Byline Bancorp, Inc.

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Q4 2017 Earnings Conference Call

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CORPORATE PARTICIPANTS

Allyson Pooley – *Financial Profiles*

Alberto Paracchini – *President and Chief Executive Officer*

Lindsay Corby – *Chief Financial Officer*

Tim Hadro – *Chief Credit Officer*

PRESENTATION

Operator
Good day and welcome to the Byline Bancorp, Inc. Fourth Quarter 2017 Earnings Conference call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question you may press star, then one on your touchtone phone. To withdraw your question please press star, then two. Please note this event is being recorded.

I would like to turn the conference over to Allyson Pooley of Financial Profiles. Please go ahead.

Allyson Pooley
Thank you, Nicole. Good morning, everyone, and thank you for joining us today for the Byline Bancorp Fourth Quarter 2017 Earnings call. Joining us from Byline's management team are Alberto Paracchini, President and Chief Executive Officer; Lindsay Corby, Chief Financial Officer; and also, Tim Hadro, Byline's Chief Credit Officer is here and will participate in the Q&A.

We will be using a slide presentation as part of the discussion this morning. If you've not done so already, please visit the Events and Presentations page of Byline's Investor Relations website to download a copy of the presentation. Alberto and Lindsay will discuss the fourth quarter results and then we'll open the call for questions.

Before we begin, I'd like to remind you that this conference call contains forward-looking statements with respect to the future performance and financial condition of Byline Bancorp that involve risks and uncertainties. Various factors could cause results to be materially different from any future results, expressed or implied by such forward-looking statements. These factors are discussed in the company's SEC filings, which are available on the company's website.

The company disclaims any obligation to update any forward-looking statements made during the call. Additionally, management may refer to non-GAAP measures, which are intended to supplement, but not substitute, for the most directly comparable GAAP measures. The press release available on the website contains the financial and other quantitative information to be discussed today, as well as a reconciliation of the GAAP, non-GAAP measures.

With that, I'll turn the call over to Alberto.

Alberto Paracchini
Thank you, Allyson, and good morning to everyone on the call. As is our practice, I'll start by providing you with the highlights for the quarter and year, and pass the call over to Lindsay for more detail on our financial results.

Turning to the presentation on Slide 3. Overall, we saw positive trends across most of our key metrics during the fourth quarter and continue to execute on our strategies to drive both higher earnings and returns. Loan growth for the quarter was solid and we continued deploying out liquidity into higher-yielding assets. This drove net interest income higher helping us improve operating leverage.

As with other financial institutions, the quarter was a bit noisy in large part to the tax reform bill enacted into law at the end of the year. The reduction in the stated federal rate caused a revaluation of our deferred tax asset in order to reflect the rate at which future benefits will be realized. If you recall, last quarter we saw the opposite effect when we revalued certain tax assets tied to the statutory state tax rate in the state of Illinois.

Going forward, earnings will benefit from having a lower effective tax rate. For the quarter, including the impact of these changes and expenses related to the first Evanston transaction, we reported a loss of $766,000 or $0.03 per share. Excluding these items, our earnings for the quarter came in at $7.3 million, or $0.24 per share. On a pre-tax pre-provision basis, the positive trends impacting our operating performance become more evident. Pre-tax pre-provision ROA came in at 173 basis points, up 26 basis points from the third quarter.

Business development activity remains strong and the positive momentum built throughout the year continued into the fourth quarter. We had total loan production of $120.7 million net of loans sold. This equates to an annualized growth rate of 10.9% for the fourth quarter. Production was balanced across all of our major lending areas.

Commercial Real Estate, which includes both owner-occupied and non-owner-occupied properties, were up nearly 11%, construction loans 14%, commercial and industrial loans 7%, and leases up 5% for the quarter.

Solid business development activity helped drive revenue to $44.8 million, which was 3.3% higher than last quarter. Growth in loans and an expansion in our net interest margin drove an increase in net interest income of about 2.3%. Our Small Business Capital team also delivered a strong quarter, which helped drive a 20.5% increase in our gain on sale income relative to the prior quarter.

After a number of non-recurring items impacted our expense levels last quarter, it was nice to see our efficiency ratio come down to 66% during the fourth quarter. Over the longer term we continue to see opportunities to improve that metric while continuing to invest in the business.

