



BY

# Q4 2019 Financial Results

## Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements include, without limitation, statements concerning plans, estimates, calculations, forecasts and projections with respect to the anticipated future performance of the Company. These statements are often, but not always, made through the use of words or phrases such as “may”, “might”, “should”, “could”, “predict”, “potential”, “believe”, “expect”, “continue”, “will”, “anticipate”, “seek”, “estimate”, “intend”, “plan”, “projection”, “would”, “annualized”, “target” and “outlook”, or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. Forward-looking statements involve estimates and known and unknown risks, and reflect various assumptions and involve elements of subjective judgement and analysis, which may or may not prove to be correct, and which are subject to uncertainties and contingencies outside the control of Byline and its respective affiliates, directors, employees and other representatives, which could cause actual results to differ materially from those presented in this communication. No representations, warranties or guarantees are or will be made by Byline as to the reliability, accuracy or completeness of any forward-looking statements contained in this communication or that such forward-looking statements are or will remain based on reasonable assumptions. You should not place undue reliance on any forward-looking statements contained in this communication.

Certain risks and important factors that could affect Byline’s future results are identified in its Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission, including among other things under the heading “Risk Factors” in such Annual Report on Form 10-K. Any forward-looking statement speaks only as of the date on which it is made, and Byline undertakes no obligation to update any forward-looking statement, whether to reflect events or circumstances after the date on which the statement is made, to reflect new information or the occurrence of unanticipated events, or otherwise unless required under the federal securities laws.



## Fourth Quarter 2019 Highlights

### Earnings

- Net income of \$15.9 million, or \$0.41 per diluted share; adjusted net income<sup>1</sup> of \$16.1 million, or \$0.42 per adjusted<sup>1</sup> diluted share
  - Merger-related expenses, system conversion expenses, and asset impairment charges impacted EPS by \$0.01
- ROAA of 1.16% and ROATCE of 12.20% for 4Q19 compared to 1.12% and 12.22% in 3Q19
  - Adjusted ROAA<sup>1</sup> of 1.17% and ROATCE<sup>1</sup> of 12.35%

### Revenue

- Total revenue of \$68.4 million, a decrease of 5.8% from 3Q19 and an increase of 1.3% from 4Q18
- Net interest income decreased 6.8% from 3Q19 reflecting lower margin given lower rate environment
- Non interest income was lower than 3Q19 due to lower GOS revenue and fair value charge on our servicing asset
- Recorded \$935,000 fair value charge to servicing asset due to higher prepayment speeds and discount rate

### Balance Sheet

- Total assets increased by \$83.5 million, or 1.5% from 3Q19 and \$579.2 million, or 11.7% from 4Q18
- Total deposits increase by 6.5% annualized to \$4.15 billion over 3Q19
- Strong loan originations of \$179 million offset by elevated payoff activity
- Increased liquidity reduced loan to deposit ratio to 91.56%

### Key Operating Trends

- Solid growth in non interest bearing and other core deposits
- Deposit costs decreased 6 bps to 88 bps from 3Q19 due to improved deposit mix
- Adjusted efficiency ratio<sup>1</sup> remained essentially flat at 60.51%
- Improved asset quality due to increased resolution activity

### Capital Management

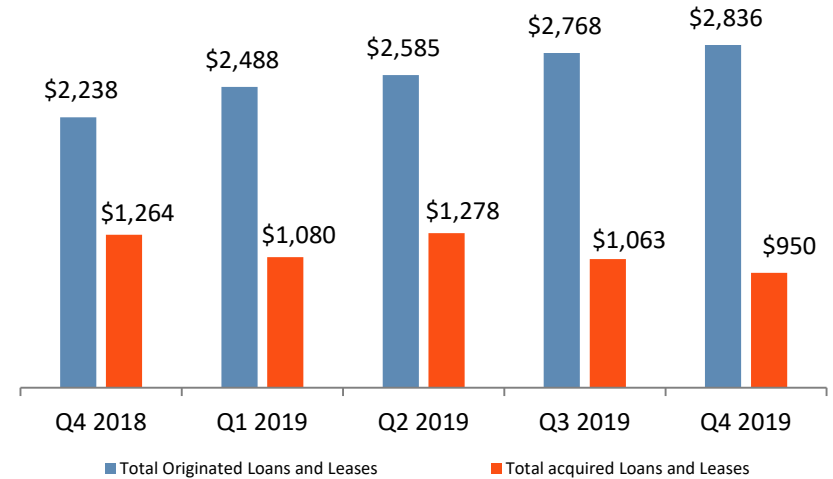
- Announced 1.25 million share repurchase authorization
- Initiated cash dividend of \$0.03 per share for the quarter
- Strong capital ratios will continue to support organic growth and M&A

## Loan and Lease Trends

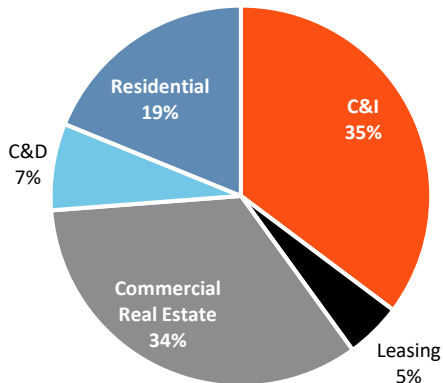
(\$ in millions)

