Byline Bancorp, Inc.

Q2 2019 Earnings Conference Call

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CORPORATE PARTICIPANTS

Tony Rossi – *Internal Relation, Financial Profiles, Inc.*

Alberto Paracchini – *President and Chief Executive Officer*

Lindsay Corby – *Chief Financial Officer*

Tim Hadro – *Chief Credit Officer*

PRESENTATION

Operator

Good morning and welcome to the Byline Bancorp, Inc. Second Quarter 2019 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star (*) key followed by zero (0). After today's presentation, there will be an opportunity to ask questions. To ask a question you may press star (*), then one on your telephone keypad. To withdraw your question, please press star (*), then two (2). Please note, this event is being recorded.

I would now like to turn the conference over to Tony Rossi from Financial Profiles. Please go ahead.

Tony Rossi

Thank you, Brandon. Good morning, everyone and thank you for joining us today for the Byline Bancorp's second quarter 2019 earnings call. We will be using a slide presentation as part of our discussion this morning. Please visit the events and presentations page of Byline's Investor Relations' website for access to the presentation.

Before we begin, I would 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 involves risks and uncertainties. Various factors could cause actual 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. Management may also 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 the reconciliation of the GAAP to non-GAAP measures.

And with that, I would like to turn the call over to Alberto Paracchini, President and CEO. Alberto?

Alberto Paracchini

Thank you, Tony. Good morning and welcome to our second quarter earnings call. I appreciate all of you joining us this morning. As usual, with me are Lindsay Corby, our CFO and Tim Hadro, our Chief Credit Officer. I will start the call this morning with an overview of our performance and give you key highlights for the quarter before passing the call over to Lindsay, who will go over the financial results in more detail. I will come back with closing remarks before opening the call up for questions. As a reminder, you can follow our comments this morning with the help of a deck that you can find in the Investor Relations' section of our website.

Moving on to slide 3 on that deck. We delivered another good quarter driven by positive trends in a number of key areas. We had solid loan growth, saw the margin expand nicely from the first quarter, had a strong quarter of non-interest income, and continued to see improvement in our efficiency ratio. We also completed our acquisition of Oak Park River Forest Bankshares and have begun to see the initial benefits of that transaction.

Earnings came in at $13.2 million or $0.34 per diluted share, which included conversion and merger-related expenses. Excluding these items amounting to $0.07 per share, adjusted earnings were $0.41 per diluted share. Our returns continue to improve on an adjusted basis; ROA was 121 basis points, up from 110 basis points in the year-ago period. ROTCE came in at 13.44%, up from slightly higher than 11% last year and our pre-tax preparation ROA was 215 basis points, up 14 basis points from the year-ago period.

Overall revenue increased 10.6% for the first quarter with good balance between spread and fee income categories. Our net interest income increased 8.7% from the prior quarter, reflecting the impact of both the acquisition and organic growth. Our net interest margin expanded by 14 basis points, excluding accretion income, reflecting higher yields on loans and securities offset by deposit costs that moderated from the prior quarter.

From a business perspective, loans were up 8.29% for the quarter and 15.3% on a year-over-year basis. We saw good growth in the C&I category offset by higher payoff activity in CRE. The market remains competitive in both C&I and CRE notwithstanding. We continue to see good opportunities to acquire customers and talent. I will provide additional commentary on this point during the closing remarks.

On the deposit front, our total deposits increased $251.7 million and stood at just under $4.1 billion at the end of the quarter. Deposit costs moderated from the prior quarter, increasing by five basis points compared to 12 basis points in the first quarter.

With respect to our efficiency, we continue to demonstrate solid progress as reflected by both an improving efficiency ratio and the level of non-interest expense to average assets adjusted for acquisition and merger-related expenses.

Our overall expense levels increased from the prior quarter due primarily to the addition of Oak Park River Forest, but this increase was more than offset by our growth in revenue. On an adjusted basis, our efficiency ratio improved to 56% in the second quarter, down from just under 60% in the previous quarter, and more meaningfully we had a 7 percentage point reduction from the same period last year.

Looking at asset quality, our NPLs increased by 10 basis points for the quarter largely stemming from our government guaranteed business as we experience higher inflows and lower resolution activity for the quarter.

Net charge-offs remained stable at 25 basis points and our allowance for loan and lease losses increased by 5 basis points from the previous quarter.

With that, I would like to pass the call over to Lindsay.