Credit quality remained stable during the quarter with NPLs coming down slightly and NPAs declining by about 11 basis points driven by the disposition of REO properties. For the full year we reported net income of $21.7 million. Excluding significant items, net income came in at $25.5 million. On a year-over-year basis our margin increased by 52 basis points to 4.11% while our efficiency ratio declined from 84% to 67%. Loan originations net of sales were $422.5 million, which translated into net growth of about $129 million.

We had two significant developments in 2017. The first, obviously, being the IPO, which was a significant milestone for our company. The second, which occurred in the fourth quarter, was the signing of our definitive agreement to acquire First Evanston Bancorp.

From both a strategic and financial perspective, we believe this is a highly attractive transaction for our franchise and shareholders. First Evanston provides us with improved scale and allows us to expand our presence into attractive markets. This enhances both our overall market position and ability to continue to generate organic growth in the future.

With a similar approach to small- and middle-market commercial banking and our familiarity with the company, we feel confident that we will have the strong cultural fit that is critical for a successful combination. We continue to be on track to close the acquisition during the first half of the year with the integration completed during the second half, putting us in a good position to begin realizing the benefits of the transaction and setting us up well for the start of 2019.

With that, I'd like to pass on the call to Lindsay to cover the financials in more detail.

Lindsay Corby
Thanks, Alberto. I'll start on Slide 4 with a review of our Loan and Lease portfolio. Our total loans and leases were $2.3 billion at December 31st, an increase of $61 million from the end of the prior quarter. Our originated Loan and Lease portfolio increased $99 million with all of our major lending areas increasing during the quarter. This was partially offset by a $38 million decline in our acquired loan. Total payoffs in the quarter were approximately $74 million, which is flat versus the third quarter and lower than what we experienced during the first half of 2017.

Moving on to deposits, on Slide 5. Our total deposits declined $78 million from the end of the prior quarter with most of the decline coming in our money market and timed deposit. The decrease in money markets was a result of variability and a public deposit relationship during the fourth quarter, while the drop in time deposits was due to the non-renewal of prior promotional rate time deposits. From past history, the outflow from public funds in the fourth quarter comes back to the bank by the end of the first quarter.

Our business development efforts are also having a positive impact on commercial deposit gathering as our average e balances of non-interest bearing deposits trended higher throughout the year. Our average balance was over $50 million higher in the fourth quarter than it was in the first quarter of 2017.

Our overall cost of deposits increased 2 basis points from the prior quarter with a 4 basis point increase in our cost of interest-bearing deposits being partially offset by the increase in non-interest-bearing deposits and the drop in the dollar volume of time deposits held during the quarter.

Moving to Slide 6. I'll discuss our net interest income and the expansion of our net interest margin. Our net interest income increased by approximately $737,000 to $32.2 million. The increase was largely driven by higher average loan balances as well as higher average loan yields and a slight increase in accretion income. Our net interest margin improved 8 basis points to 426, or 7 basis points when you exclude accretion income.

With the increase we have seen in loan growth we continue to see the benefit of a more favorable mix of earning assets as we fund our new loan originations with liquidity from our cash balances and the securities portfolio. As the Fed continues to raise interest rates, we would expect to see a slight continuation of our expansion in our loan yields, although we anticipate seeing continued upward pressure on our funding costs.

Turning to Slide 7 and our non-interest income. Compared to the prior quarter, our non-interest income increased by 6% to $12.6 million. The increase was due to higher net gains on sales of loans, which offset a decrease of $255,000 in servicing fees, primarily due to the change in the fair value of the servicing asset as a result of increases in pre-payment fees on government guaranteed loans.

Our net gain on loan sales increased to $9 million from $7.5 million last quarter. We sold $87.9 million of government guaranteed loans during the quarter, which was 22% higher than the dollar amount sold in the prior quarter. The average premium on loan sales was relatively consistent with the prior quarter. The loan type, term, size, and pricing, may fluctuate in the gain recognized on each loan. So even if the average premium is relatively consistent, the increase or decrease in the amount of loans sold won't always sync up with the increase or decrease in the dollar amount of the net gain on sales.

Moving to Slide 8, let's look at our non-interest expense. Our fourth quarter non-interest expense included $1.3 million in merger-related expenses for the First Evanston transaction, which was recognized in our professional fees line during the fourth quarter. We had a number of other significant variations in other line items compared to the prior quarter, both positive and negative.

On the positive side, our OREO expenses decreased by approximately $1 million due to higher net gains on sales of OREO and lower real estate tax expense. And our other non-interest expenses decreased by approximately $2 million, primarily due to the asset impairment charge we recorded last quarter on the sale of the former headquarters, as well as a lower provision requirement this quarter for unfunded commitments.