- Total loans and leases were \$3.8 billion at 4Q19, a decrease of \$45.4 million from the prior quarter, but up 8.1% from 4Q18
  - Originated portfolio increased by \$67.5 million or 9.7% annualized
    - Growth primarily driven by commercial lending
  - Acquired portfolio decreased by \$112.9 million
- Payoff activity increased by \$40.5 million versus 3Q19
  - \$190.0 million in 4Q19 compared to \$149.5 million in 3Q19

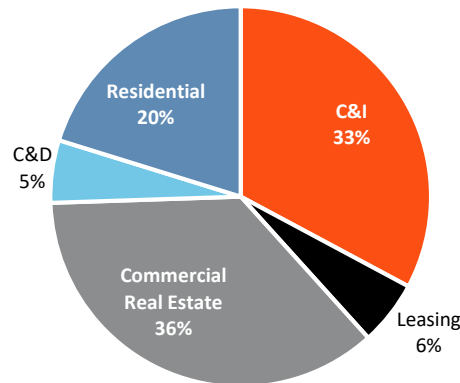
### Originated and Acquired Loan & Lease Portfolio



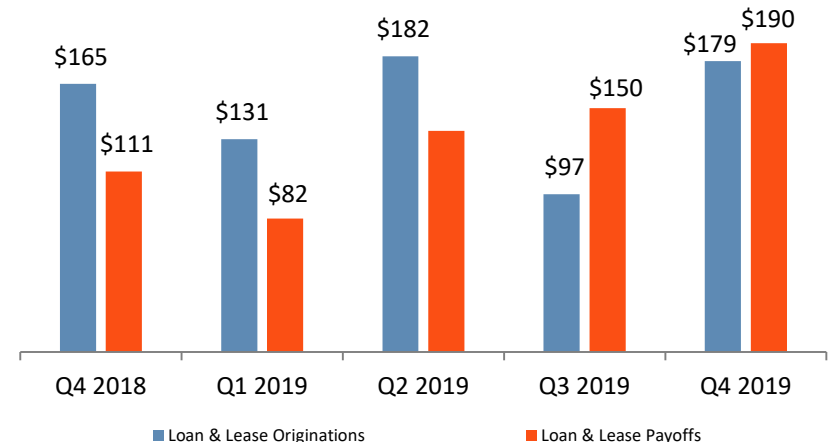
### December 31, 2019



### December 31, 2018



### Loan & Lease Originations and Payoffs

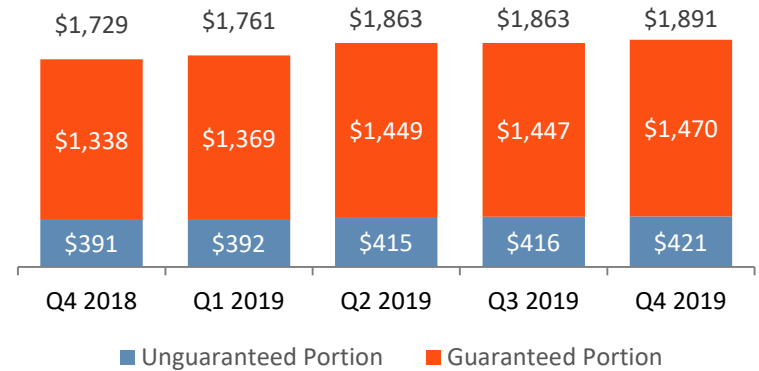


## Government-Guaranteed Lending

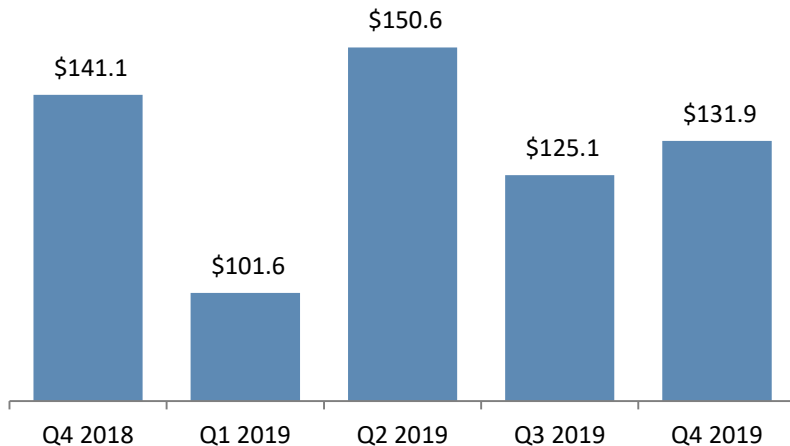
(\$ in millions)

- Top 5 SBA lender nationally; #1 lender in Illinois and Wisconsin
- \$131.9 million in closed loan commitments in 4Q19, compared to \$125.1 million in 3Q19
- Managed government guaranteed portfolio increased \$28 million to \$1.9 billion as of 4Q19