Lindsay Corby
Thanks, Alberto. I will start on slide 4 with the review of our loan and lease portfolio. Our total loans and leases were $3.9 billion at June 30th, a net increase of $296 million, or 8.3% from the prior quarter. The increase in total loans and leases was primarily due to the acquisition. Our originated loan portfolio increased approximately $97 million net. Most of the growth came in our C&I and government guaranteed portfolio, which was up $92 million in the quarter. Our

acquired portfolio increased $198.8 million as a result of the acquisition and offset by expected payoffs and pay downs of this category. Overall, we saw higher payoffs this quarter at $136 million versus $82 million in the prior quarter.

Moving to deposits. On slide 5, our total deposits increased $252 million to $4.1 billion at June 30th, primarily due to the impact of the acquisition. We look to average deposit balances this period and balances typically fluctuate. Excluding the deposits assumed in the acquisition, average deposits grew by $97.6 million or 10.4% annualized growth. And average non-interest bearing DDA growth was $16.8 million or 5.7% for the quarter. The organic growth in average deposits and the core deposits added from the acquisition helped offset the increase in deposit costs for the quarter. Our total deposit costs increased 5 basis points, which is down from the 12 basis point increase we saw last quarter. Similarly, in our cost of interest-bearing deposits, we saw an increase of 7 basis points this quarter, down from 18 basis points in the prior quarter.

Moving to slide 6, net interest income and margin. Our net interest income increased $4.4 million. This was the result of the partial quarter impact of the acquisition as well as the organic growth in our loan and lease portfolio. Our net interest margin increased 8 basis points to 4.51% in the second quarter despite a smaller contribution from accretion income. Accretion income contributed 40 basis points to the margin in the second quarter, down from 46 basis points last quarter. Excluding accretion income, our net interest margin increased 14 basis points to 4.11%. The increase was primarily due to the impact of higher yielding loans added from Oak Park River Forest as well as strong growth in our portfolio of government guaranteed loans, which also carry higher yields. The yields on loans and leases, excluding accretion income, increased to 5.77% from 5.59% in the previous quarter. The improvement in average loans and lease yields more than offset the increase in our deposits this quarter.

Turning to non-interest income on slide 7. In the second quarter, our non-interest income increased by $2.2 million, or 18.3% from the prior quarter, which included approximately $1 million in gains on securities sales as a result of some repositioning we did in the investment portfolio. The remainder of the increase was primarily due to a $1.2 million increase in our net gain on government guaranteed loan sales.

We sold $75.2 million of government guaranteed loans during the second quarter compared with $66.2 million of loans in the prior quarter. We had a higher percentage of USDA loans within our overall mix of loans sold in last quarter. This resulted in a more favorable mix that positively impacted our average premium. Due to the higher prepayment fees, we recorded an additional $1.2 million fair value adjustment of our servicing assets, which had approximately the same impact on our non-interest income last quarter.

Moving to slide 8, let us look at our non-interest expense. Our second quarter expenses included $3.2 million in merger-related expense and $394,000 in core system conversion expense. Adjusting for these items in both periods as well as the impairment charge on an asset held for sale last quarter, our non-interest expense increased $1.7 million from the prior quarter. The primary driver of these increases was the addition of personnel from Oak Park River Forest. This was partially offset by lower payroll taxes.

Our regulatory assessment expense also returned to a more normalized levels following the credit we recognized in the first quarter. With a full quarter of recognizing the expense savings from our systems conversion, we are beginning to see more projected synergies for the First Evanston acquisition being realized. Our priority over the second half of the year is integrating

Oak Park River Forest, which should put us in a good position to realize the remainder of the efficiencies by 2020. We remain on track with our expectations of cost savings.

Turning to slide 9, we will take a look at asset quality. Our non-performing assets increased to 83 basis points of total assets from 70 basis points at the end of the prior quarter due to higher non-performing loans and leases and the addition of OREO properties largely coming from both our government guaranteed lending business and the acquisition of Oak Park River Forest. Our non-performing assets included $4.7 million of government guaranteed loan balances and $1.5 million of government guaranteed OREO balances as of June 30th. The new inflow into non-performing loans and leases was largely comprised of loans from the government guaranteed business. Excluding government guaranteed NPLs, our non-performing loans to total loans ratio was 82 basis points, up from 71 basis points at the end of the prior quarter.