On the other side, our salaries and benefits expenses increased by approximately $800,000, primarily due to higher commissions and the impact of the new hires we have made to expand our banking team.

The longer term trend for our efficiency ratio continues to be positive as the increases we are seeing in revenues continue to outpace the increase in our expenses. We also closed one branch during the fourth quarter, bringing our footprint to 56 branches. The lease had expired and we took the opportunity to consolidate it with another branch less than a half mile away. We expect this consolidation to result in approximately $300,000 in expense savings annually.

Turning to Slide 9, we'll take a look at asset quality. We saw generally positive credit trends during the fourth quarter. Our non-performing loans declined 2 basis points and our non-performing assets declined 11 basis points from the end of the prior quarter with the NPA decline due to dispositions of OREO.

Our net charge-offs were $2.6 million, or 46 basis points of average loans and leases for the quarter. Charge-offs were primarily related to the unguaranteed portion of SBA loans.

Provision expense for the fourth quarter was $3.3 million. Our provision expense this quarter was driven by the growth in total loans as well as the charge offs in our SBA portfolio, which is consistent with our expectations given the higher level of risk that we expect to see in those loans.

Our allowance for loan and lease losses increased slightly to 73 basis points at December 31st. In addition to their traditional allowance as a percentage of loan and lease metric, we also analyze the allowance in conjunction with the acquisition accounting adjustments impacting the acquired portfolio. At December 31st the acquisition accounting adjustments plus the allowance for loan and lease losses represented 213 basis points of total loans and leases.

With that, I would like to pass the call back to Alberto for closing remarks.

Alberto Paracchini
Thank you, Lindsay. As we wrap up I want to spend a few minutes talking about our priorities and expectations for 2018 on Slide 10.

We're excited about the year ahead and the opportunities in front of us. Our top priority is completing the acquisition of First Evanston and providing a smooth transition for our new customers and colleagues.
We have a comprehensive plan in place to manage the integration and ensure that customers continue receiving the same superior level of customer service they have come to expect from their engaged and locally managed community bank.

Our second priority is to continue executing on our loan growth strategies. On that point, we have excellent momentum as we start the year. We expect loan growth to come in the low to mid-doubledigit range for the year. Traditionally, we experience a softer level of activity during the first quarter with activity picking up over the course of the year. We expect the same for 2018.

We have made significant progress in moving our loan to deposit ratio higher while managing our overall funding costs. As all of you know, and have seen, competition for deposits has increased with short-term rates trending higher. We expect to see that throughout the year and be reflected in higher deposit cost as we continue to grow our balance sheet.

From a profitability standpoint, we want to see further improvement in our level of efficiencies. On the expense front, we're constantly evaluating opportunities to reduce expenses so we can continue to invest in the business. During 2017, aside from infrastructure and technology, we made significant investments in our people. We invested in benefit programs, training, and other related employee initiatives with the goal of having committed and engaged employees. In addition, we strategically added bankers to expand several of our banking teams.

Given the First Evanston transaction, we anticipate our hiring activity will be lower as we focus on the integration and on capitalizing on the benefits of the transaction. That said, we'll remain opportunistic on attractive hiring opportunities. On the M&A front, the market remains active and we're open to evaluating additional opportunities.

In summary, we feel very good about how we are positioned as we start 2018. We believe it will be a year in which we see solid organic growth as well as the initial benefits from a transaction that should result in additional value created for our shareholders in the years ahead.

With that, Operator, I'd like to open up the call for questions.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question-and-answer session. To ask a question, you may press star, then one on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press the star, then two.

The first question comes from Nathan Race of Piper Jaffray. Please go ahead.

Nathan Race
Hi, guys. Good morning.

Lindsay Corby
Morning, Nate.

Alberto Paracchini
Morning, Nate.

Nathan Race
I just wanted to start on expenses. You obviously consolidated the upper end so we'll get some benefits from that as we go through the year, but just curious how we're thinking about the core operating expense run rate ex the acquisition in 2018.

Lindsay Corby
Nate, in terms of expenses, obviously, as Alberto said, we remain focused in terms of doing our best to

maintain and find ways to decrease expenses, but what you'll typically see is in the first quarter expenses will trend a little bit hither from payroll and things like that. You'll see them slightly higher in Q1, and then as the year goes down we'll continue to manage expenses to the best of our abilities. But, we do anticipate to continue investing in the business and growing expenses in that mid, low-single-digit range.