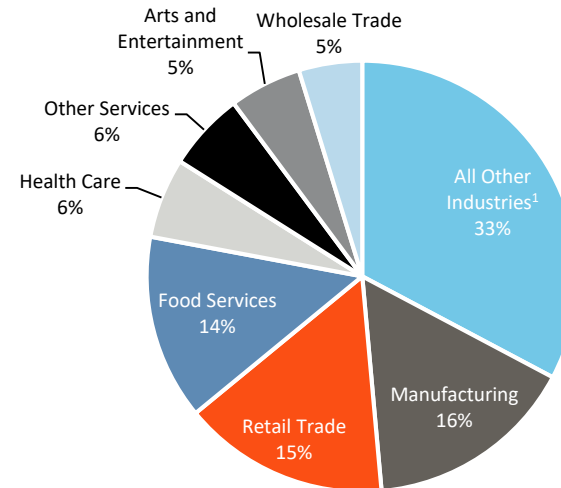
### Managed SBA 7A and USDA Loans



### Total SBC Closed Loan Commitments



### Sector Concentration



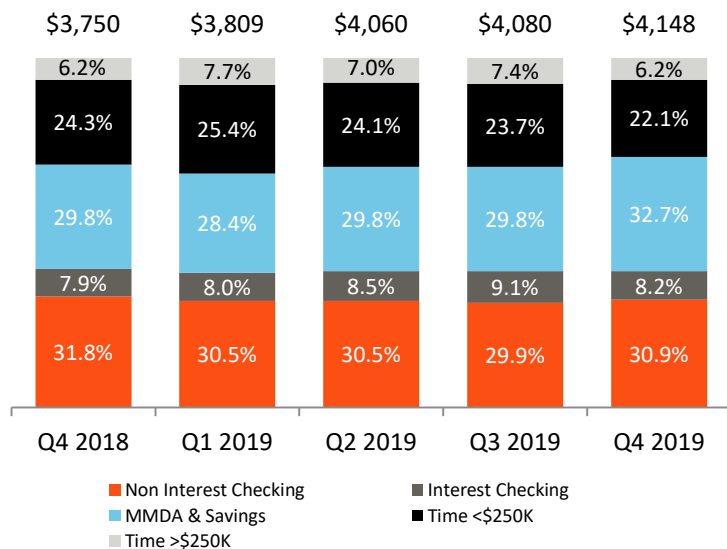
(1) Represents sectors with less than 5% of the total portfolio.

## Deposit Trends

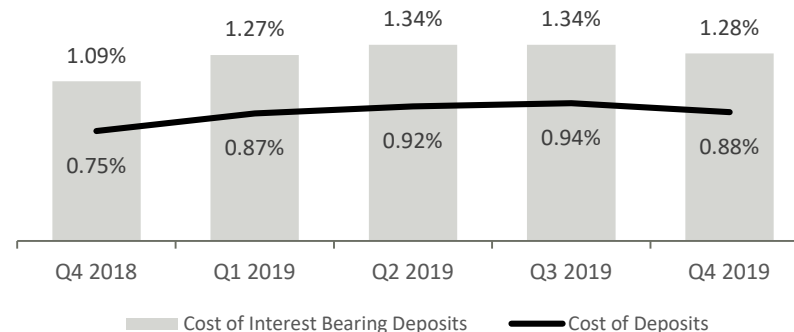
(\$ in millions)

- Total deposits increased \$67.3 million to \$4.1 billion
  - Growth entirely attributable to increases in lower-cost deposit categories
- Average non-interest bearing deposits increased \$65.4 million
- Total deposit costs decreased six basis points from prior quarter
- Loan to deposit ratio declined to 91.56% from 94.07%
- Non interest bearing stood at 30.9% and core at 83.1% of total deposits