Our net charge-offs were $2.4 million, or 25 basis points of average loan and leases for the quarter, approximately the same level as in the prior quarter. During the quarter, our provision expense was $6.4 million, which covered charge-offs and resulted in an increase in our allowance for loan loss. The increase was primarily driven by three factors. First, we provisioned for specific impairments and the unguaranteed portion of the government guaranteed portfolio; second, we increased our general reserves due to growth; and third, we were seeing higher migration of acquired non-impaired loans as a result of renewals, which results in moving them into the originated loan portfolio and accounting for them in our general reserve. Specifically, the second quarter provision included allocations of $3.3 million for originated loan and leases, $2.5 million for acquired non-impaired loans, and $525,000 for acquired impaired loans. Our provision for the second quarter increased our allowance for loan and lease losses to 81 basis points of total loans and leases from 76 basis points at the end of the prior quarter. And our coverage of NPLs, excluding the government guaranteed portion, was 98%. In addition to the traditional allowance as a percentage of loan and lease metrics, we also analyzed the allowance in conjunction with the acquisition accounting adjustments impacting our acquired portfolio. At June 30th, the acquisition accounting adjustments plus our allowance for loan and lease losses represented 175 basis points of total loans and leases.

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

Alberto Paracchini
Thank you, Lindsay. In closing, I would like to provide you with additional comments on the market environment, our positioning, and some of the previously announced leadership changes. As far as the environment is concerned, we continue to see good opportunities to acquire new customers and selectively add quality employees to the company. We have recently added employees in both revenue and non-revenue generating areas. We believe we have an attractive platform for both customers and employees who value doing business with a local institution that is nimble but with the size and capital strength needed to compete in the marketplace.

With respect to the recently announced leadership changes, one of our goals as a company is to have a talent in place that allows for smooth transitions to take place when we have executive departures. We had one instance occur during the second quarter with Bruce Lammers announcing his retirement. This week, we also announced that Tim would be retiring and stepping down from his position as Chief Credit Officer at the end of the month. In both cases, we have had talent in place, thereby allowing for continuity in both areas. Tom Abraham took over leadership of our government guaranteed lending business. Tom has been with the predecessor company since 2006 and has over 30 years of industry experience. With Tom's leadership, we are confident in the direction of our business, which for the first half of the year was ranked as the fifth largest SBA lender nationally and number one in both Illinois and Wisconsin.

Tim will be succeeded as Chief Credit Officer by Owen Beacom effective on July 31st. Owen joined us as part of the First Evanston acquisition where he served as their Chief lending officer. He has more than 35 years of experience working in the Chicago banking industry and has a strong understanding of our markets and customer base. Since joining Byline, Owen has served as Deputy Chief Credit Officer and has worked closely with Tim in anticipation of his eventual retirement. He is well-prepared to lead our credit administration functions as we continue to grow over the coming years.

I want to take a moment to thank Tim for his leadership and service to the company. Tim has been with us since day one and before and it has been a privilege to have had the opportunity to work with him over the past six years.

With that, operator, I would like to open 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 (1) on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star (*), then two (2). As this time, we will pause momentarily to assemble our roster.

Our first question comes from Nathan Race with Piper Jaffray. Please go ahead.

Nathan Race
Hi guys. Good morning.

Lindsay Corby
Morning Nate.

Alberto Paracchini
Morning Nate.

Nathan Race
Maybe just start on kind of the loan growth outlook from here. Looks like payoffs are obviously higher in the quarter, production stepped up in those places. So, I was just curious maybe what you are seeing from a payoff perspective thus far in 3Q and that kind of strong production that we saw here in 2Q was also looking like it will manifest itself in terms of mid- to high-single-digit loan growth continuing?

Alberto Paracchini
Yes, I would say Nate still in the same range mid- to high-single-digit. What could temper it from I call it the high-single-digit range to the mid-single-digit range would be payoffs and that is a bit of a wildcard. As you well know, we saw higher payoffs this quarter particularly coming from the CRE side of the business and we do not see the factors there really changing at this point. So, I would say still the mid- to high-single-digits and to a degree that that is tempered a bit, I would say it would be really stemming from payoffs and particularly coming from the CRE book.

Nathan Race
I got you. And then perhaps just in terms of loan pricing, I am curious maybe where you are putting new loans on the portfolio today obviously the increase in SBA production helped loan yields increase on a core basis? And so, I am just curious now with the July Fed rate cut, how we should think about the core loan yields trajectory into 3Q and then just overall thoughts on maybe how the core NIM is going to inflect as well?