Nathan Race
Got it, that's helpful. I guess it doesn't sound like with tax reform coming online for 2018 it doesn't sound like that's going to change your investment into the franchise and so forth.

Alberto Paracchini
I think, Nate, I would add to what Lindsay stated by we continue to—we have a plan. We continue to remain focused and want to remain disciplined in executing that plan. Obviously, we have an important transaction that we want to ensure we not only complete but we do a solid integration of that franchise into ours. So, I think those are the two main priorities. So, I think you can expect to see us remain consistent across that front.

Nathan Race
Got it. Then, just thinking about deposit growth and pricing, I appreciate your comments, Alberto, in terms of the outlook. But it sounds like we'll have some deposit flows coming back into the bank earlier this year, but I was thinking about the success you guys are having on the commercial deposit gathering front and how that could impact pricing, assuming we get some other rate hikes in 2018.

Alberto Paracchini
I don't know that we're seeing out of our traditional commercial lending, commercial relationships. I think we remain, call it, constructive on that front. We're not really seeing pressure there. Where we're really seeing, and that's just simply a function of the type of companies that we're targeting to be clients or that are clients today. We're in the lower end of the middle market, small business end, so we're not really in the upper middle market range, which is where you start really, really seeing CFOs at those companies really start to sharpen their pencils and wanting to get really focused on shaving basis points and getting paid more for their idle funds.

We do see, clearly, competition in the market is evident. I think you probably have seen and heard other institutions talk about it and I think we've been discussing this, I think, over the last few calls and I think my comments were geared towards saying we're seeing that and as our loan to deposit ratio is basically approaching our targeted levels, obviously, growth in the balance sheet, we'll start seeing the impact of higher deposit costs going forward.

So, it's a competitive market and we, obviously, are in competition with other institutions, and we intend to, again, just be disciplined, but continue to pursue our strategies going forward.

Nathan Race
Got it. That's great color. Thanks, Alberto. And just lastly, a housekeeping question on the other, non-interest income line. It was down pretty significantly quarter-over-quarter, so just any thoughts on that specific item going forward.

Lindsay Corby
It's got some noise in there, Nate, so I think it's cleaner this quarter and you should be able to see that fluctuate a little bit, but I think it's pretty good for a run rate purpose.

Nathan Race

Okay. Thanks, Guys.

Alberto Paracchini
Thank you, Nate.

Operator
Our next question comes from Terry McEvoy of Stephens. Please go ahead.

Terry McEvoy
Good morning, everyone.

Alberto Paracchini
Morning, Terry.

Terry McEvoy
I heard a couple times, just your commentary on deposit pricing in 2018 and some risk that it moves higher. Did you discuss, or can you discuss that margin outlook ex accretion, assuming we get a couple rate hikes throughout '18 and what that trajectory would be when taking into consideration your comments on deposit yields and pricing?

Alberto Paracchini
Sure. You want to take it, Lindsay?

Lindsay Corby
Yes. Terry, in terms of the margin, like I said in my comments, we will continue to see that expansion on the loan side as we move forward here and especially with the proposed three rate hikes next year. So, you'll see that expand as we've seen in the past. And then, in terms of the deposits you obviously will see that muted on the NIM. So, it's pretty flat in our view going forward with the two computing pressures.

Terry McEvoy
Thank you. Then, the SBA loan sales, could you maybe discuss the pipeline heading into 2018? And then tax reform, how does that impact, potentially, just the SBA government-guaranteed loans in terms of demand and then any type of premium that you receive when you sell those loans?

Alberto Paracchini
Sure, those are great questions, Terry. I think activity remains, I would say, it's pretty good. In terms of, obviously, the fourth quarter, the business and that team had a pretty good quarter in terms of both originations and obviously, fundings. You saw, or you heard the comments in terms of the loans that we sold. I think pipelines are, I would say, very good. So, I think we're starting the year off on pretty good footing as far as the SBA business is concerned.

Your question on tax reform and the impact that that may have is a good one. I think that will play itself out. Obviously, you have some changes there that you would think would accelerate demand for certain things. You have the accelerated depreciation that in the past has pulled forward, purchases of equipment. We haven't seen that yet. I think, in general, what I would say is sentiment in terms of business owners, this is certainly a net positive. I think it remains to be seen how much of that we see, whether it be on the SBA side or whether it be in our more traditional commercial banking business.