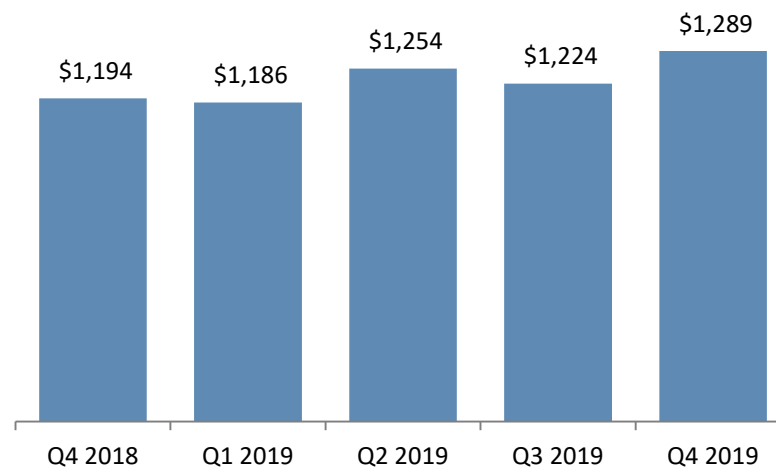
### Deposit Composition



### Cost of Interest Bearing Deposits



### Average Non-Interest Bearing Deposits

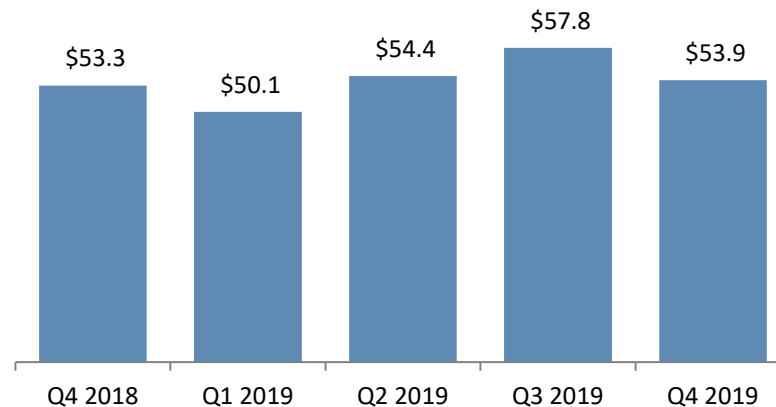


## Net Interest Income and Net Interest Margin Trends

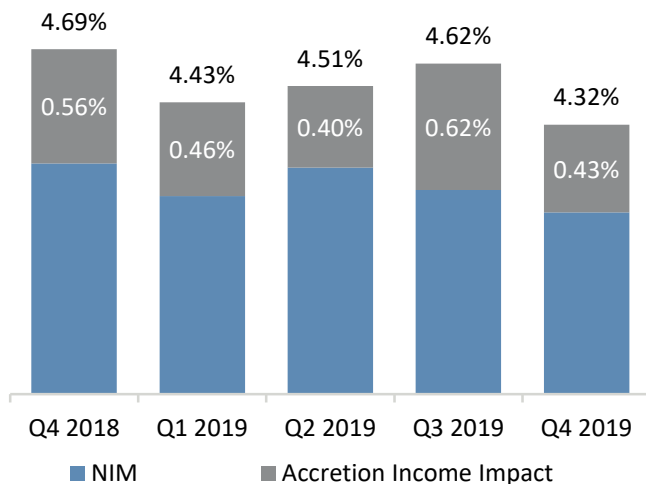
(\$ in millions)

- Net Interest Income decreased \$3.9 million to \$53.9 million, due to lower accretion and lower interest rates partially offset by lower funding costs
- Net interest margin decreased 30 basis points to 4.32% from 3Q19
  - Loan yields were impacted by accretion and short-term rates
  - Cost of deposits declined by six bps to 88 bps

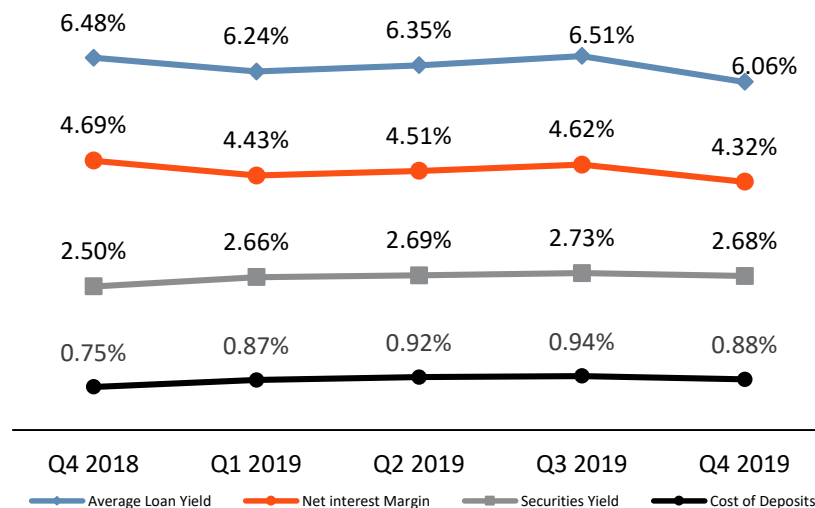
### Net Interest Income



### Net Interest Margin



### NIM, Yields, and Costs



(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.

## Non-Interest Income Trends

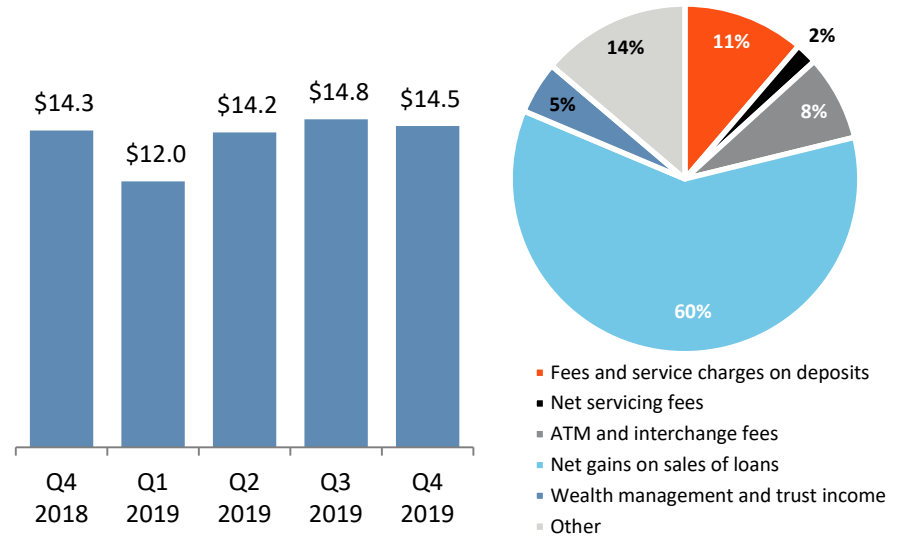
(\$ in millions)

- Non-interest income decreased \$290,000 from 3Q19
  - Unfavorable change in fair value of servicing asset due to higher prepayment speeds and discount rates
  - Lower net gains on sales of loans
  - Partially offset by higher swap-related income

