Fair values vary from period to period based on changes in a wide range of risk factors, including interest rates, credit quality, and market perceptions of value and as existing assets and liabilities run off and new transactions are entered into.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash, trade accounts receivable, other account receivables, other assets (nonderivatives), trade accounts payable, due to affiliated company, and accrued expenses (nonderivatives): The carrying amounts, at face value or cost plus accrued interest, reported in the consolidated balance sheets equal or approximate fair values, due to the short maturity of these instruments.

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Investment securities: The Company classifies its investment securities depending on the purpose for which the securities were acquired, its holding period objective and the Company's ability to hold them until maturity as either: (i) trading, (ii) held-to-maturity or (iii) available for sale. Trading securities, are recognized at fair value, determined by using quoted market prices multiplied by the quantity held when quoted market prices are available. Held-to-maturity securities are reported at amortized cost.

Futures and Options on Futures of Grains: Exchange listed futures and options on futures are valued using the closing (settlement) price observed at the CBOT on the last business day of the year.

Currency exchange rate options: The fair value of these over-the-counter options is determined using option pricing models that value the potential for the option to become "in the money" through changes in currency exchange rate prices during the remaining term of the derivative. Inputs to that option pricing model reflect observable market data, including implied volatility determined by reference to exchange traded options on futures.

Interest rate swaps and cross currency swaps: The fair value of these derivatives is estimated calculating the expected future cash flows at present value for both "legs", paying and receiving, to define the difference between them as the fair value.

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Note payables to banks, long and short term debt: The fair value of the Company's long-term debt is measured using quoted offered-side prices when quoted market prices are available. If quoted market prices are not available, the fair value is determined by discounting the future cash flows of each instrument at rates that reflect, among other things, market interest rates and the Company's credit standing. In determining an appropriate spread to reflect its credit standing, the Company considers credit default swap spreads, bond yields of other long-term debt offered by the Company, and interest rates currently offered to the Company for similar debt instruments of comparable maturities by the Company's bankers as well as other banks that regularly compete to provide financing to the Company.

In accordance to Statement 107 "Disclosures about Fair Value of Financial Instruments", the following table presents both the carrying and estimated fair value of assets and liabilities considered financial instruments under this Statement. Others items like short and long term debt not carried and recognized originally at fair value are also presented in the table at its fair value. The disclosure excludes leases, pension and benefit obligations, and insurance policy reserve. Also as required, the disclosures excludes the effect of taxes, any premium or discount that could result from offering for sale at one time the entire holdings of a particular instrument, excess fair value associated with deposit with no fixed maturity and other expenses that would be incurred in a market transaction.

According to the Statement 107, certain items are excluded from this table, such as receivables and payables that arises from the ordinary course of business.

	2007		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash	Ps 221,539	Ps 221,539	Ps 228,589	Ps 228,589
Investment Securities	2,818,337	2,818,337	1,510,438	1,510,438
Short term debt	(58,844)	(58,844)	(234,235)	(279,262)
Long term debt	(50,757)	(50,757)	(391,657)	(345,474)

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Fair Value Hierarchy:

In September, 2006, the Financial Accounting Standards Boards ("FASB") issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157"), which defines fair value, establishes a framework for the measurement of fair value and enhances disclosures about fair value measurements. The Statement does not require any new fair value measures but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFASB No. 157 was effective for fiscal years beginning after November 15, 2007. However, in February 2008, the FASB issued FAS 157-2 which delays the effective date of SFAS no. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The Company adopted Statement 157 on January 1, 2008, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis, it did not have a material impact on our financial position and results of operations. Statement 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Assets and liabilities utilizing Level 2 inputs include investment securities that are not actively traded and derivative contracts.

- Level 3 inputs for the asset or liability are unobservable and significant to the overall fair value measurement.

The hierarchy requires the use of observable market data when available. In the case of investment securities, the instruments are classified in Level 2. The CBOT derivatives (counterparties New Edge and ASERCA) are classified in Level 1. Currency options and OTC grain derivatives (Cargill) are classified in Level 2.