As far as premiums are concerned, I think as Lindsay commented, it is, on a quarter-over-quarter basis, volumes—not only volumes, but the mix of loans that are sold can change from quarter-over-quarter.

So I think what we're seeing, generally, is premiums are stable. We haven't seen anything at this point that would cause us to change our outlook on where premium levels are both on the SBA side as well as on the USDA side.

Hopefully, that answers your questions.

Terry McEvoy
It did. Thank you. Then, just a last quick one. What are the remaining merger charges, what quarters will they be booked in? And there was an incentive probably to book a higher merger charge in the fourth quarter just given the reduced tax outlook.

Lindsay Corby
No. There's a lot of uncertainty in terms of when we actually close here, Terry. So, I struggle to give you an exact timing here. But, no, there really was no incentive, we just incur them as they come per GAPP, in terms of the charges. But I can't give a whole lot of guidance until I have better clarity in terms of timing.

Alberto Paracchini
Adding a little bit to that, Terry, we remain on track in terms of the timing. So, we're still expecting the transaction to close in the first half of the year, and then obviously, the integration to be completed after that. But, things remain on target and we continue to move forward accordingly on the transaction.

Terry McEvoy
Thanks, everyone.

Alberto Paracchini
Thank you.

Operator
Our next question comes from Michael Perito of KBW. Please go ahead.

Michael Perito
Good morning, everybody.

Alberto Paracchini
Morning, Mike.

Lindsay Corby
Morning, Mike.

Michael Perito
Thanks for taking the questions. I just had a couple and I apologize on jumping in on a couple calls, but on the provision, I know that it's a little hard with the SBA side, but you've seen a few quarters here firmly above $3 million on the provision. I'm just curious if you can maybe give us any thoughts as we head into next year about what your initial expectations are on the credit costs.

Lindsay Corby
In terms of the provision, Mike, it's not perfect and it's not scientific. We want to make sure that we're in a position where our reserves are at an appropriate level and that we're taking our charge-off on a timely manner, and we'll take it as it comes. But, the credit quality has been really pretty good. It's been within our expectations. Nothing to us has really been that big of a surprise. We'll continue to

monitor and we'll see where everything heads. It will be interesting to see what happens with tax reform here in our customer base, and we'll see how things perform.

Michael Perito
Okay. Thank you. And then, on expenses, you made the comment in the prepared remarks about you're constantly looking at things. I'm just curious at how maybe you can give us some updated thoughts on just generally speaking, the branch network and how you guys are thinking about that. Obviously you closed one in the quarter. It sounded like the opportunity came up and you guys took advantage. But, just any more specific commentary you can give us in terms of what's on your radar and what potential things you could look at this year.

Alberto Paracchini
Sure. Mike, obviously, we did, we mentioned the consolidation that we did in the fourth quarter and then certainly you're familiar, obviously, with the disposition of an older headquarters facility that we announced in the third quarter, which even though it was a large building and a much, larger piece of real estate, obviously, it had a similar effect in the sense that going forward our carrying cost of a property like that has a positive impact on expenses.

But, to answer your question in terms of outlook, I think as we have stated in the past, we look at our network, and we look at opportunities with the network. We evaluate that and we pay a lot of attention to that because customer behavior is changing, and also to the degree that there are opportunities where we can optimize and end up in a better facility, in a better location, that's something that we continue to do. And we'll continue to do that over the course of this year.

In light of the First Evanston transaction, obviously, we're taking this also as an opportunity to look at, overall, the entire network and the offices, and the branch overlap, that we have. There is not a lot, so I just want to add that there. As you well know, in terms of that transaction is very, very complimentary. They are in places where we just don't operate. We don't have locations in Evanston.

That said, it's a network and we want to look at it as a network and be mindful of the convenience that we offer our customers. But, it's something that we constantly look at and constantly evaluate, and I think we'll continue to do that throughout 2018.

Michael Perito
Perfect. Thanks for the color. I appreciate it.

Alberto Paracchini
Thank you, Mike.

Operator
Once again, if you have a question, please press star, then one.

Our next question comes from Ebrahim Poonawala of Bank of America Merrill Lynch. Please go ahead.

Ebrahim Poonawala
Good morning, guys.

Alberto Paracchini
Good morning, EB.