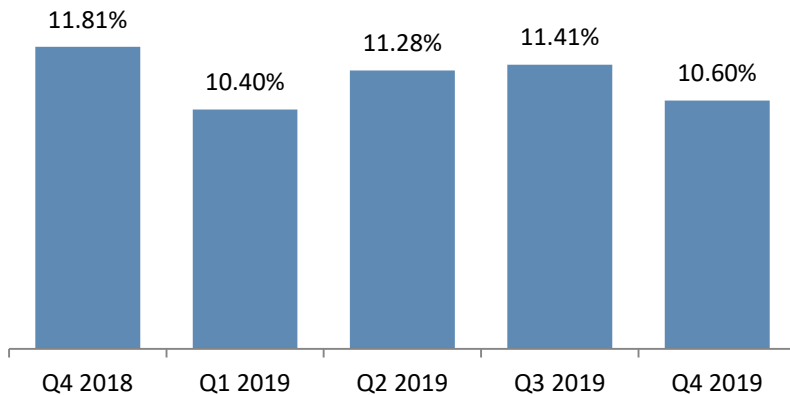
### Small Business Capital

- \$101.5 million of loan sales in 4Q19, compared to \$93.3 million in 3Q19
- Decreased average premiums

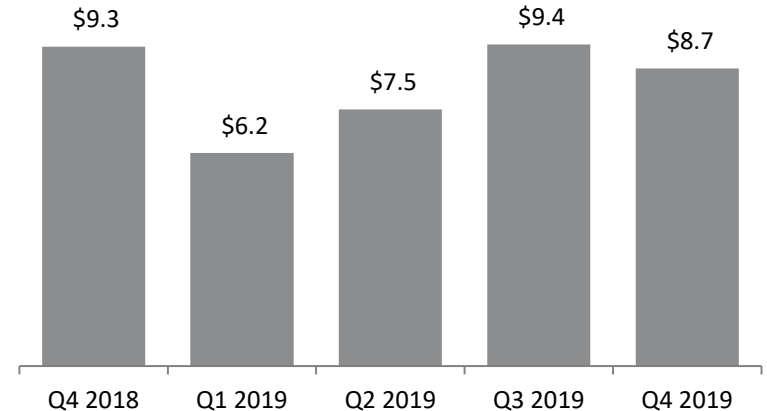
## Total Non-Interest Income



## Average Net Premiums



## Net Gains on Sales of Loans



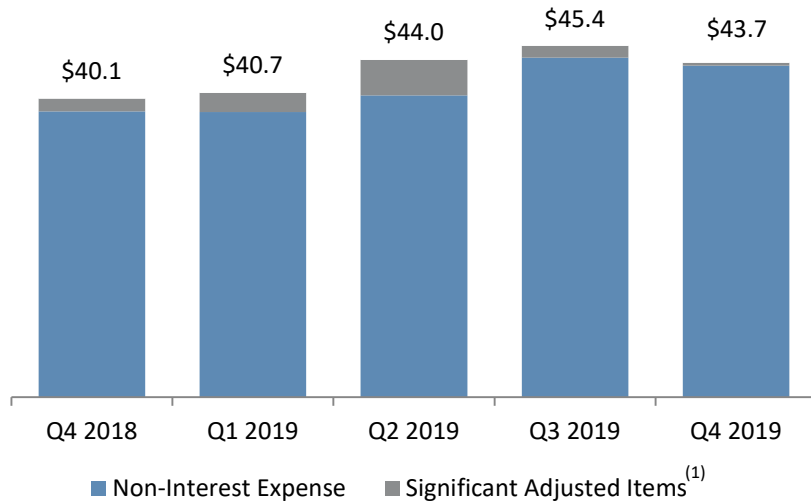


## Non-Interest Expense Trends

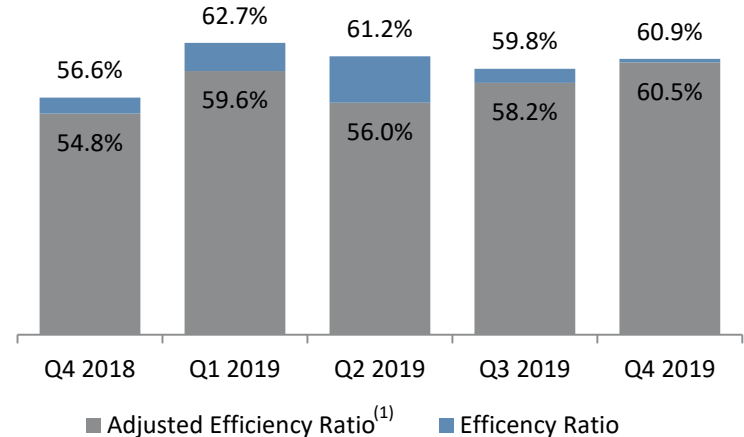
(\$ in millions)

- Non-interest expenses, excluding significant adjustment items<sup>(1)</sup>, was \$43.4 million, down from \$44.3 million in 3Q19
  - Decrease in professional fees as prior quarter reflected non-recurring costs
  - Increase in loan expenses on government guaranteed loans
- Adjusted efficiency ratio<sup>(1)</sup> of 60.51%, compared with 58.17% in prior quarter, as a result of decreased revenue during the fourth quarter of 2019
- Non-interest expense to average assets of 3.19%, compared with 3.32% in prior quarter