Lindsay Corby
Sure. So, you did see some nice expansion there in the NIM and that was obviously driven primarily from the fact that the loans were coming on at slightly higher rates for two factors, Nate. One was the acquisition of Oak Park; their yields are higher than ours. And also, the yield stemming from the government guaranteed portfolio does also tend to be higher. So, it was the mix really this quarter that tended to drive that increase in the yields. We do think here with the rate environment that you will see some pressure there going forward on our floating rate assets.

So, in terms of the long-term outlook with the NIM, I would say it is going to compress here a little bit in the second quarter, just given the rate environment and the falling rates. So, depending on what happens next week, we will see what the outlook is and what the remainder of the quarter looks like. But we do think that will hover right around that 4% range, Nate, as we have in the past give or take.

Nathan Race
Okay, that is very helpful. I appreciate that, Lindsay. And then if I could just ask one more on credit. It seems like part of the provision increased this quarter was tied to some of the non-government-guaranteed loan non-accruals increased in the quarter. So just curious maybe what you are seeing from an asset quality perspective within the SBA portfolio and perhaps just broadly?

Alberto Paracchini
Yes. I think in general two things on the SBA portfolio. That is, as you well know, it is a portfolio, it is a higher risk business. In general, we are lending to companies that are going the route of a government-guaranteed loan because of the fact that they do not qualify for conventional financing. So, that is a business that typically will carry higher non-performing loans as just a standard part of the business. What we saw this quarter was two things. I mean inflows were probably a bit higher in that business. Nothing that I would say would be coming from any particular segment or any particular type. There was good granularity. I mean these are not very large loans as a whole and then coupled with the fact that we did see lower resolution activity for the quarter. So, net-net we saw an increase. An area of focus for us really is on the resolution side and making sure that sometimes timing is your enemy and there you do not control timing all the time, but certainly making sure that we continue to manage the resolution process effectively and to essentially moderate the growth in NPLs. As far as the rest of the portfolio generally, we did not see anything, anything--hardly anything in terms of inflows into NPLs and overall, I would say credit quality in the book as a whole remains solid. So, I guess I do not know, Tim, if you have anything else that you want to add.

Tim Hadro
No, I just, I would only reinforce the level of NPLs is a function of the inflows and outflows, and it is the outflows--the inflows have been pretty much as you said a little higher than we anticipated but not that much. The outflows, which are to a certain degree controllable, have been

disappointing in the last couple of quarters, and I think it is an opportunity to improve and we can focus on that going forward.

Nathan Race
Okay, great. I appreciate the color and congratulations on your retirement, Tim.

Tim Hadro
Thank you.

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

Terry McEvoy
Happy Friday everyone.

Alberto Paracchini
Thank you, Terry.

Terry McEvoy
Alberto, you mentioned some hiring, some recent hires that will contribute to future revenue. I wonder if you be a little more specific in terms of what areas within the bank, you have made some additions?

Alberto Paracchini
Sure. So, Terry I would say on the revenue generation side, we have added bankers in C&I, we have added a couple of bankers in CRE, and we probably still have some incremental hires that we will be looking to make here this quarter. In addition to those revenue-generating areas, we have added talents in other areas of the company. So, for example, we have a new General Counsel that joined us recently. He came from the Former MB Financial and we have added folks in different functions of the organization, such as compliance and other parts of the bank.

But to your specific question on the revenue-generating front, we have been selective, but we have had a good success in adding really high-quality individuals to the organization that we think will make good contributions going forward.

Terry McEvoy
Then, Lindsay, just a follow-up for you on Nate's question. I was hoping you would be a little bit more specific on the margin, I know you said around 4%, but it has been kind of a 4.10% ex-accretion this quarter, so maybe I guess my question is if we get a rate cut of 25 basis points, what would be on a core basis--your thoughts around the margin impact?

Lindsay Corby
Sure. So, in terms of a 25 basis point decrease, we look at it that it will be less than a $1 million in terms of our static net interest income, but I think that will be offset Terry by volume. So, I do not see necessarily that our net interest income in terms of the aggregate dollars to be going down because of that. In terms of the actual NIM percentage, yes, it will come down a little bit, but again, it is going to depend on deposit pricing and competitive dynamics here in the market and what we can do responding to that. We want to make sure we are doing right by our customers and offering appropriate rates.