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The following fair value hierarchy table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2008 (including only items that are required to be measured at fair value, items for which the fair value option could be elected, are not presented due that the Company did not elect the Fair Value Option):

	Total asset/ liabilities at Fair Value	Quoted prices in active markets for identical assets (Level1)	Significant other observable inputs (Level2)	Significant Unobservable Inputs (Level3)
Assets:				
Primary investment securities	1,510,438	-	1,510,438	-
Derivative instruments	125,261	125,261	-	-
Total	1,635,699	125,261	1,510,438	-
Liabilities:				
Derivative instruments	(886,272)	(39,595)	(846,677)	-
Total	(886,272)	(39,595)	(846,677)	-

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Fair Value Option

Statement 159 "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement 115" provides entities with an option to measure many financial instruments and certain other items at fair value. Under Statement 159, unrealized gains and losses on items for which the fair value option has been elected are reported in earnings at each reporting period. This fair value option must be applied on an instrument-by-instrument basis with changes in fair value reported in earnings. After initial adoption, the election can be made at the acquisition of an eligible financial asset, financial liability, or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made. The adoption of Statement 159 did not have an impact to the Company's financial position and results of operations, as the Company did not elect the fair value option for eligible items.

Recently Issued Accounting Standards:

In December 2007, the FASB issued FASB Statement No. 141(R), "Business Combination", and FASB Statement No. 160, "Noncontrolling Interest in Consolidated Financial Statements" –an amendment to ARB No. 51. Statement 141(R) and 160 require most identifiable assets, liabilities, noncontrolling interest and goodwill acquired in a business combination to be recorded at "full fair value" and require noncontrolling interest (previously referred to as minority interest) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both Statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. Statement 141(R) will be applied to business combination occurring after the effective date. Statement 160 will be applied prospectively to all noncontrolling interest, including any that arose before the effective date. As described in Note 2 a), most of the Company's subsidiaries are wholly owned, so the adoption of Statement 160 is not expected to have a material impact on its financial position and results of operations. The Company is currently evaluating the impact of adopting Statement 141(R) on its financial position and results of operations.

In March 2008, the FASB issued Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities" –an amendment of FASB Statement No. 133. Statement 161 requires entities that utilize derivative instruments to provide qualitative disclosures about their objectives and strategies for using such instruments, as well as any details of credit-risk-related contingent features contained within derivatives. Statement 161 also requires entities to disclose additional information about the amounts and location of derivatives located within the financial statements, how the provisions of Statement 133 have been applied, and the impact that hedges have on an entity's financial position, financial performance, and cash flows. Statement 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact of Statement 161 on the disclosures about its hedging activities and use of derivatives.

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In April 2008, the FASB issued FASB Staff Position FAS 142-3, “Determination of the Useful Life of Intangible Assets.” FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement 142. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact, if any, of adopting FSP FAS 142-3 on its financial position and results of operations.

In December 2008, the FASB Issued FASB Staff Position FAS 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets”. FPS FAS 132(R) -1 provides guidance on an employer’s disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 also includes a technical amendment to FASB Statement No. 132(R), effective immediately, which requires nonpublic entities to disclose net periodic benefit cost for each annual period for which a statement of income is presented. The disclosures about plan assets required by FSP FAS 132(R)-1 most be provided for fiscal years ending after December 15, 2009. The Company is currently evaluating the impact of the FSP on its disclosures about plan assets.

In May 2009 the FASB issued SFAS No. 165, “Subsequent Events”, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 becomes effective to interim or annual financial periods ending after June 15, 2009. We do not expect any material impact from adoption of SFAS 165 on our consolidated financial position or results of operations since we already evaluate events or transactions that may affect recognition or disclosure in the financial statements.

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In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets – an amendment of Statement No. 140", which improves the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. This Statement must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This Statement must be applied to transfers occurring on or after the effective date. We are currently evaluating the impact of adoption of SFAS 166 on our consolidated financial position or results of operations.

Business and credit concentrations:

The Company's products are sold to a large number of customers without significant concentration with any of them; likewise, there is no significant supplier concentration.

Summary of adjustments to reconcile MexFRS and U.S. GAAP:

The following is a summary of net income, (loss) adjusted to take into account certain material differences between MexFRS and U.S. GAAP.

	Years ended December 31,		
	2006	2007	2008
Net income (loss) as reported under MexFRS	Ps 907,129	Ps 1,272,226	Ps (886,037)
Adjustments to reconcile net income (loss) to U.S. GAAP:			
Biological assets and agricultural products valuation at fair value	(10,879)	(10,882)	(16,358)
Interest cost capitalized	8,692	6,885	-
Depreciation of capitalized interest	(3,479)	(3,913)	(3,683)
Severance indemnities	(20,691)	(2,507)	4,828
Pensions and retirement plans	-	-	3,802
Deferred income tax on US AAP adjustments	15,128	1,310	(15,116)
Effect of inflation accounting on U.S. GAAP adjustments	613	49	-
Fair value credit valuation adjustment effect	-	-	31,852
Additional deferred income tax liability	-	-	4,354
Minority interest	(943)	(1,285)	6,989
Net income (loss) under U.S. GAAP	Ps 895,570	Ps 1,261,883	Ps (869,369)
	599,571	600,000	600,000

Weighted average number of shares outstanding (thousands)			
Net income (loss) per basic and diluted share	Ps 1.49	Ps 2.10	(1.45)

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Classification differences:

There are certain other classification differences between MexFRS and U.S. GAAP, which are as follows:

- Employee statutory profit sharing expenses are classified as other expenses for MexFRS and as selling, general and administrative expenses for U.S. GAAP.