**Non-Interest Expense**



**Efficiency Ratio**

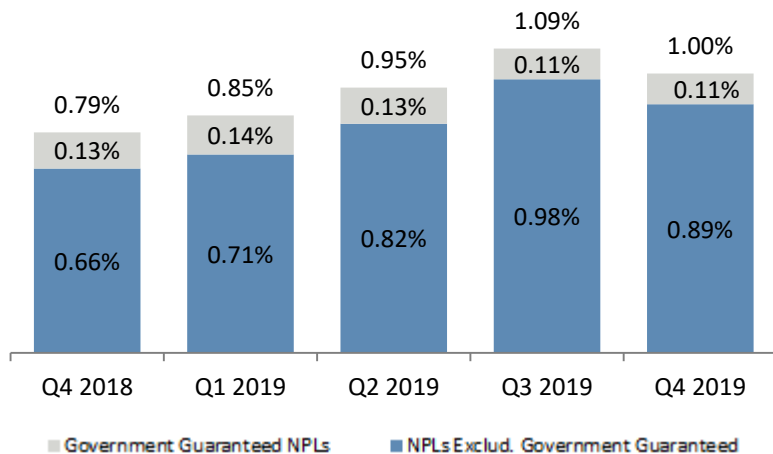


(1) Represents a non-GAAP financial measure. See “Non-GAAP Reconciliation” in the appendix.

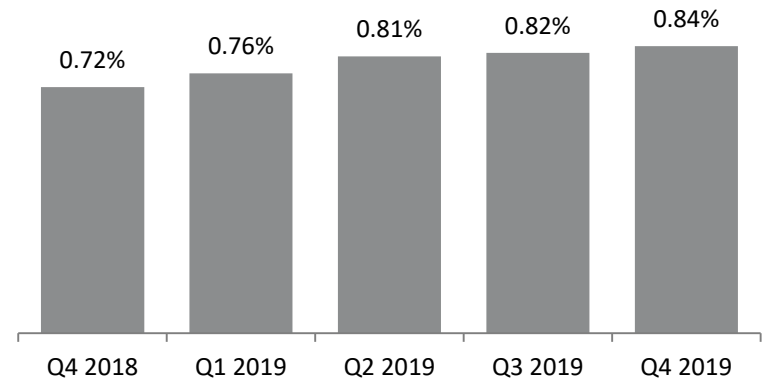
## Asset Quality Trends

- Non-performing assets to total assets declined to 0.87% in 4Q19 from 0.89% in 3Q19
  - NPLs/ Total Loans & Leases declined by 9 bps to 1.00% in 4Q19 from 1.09% in 3Q19
  - NPLs/ Total Loans & Leases (excluding government guaranteed) decreased to 0.89% in 4Q19 from 0.98% in 3Q19
  - Other real estate owned increased by \$3.4 million during the quarter
  - NCOs/ average loans and leases declined to 42 bps in 4Q19 from 56 bps in 3Q19
- ALLL/Loans and Leases increased to 0.84% in 4Q19 compared to 0.82% in 3Q19
- Acquisition accounting adjustments on acquired loans decreased to \$28.5 million versus \$31.1 million in the prior quarter

**NPLs / Total Loans & Leases**



**ALLL / Loans & Leases**



## 2020 Outlook and Strategic Priorities

### Areas of Focus

- Disciplined expense management to gain operating leverage
- Achieve loan and core deposit growth
- Continue executing relationship banking strategy
- Maintain credit and underwriting discipline

### Priorities for Capital Deployment

- Support organic balance sheet growth
- Opportunistically add banking talent
- Pursue M&A opportunities with acceptable return profile
- Return capital to shareholders



# Appendix

# Five Quarter Financial Summary

For the Three Months Ended,

(\$ in millions, except per share data)

	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>June 30, 2019</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
<b>Income Statement</b>					
Net interest income	\$53.9	\$57.8	\$54.4	\$50.1	\$53.3
Provision	4.4	5.9	6.4	4.0	3.9
Non-interest income	14.5	14.8	14.2	12.0	14.3
Non-interest expense	43.7	45.4	44.0	40.7	40.1
Pretax income	20.3	21.3	18.3	17.4	23.6
Income taxes	4.5	5.9	5.1	4.8	6.5
<b>Net income</b>	<b>15.9</b>	<b>15.3</b>	<b>13.2</b>	<b>12.6</b>	<b>17.1</b>
Dividends on preferred shares	0.2	0.2	0.2	0.2	0.2
<b>Net income (loss) available attributable to common shareholders</b>	<b>\$15.7</b>	<b>\$15.1</b>	<b>\$13.0</b>	<b>\$12.4</b>	<b>\$16.9</b>
<b>Diluted earnings (loss) per common share<sup>(1)</sup></b>	<b>\$0.41</b>	<b>\$0.39</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.46</b>
<b>Balance Sheet</b>					
Total loans and leases	\$3,785.7	\$3,831.1	\$3,863.1	\$3,567.6	\$3,501.6
Total deposits	4,147.6	4,080.3	4,060.2	3,808.5	3,749.9
Tangible common equity <sup>(1)</sup>	559.4	545.9	525.7	498.5	478.6
<b>Balance Sheet Metrics</b>					
Loans and leases / deposits	91.56%	94.07%	95.60%	93.69%	93.91%
Tangible common equity / tangible assets <sup>(1)</sup>	10.47	10.38	10.09	10.28	10.01
<b>Key Performance Ratios</b>					
Net interest margin	4.32%	4.62%	4.51%	4.43%	4.69%
Efficiency ratio	60.93	59.81	61.19	62.68	56.63
Adjusted efficiency ratio <sup>(1)</sup>	60.51	58.17	56.02	59.55	54.76
Non-interest expense to average assets	3.19	3.32	3.34	3.32	3.25
Non-interest income to total revenues <sup>(1)</sup>	21.21	20.38	20.67	19.31	21.16
Return on average assets	1.16	1.12	1.00	1.03	1.39
Adjusted return on average assets <sup>(1)</sup>	1.17	1.18	1.21	1.14	1.47
Tangible book value per share <sup>(1)</sup>	\$14.62	\$14.30	\$13.79	\$13.70	\$13.17

(1) Represents a non-GAAP financial measure. See "Non-GAAP Reconciliation" in the appendix.