Ebrahim Poonawala
I'm sorry if I missed this, I jumped on late. But, I think when I look at your loan growth guide, give or take it's about $300 million for the year. If we think about how much of that will get funded with deposits versus the loan to deposits moving higher, how do you think about that? Should most of it get funded or do you expect half of that to get funded and the loan to deposit ratio move closer to 100%? I would appreciate your thoughts on that.

Alberto Paracchini
I think, EB, we want to see the vast majority of our growth be funded with deposits. So, I think it's fair to assume that we want to continue to remain very, very much a deposit-funded institution. During short-term periods we do manage fluctuations and we do have facilities to help us manage short-term fluctuations. But, over time, short, to medium and long-term, we definitely want to remain consistent with the general guidance that we've provided in terms of the loan-to-deposit ratio, and given where it is, I think it's fair to say we want to continue to see deposits be the primary funding vehicle for loan growth.

Ebrahim Poonawala
Understood. And, as we think about—you mentioned about M&A and looking at that remains strategic priority, is there a likelihood that you would announce a deal before you're in closing for Evanston or that's a stretch that you want to get that closed, integrated before you get into something else?

Alberto Paracchini
EB, we're opportunistic in terms of looking at M&A. So, I'm not going to comment on anything specific, but, in general, I would say priorities are obviously completing the transaction with First Evanston, integrating that company, continuing to execute on our strategies for organic growth. Certainly, if M&A opportunities were to present themselves and it fits into the box in terms of what we're looking for and what fits within our strategy, we'd be very much open to pursuing those in the normal course of business.

Ebrahim Poonawala
Got it. One last one for Lindsay. For the core margin, 396, looks like it's relatively stable in terms of the accretion income, about 30 basis points this year. Should we expect that to just slow, or what's the outlook on that?

Lindsay Corby
I think I sound like a broken record saying ultimately we all know it's got to come down, right EB? But, we do anticipate that it will come down. You can see the acquired loans are running off and that will be a trend that you'll continue to see. It definitely slowed down versus when we started the recap back in 2013. But, you will see a trend down, we've just been extremely fortunate. The loan portfolio has performed well and I think that the credit environment has helped that, and you've just seen more accretion come through and it's held in there.

Ebrahim Poonawala
Fair enough. All I'm trying to understand, Lindsay, was to make sure that no surprises [indiscernible]. I get it will continue to trend lower just avoid hic-ups tied to that.

Lindsay Corby
There was nothing really noisy in there, EB, that would have made a jump up like that. So, it's just normal course.

Ebrahim Poonawala

What's the mix of loans that are coming on books? What's the new yield on those loans and what's the mix fixed versus variable of the new loans you are putting on the balance sheet.

Lindsay Corby
You want to take it?

Alberto Paracchini
No.

Lindsay Corby
It's right now more heavily weighted in the floating, I'd say 75/25 floating. And, in terms of yields, high five in terms of the average loan yields right now on a blended rate of everything that came on.

Ebrahim Poonawala
Perfect. Thank you very much.

Alberto Paracchini
EB, just to add some additional color, that's obviously dependent on which line of business it's coming from. So, obviously, SBA is higher. It definitely is a higher risk business, so you obviously get compensated with higher yields. So, I just wanted to add that color. It's not a uniform thing. It's coming from different pockets and different risk profiles.

Ebrahim Poonawala
Understood. And what's the update in terms—I think we had talked about last year in terms of some of the sponsors where you've had historical relationships going back to previous banks and doing some financing through that with some private equity shops. How's that coming along?

Alberto Paracchini
Our team had a very good year in 2017. So, if you recall, that's a team that joined us in 2015, in the fall of 2015, hit the ground running in 2016, had a good year again in 2017, and we're very, very pleased with the performance. So, that's worked out very well and we remain optimistic as far as that line of business is concerned in 2018. We've developed a number of good, very good—to add some additional color there—very good sponsor mix and we're starting to see the fruits of, in certain cases, being able to support them by doing add-on acquisitions on some of those initial projects that we finance for them.

Ebrahim Poonawala
Got it. Have you quantified what that book was at the end of the year?

Alberto Paracchini
We have not issued that guidance, EB, but it's definitely north of, I'm going to say general, definitely north of $140 million, $150 million, somewhere in there.

Ebrahim Poonawala
Understood. Thank you so much.

CONCLUSION

Operator
We have no further questions. I would like to turn the conference back over to management for any closing remarks.

Alberto Paracchini
Thank you, operator. And, I want to thank you for participating in the call this morning and thank you for your interest in Byline. We look forward to seeing you again and speaking to you again next quarter. Thank you.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.