- Tax incentives are presented as other income for MexFRS and as income taxes for U.S. GAAP.

The reconciliation of the stockholders' equity between MexFRS and U.S. GAAP is as follows:

	Years ended December 31			
		2007		2008
Majority stockholders' equity as reported under MexFRS	Ps	15,080,378	Ps	14,039,620
Adjustments to reconcile majority stockholders' equity to U.S. GAAP:				
Biological assets and agricultural products valuation at fair value		(95,384)		(111,742)
Accumulated differences between the financing cost capitalized for MexFRS and U.S. GAAP purposes		94,481		94,481
Accumulated depreciation on capitalized interest		(20,595)		(24,278)
Severance cost		(23,198)		(18,370)
Pensions and labor liabilities		(31,735)		6,641
Reversal of accumulated amortization of goodwill		58,716		58,716
Deferred income taxes on U.S. GAAP adjustments		9,086		(6,030)
Additional deferred income tax liability		-		(284,226)
Fair value credit valuation adjustment effect		-		31,852
Majority stockholders' equity as reported under U.S. GAAP	Ps	15,071,749	Ps	13,786,664

The effects of the above adjustments do not have any impact on minority interest.

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The consolidated statements of stockholders' equity in accordance with U.S. GAAP is as follows:

	Capital stock	Additional Paid in-capital	Reserve for repurchase of shares	Retained earnings	Accumulated Other comprehensive income	Comprehensive income	Total stockholders' equity
Balances at December 31, 2005	2,294,682	726,070	159,455	14,128,603	(3,809,337)		13,499,473
Sales of repurchased shares	245	17,604	-	-	-	-	17,849
Cash dividends paid	-	-	-	(378,075)	-	-	(378,075)
SFAS 158 adoption	-	-	-	-	(36,454)	-	(36,454)
Comprehensive income:							
Net income for the year	-	-	-	895,570	-	895,570	895,570
Components of other comprehensive income:							
Deficit from restatement of stockholders' equity	-	-	-	-	-	(40,288)	(40,288)
Derivative financial instruments	-	-	-	-	-	92,744	92,744
Minimum labor obligations liability adjustment	-	-	-	-	-	2,420	2,420
Other comprehensive income, net of taxes					54,876	54,876	
Comprehensive income						Ps 950,446	
Balance at December 31, 2006	2,294,927	743,674	159,455	14,646,098	(3,790,915)		14,053,239
Cash dividends paid	-	-	-	(363,708)	-	-	(363,708)

Comprehensive income:							
Net income for the year	-	-	-	1,261,883	-	1,261,883	1,261,883
Components of other comprehensive income:							
Deficit from restatement of stockholders’ equity	-	-	-	-	-	18,661	18,661
Derivative financial instruments	-	-	-	-	-	98,552	98,552
Other comprehensive income SFAS 158 effect	-	-	-	-	-	3,122	3,122
Other comprehensive income, net of taxes					120,335	120,335	
Comprehensive income						Ps 1,382,218	
Balance at December 31, 2007	Ps 2,294,927	Ps 743,674	Ps 159,455	Ps 15,544,273	Ps (3,670,580)		Ps 15,071,749
Cash dividends paid	-	-	-	(353,880)	-	-	(353,880)
Comprehensive income (loss):							
Net loss for the year	-	-	-	(869,369)	-	(869,369)	(869,369)
Components of other comprehensive income:							
Deficit from holding of non monetary assets	-	-	-	(3,735,254)	3,735,254		-
Derivative financial instruments (net of deferred income tax effect of $23,204)	-	-	-		-	(98,922)	(98,922)
Other comprehensive income SFAS	-	-	-		-	37,086	37,086

158 effect							
Other comprehensive loss, net of taxes					(61,836)	(61,836)	
Comprehensive loss						Ps (931,205)	
Balance at December 31, 2008	Ps 2,294,927	Ps 743,674	Ps 159,455	Ps 10,585,770	Ps 2,838		Ps 13,786,664

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