## Non-GAAP Reconciliation

(dollars in thousands, per share data)	As of or For the Three Months Ended				
	December 31,	September 30,	June 30,	March 31,	December 31,
	2019	2019	2019	2019	2018
<b>Net income (loss) and earnings per share excluding significant items</b>					
Reported Net Income (Loss)	\$ 15,852	\$ 15,342	\$ 13,211	\$ 12,597	\$ 17,121
Significant items:					
Incremental income tax (benefit) expense attributed to federal income tax reform	—	—	—	—	—
Impairment charges on assets held for sale	111	67	—	392	372
Merger-related expense	127	1,043	3,152	18	266
Core system conversion expense	48	77	394	1,530	625
Tax benefit on significant items	(79)	(369)	(842)	(540)	(297)
<b>Adjusted Net Income</b>	<b>\$ 16,059</b>	<b>\$ 16,160</b>	<b>\$ 15,915</b>	<b>\$ 13,997</b>	<b>\$ 18,087</b>
<b>Reported Diluted Earnings (Loss) per Share</b>	<b>\$ 0.41</b>	<b>\$ 0.39</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.46</b>
Significant items:					
Incremental income tax (benefit) expense attributed to federal income tax reform	—	—	—	—	—
Impairment charges on assets held for sale	—	—	—	0.01	0.01
Merger-related expense	0.01	0.03	0.08	—	0.01
Core system conversion expense	—	—	0.01	0.04	0.02
Tax benefit on significant items	—	(0.01)	(0.02)	(0.01)	(0.01)
<b>Adjusted Diluted Earnings per Share</b>	<b>\$ 0.42</b>	<b>\$ 0.41</b>	<b>\$ 0.41</b>	<b>\$ 0.38</b>	<b>\$ 0.49</b>

## Non-GAAP Reconciliation (continued)

(dollars in thousands, except per share data, ratios annualized, where applicable)	As of or For the Three Months Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<b>Adjusted non-interest expense:</b>					
Non-interest expense	\$ 43,694	\$ 45,448	\$ 43,954	\$ 40,679	\$ 40,088
Less: Significant items					
Impairment charges on assets held for sale	111	67	—	392	372
Merger-related expense	127	1,043	3,152	18	266
Core system conversion expense	48	77	394	1,530	625
Adjusted non-interest expense	\$ 43,408	\$ 44,261	\$ 40,408	\$ 38,739	\$ 38,825
<b>Adjusted non-interest expense excluding amortization of intangible assets:</b>					
Adjusted non-interest expense	\$ 43,408	\$ 44,261	\$ 40,408	\$ 38,739	\$ 38,825
Less: Amortization of intangible assets	2,003	2,003	1,959	1,773	1,834
Adjusted non-interest expense excluding amortization of intangible assets	\$ 41,405	\$ 42,258	\$ 38,449	\$ 36,966	\$ 36,991
<b>Pre-tax pre-provision net income:</b>					
Pre-tax income	\$ 20,349	\$ 21,265	\$ 18,286	\$ 17,395	\$ 23,581
Add: Provision for loan and lease losses	4,387	5,931	6,391	3,999	3,882
Pre-tax pre-provision net income	\$ 24,736	\$ 27,196	\$ 24,677	\$ 21,394	\$ 27,463
<b>Adjusted pre-tax pre-provision net income:</b>					
Pre-tax pre-provision net income	\$ 24,736	\$ 27,196	\$ 24,677	\$ 21,394	\$ 27,463
Impairment charges on assets held for sale	111	67	—	392	372
Merger-related expense	127	1,043	3,152	18	266
Core system conversion expense	48	77	394	1,530	625
Adjusted pre-tax pre-provision net income	\$ 25,022	\$ 28,383	\$ 28,223	\$ 23,334	\$ 28,726
<b>Total revenues:</b>					
Net interest income	\$ 53,914	\$ 57,838	\$ 54,448	\$ 50,085	\$ 53,261
Add: Non-interest income	14,516	14,806	14,183	11,988	14,290
Total revenues	\$ 68,430	\$ 72,644	\$ 68,631	\$ 62,073	\$ 67,551
<b>Tangible common stockholders' equity:</b>					
Total stockholders' equity	\$ 750,115	\$ 735,866	\$ 717,675	\$ 668,749	\$ 650,672
Less: Preferred stock	10,438	10,438	10,438	10,438	10,438
Less: Goodwill	148,353	145,638	145,638	128,177	128,177
Less: Core deposit intangibles and other intangibles	31,902	33,905	35,908	31,646	33,419
Tangible common stockholders' equity	\$ 559,422	\$ 545,885	\$ 525,691	\$ 498,488	\$ 478,638