Operator

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

Michael Perito
Hi good morning. Thanks for taking my questions, and Tim, good luck in your retirement as well.

Alberto Paracchini
Good morning, Mike.

Michael Perito
I want to start on expenses, I think last quarter, Lindsay you said $42 million to $44 million was a decent run rate in the back half of the year and maybe moving into 2020 as well. And I guess, with the second quarter under your belt now and the deal closed in early July, does that number still hold. Do you have a better sense of where in that range you might fall? And any other color you are willing to offer on the expense outlook would be helpful?

Lindsay Corby
Sure. I think that range really still holds Mike. We have obviously done some hiring and we are continuing to do some hiring. So, I would say there is a chance that it would be on the higher end in my view, depending on how successful we are in that adventure and the ventures that Alberto was talking about in terms of hiring new lenders.

Alberto Paracchini
Yes, Mike, and I would say tacking that on, I mean these are--to the degree that we continue to see good opportunities to add quality bankers, we will do that. So, to Lindsay's point, if that cost is--we are certainly very willing to make those investments because we are pretty, pretty confident in the fact that they will more than payoff for themselves in the future, so.

Michael Perito
Got it, helpful, and then, Alberto we talked about the SBA business on the credit side but just on kind of the production side, what do the pipeline looks like there moving forward?

Alberto Paracchini
Pipelines remain pretty solid on the SBA side. I think the only commentary is we are probably carrying it--we are probably carrying a pipeline that today probably slightly smaller than what we have carried in the past. I do not view that as an indication of business activity but rather a function of I think we have gotten more efficient and call it--closing loans and our processes have continue to improve. So, therefore, we can call it carry less spending inventory so to speak in order to generate more production out of that unit.

But as far as how does that translate, how does that comment translate into future business, I think we feel pretty good about where we are with respect to that business, the level of originations and the level of anticipated fundings here for the rest of the year.

Michael Perito
Helpful, and then just lastly also Alberto, I was looking for a comment on your M&A outlook and appetite for further deals?

Alberto Paracchini
Yes, I mean I think activity probably, in terms of the typical conversations and the typical chatter that takes place, I think it has been probably similar to what it was last quarter. I think price expectations, there is probably still some gap. I know you have seen some transactions here

being announced locally, here in Chicago in the last day or so in the last couple of days, which maybe is an indication that that price expectations between sellers and where buyers can effectively be willing to transact maybe those are coming down a bit, but I think it is--the level of conversations has remained at a level that I would say has been very comparable to the last quarter, last couple of quarters.

Michael Perito
Great. Thank you, guys for all the color, I appreciate it. Have a good weekend.

Alberto Paracchini
Thanks Mike.

Lindsay Corby
Thanks Mike.

Operator
As a reminder, if you like to ask a question, please press star (*), then one (1).

Our next question comes from Andrew Liesch with Sandler O'Neill. Please go ahead.

Andrew Liesch
Just sorry to keep going back to the margin here, but I am just kind of curious what deposit pricing dynamics you have seen in Chicago, I know that you guys have had your campaigns that you--that you have been running and if there is any sort of relief in the Chicago area and what that could mean for you guys to work to lower rates, you are still bringing good deposit growth?

Lindsay Corby
Yes, we have seen–we have seen it to remain competitive here in the market. I would say we have seen some relief on the CD side, Andrew, and that is really where the relief has been coming from, if at all. So, it is a very competitive and dynamic marketplace and we will see what happens with rates here, but we tend to keep our duration low, so that we can take advantage of repricing. So, depending on what happens next week and what the outlook is, we do think that there is some opportunity there for some relief from a cost of deposit standpoint.

Alberto J. Paracchini
Yes, Andrew I would add--I would say I think it was you who asked the question last quarter and I think our answer to that question at that time was let us see what happens. I think rates--the market has anticipated rates coming down. We will see what happens with the Fed here shortly, but I think there has been--I think there has been--the environment remains competitive, but I think the intensity of that competition has eased somewhat. I do not want to say that it's--we are back to levels where competition is muted or anything like that, but I think the intensity of that competitive environment has eased somewhat as people are reacting in anticipation and in reaction to the fact that that overall rates are lower and there is an expectation that the Fed is going to do something. And I think we have seen some of that.

I thought we managed well our position this quarter with the portfolio. I think we took advantage of some flexibility that we received with the closing of that transaction and we anticipated well in terms of where to price deposits and where to ease off, while still managing pretty good average balanced growth for the quarter.

So, I think let us see where rates go from here, let us see what the rate does, what the Fed does. I think some folks pay attention to that as a barometer and to the degree that that has an impact in terms of how they view pricing then I think the market overall will react.

Andrew Liesch
Got you. That is very helpful commentary. You guys have covered all my other questions. Tim, congrats on the retirement, and I think it is a probably a good thing that we have not had to ask you too many questions over the years. So, thank you.

Tim Hadro
That is my definition of successful earnings call is when I do not have to speak.

Andrew Liesch
Right, right. Well congratulations.

Tim Hadro
Thank you. I prefer congratulations and good luck because that makes me nervous about retiring.

Andrew Liesch
Yes, yes.

Operator
Our next question comes from Brian Martin with Janney. Please go ahead.

Brian Martin
Hey just a couple of follow-ups. Lindsay or Alberto just to remind me the percentage of your variable rate loans or percentage of loans that are variable rate are kind of tied to LIBOR today, any just ballpark with where that is all?

Lindsay Corby
Sure. So, in terms of LIBOR of the total portfolio, it is around a quarter of the portfolio, inside the LIBOR. And then in terms of our variable rate, it is about a little over half, it is about 54%.

Brian Martin
54%, okay. And then just on the funding side, I guess as you see the impact, if the Fed does cut, how I guess to the earlier question on funding, I guess are there certain deposits that are indexed or is it just all going to be active management on your part and trying to offset the impact of a rate cut?

Lindsay Corby
No, it is primarily active management, Brian.

Brian Martin
Okay. All right. And then I guess, have you--I guess, I--let me just go on the next one, I guess are you seeing just to your point on M&A, I guess are you guys seeing more opportunities today, given the disruption of the market for kind of lift outs in hiring is it you are kind of suggesting here, or is it more are you seeing more from a whole bank type of transaction, when you look at the landscape today?

Alberto Paracchini
I think we are pursuing--I would tell you, I mean I think our strategy has not changed. I think the answer to that would be both. Obviously, with what has changed is the environment in terms of the opportunity to hire good people has certainly--that part of the equation we have seen-because of some of the recent disruption in the marketplace, it has opened up opportunities to really add on really talented individuals. And we have taken advantage of that, but overall the overarching strategy remains the same.

I think when you look at, from an M&A perspective, the number of targets, I think there is kind of 43 institutions that are within that kind of target segment of $300 million to roughly about $3 billion here in Chicago, and then at the higher end, there is really not that many. So, that skews the number towards kind of the numbers down a bit from the higher end but, that has been our kind of target segment since inception and I think the opportunities are and will be there in the future.

Brian Martin
Okay, perfect and lastly just with Oak Park done now, I guess the assumption is you guys would be ready or kind of open for business on M&A if there were opportunities. It is fair to think about it?

Alberto Paracchini
Yes, I think that is fair.

Brian Martin
Okay. And then just Lindsay, if you hazard any commentary on the purchase accounting? If you could offer anything that would be helpful, and that is it for me.

Lindsay Corby
In terms of the purchase accounting for Oak Park?

Brian Martin
No, just in general, just in aggregate, kind of the outlook.

Lindsay Corby
Yes, outlook. So, I think our outlook really has not changed too much. We added additional accretion obviously from Community Bank of Oak Park, I think that is what you are hinting at right, Brian.

Brian Martin
Yes, just kind of I guess it should trend lower from here given the impact.

Lindsay Corby
Correct. It will continue to stair step down. The range I gave you I think it is fair. It will be a little higher here in the beginning. Typically, when you add a transaction on, the accretion runs off faster in the beginning, Brian. So, and then it slows down from there.

Brian Martin
Thanks, guys. I appreciate it.

Operator

I am showing no further questions. I would like to turn the conference back over to management for any closing remarks.

CONCLUSION

Alberto Paracchini
Thank you, operator. I just want to take a moment again to thank Tim for his years of service. It has really been a privilege to know and to have worked with Tim over all these years and we look forward to continuing to have Tim involved as an advisor now as opposed to the Chief Credit Officer, but our relationship will certainly continue.

So, I just want to acknowledge that and thank Tim once again. And with that, I want to thank you for dialing in this morning and participating on the call and thank you for your interest in Byline and we will talk to you again next quarter, and with that operator, I will pass the call over back to you.

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