## Non-GAAP Reconciliation (continued)

(dollars in thousands, except per share data, ratios annualized, where applicable)	As of or For the Three Months Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<b>Tangible assets:</b>					
Total assets	\$ 5,521,809	\$ 5,438,278	\$ 5,391,236	\$ 5,009,925	\$ 4,942,574
Less: Goodwill	148,353	145,638	145,638	128,177	128,177
Less: Core deposit intangibles and other intangibles	31,902	33,905	35,908	31,646	33,419
<b>Tangible assets</b>	<b>\$ 5,341,554</b>	<b>\$ 5,258,735</b>	<b>\$ 5,209,690</b>	<b>\$ 4,850,102</b>	<b>\$ 4,780,978</b>
<b>Average tangible common stockholders' equity:</b>					
Average total stockholders' equity	\$ 745,745	\$ 729,781	\$ 696,928	\$ 659,156	\$ 639,885
Less: Average preferred stock	10,438	10,438	10,438	10,438	10,438
Less: Average goodwill	146,202	145,638	140,073	128,177	127,543
Less: Average core deposit intangibles and other intangibles	32,990	35,102	35,163	32,747	34,564
<b>Average tangible common stockholders' equity</b>	<b>\$ 556,115</b>	<b>\$ 538,603</b>	<b>\$ 511,254</b>	<b>\$ 487,794</b>	<b>\$ 467,340</b>
<b>Average tangible assets:</b>					
Average total assets	\$ 5,427,046	\$ 5,435,762	\$ 5,274,820	\$ 4,963,706	\$ 4,896,434
Less: Average goodwill	146,202	145,638	140,073	128,177	127,543
Less: Average core deposit intangibles and other intangibles	32,990	35,102	35,163	32,747	34,564
<b>Average tangible assets</b>	<b>\$ 5,247,854</b>	<b>\$ 5,255,022</b>	<b>\$ 5,099,584</b>	<b>\$ 4,802,782</b>	<b>\$ 4,734,327</b>
<b>Tangible net income available to common stockholders:</b>					
Net income available to common stockholders	\$ 15,656	\$ 15,146	\$ 13,016	\$ 12,401	\$ 16,925
Add: After-tax intangible asset amortization	1,445	1,445	1,413	1,279	1,323
<b>Tangible net income available to common stockholders</b>	<b>\$ 17,101</b>	<b>\$ 16,591</b>	<b>\$ 14,429</b>	<b>\$ 13,680</b>	<b>\$ 18,248</b>
<b>Adjusted Tangible net income available to common stockholders:</b>					
Tangible net income available to common stockholders	\$ 17,101	\$ 16,591	\$ 14,429	\$ 13,680	\$ 18,248
Incremental income tax (benefit) attributed to federal income tax reform	—	—	—	—	—
Impairment charges on assets held for sale	111	67	—	392	372
Merger-related expense	127	1,043	3,152	18	266
Core system conversion expense	48	77	394	1,530	625
Tax benefit on significant items	(79)	(369)	(842)	(540)	(297)
<b>Adjusted tangible net income available to common stockholders</b>	<b>\$ 17,308</b>	<b>\$ 17,409</b>	<b>\$ 17,133</b>	<b>\$ 15,080</b>	<b>\$ 19,214</b>

## Non-GAAP Reconciliation (continued)

(dollars in thousands, except share and per share data, ratios annualized, where applicable)	As of or For the Three Months Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<b>Pre-tax pre-provision return on average assets:</b>					
Pre-tax pre-provision net income	\$ 24,736	\$ 27,196	\$ 24,677	\$ 21,394	\$ 27,463
Average total assets	5,427,046	5,435,762	5,274,820	4,963,706	4,896,434
Pre-tax pre-provision return on average assets	1.81%	1.98%	1.88%	1.75%	2.23%
<b>Adjusted pre-tax pre-provision return on average assets:</b>					
Adjusted pre-tax pre-provision net income	\$ 25,022	\$ 28,383	\$ 28,223	\$ 23,334	\$ 28,726
Average total assets	5,427,046	5,435,762	5,274,820	4,963,706	4,896,434
Adjusted pre-tax pre-provision return on average assets	1.83%	2.07%	2.15%	1.91%	2.33%
<b>Non-interest income to total revenues:</b>					
Non-interest income	\$ 14,516	\$ 14,806	\$ 14,183	\$ 11,988	\$ 14,290
Total revenues	68,430	72,644	68,631	62,073	67,551
Non-interest income to total revenues	21.21%	20.38%	20.67%	19.31%	21.16%
<b>Adjusted non-interest expense to average assets:</b>					
Adjusted non-interest expense	\$ 43,408	\$ 44,261	\$ 40,408	\$ 38,739	\$ 38,825
Average total assets	5,427,046	5,435,762	5,274,820	4,963,706	4,896,434
Adjusted non-interest expense to average assets	3.17%	3.23%	3.07%	3.17%	3.15%
<b>Adjusted efficiency ratio:</b>					
Adjusted non-interest expense excluding amortization of intangible assets	\$ 41,405	\$ 42,258	\$ 38,449	\$ 36,966	\$ 36,991
Total revenues	68,430	72,644	68,631	62,073	67,551
Adjusted efficiency ratio	60.51%	58.17%	56.02%	59.55%	54.76%

## Non-GAAP Reconciliation (continued)

(dollars in thousands, except share and per share data, ratios annualized, where applicable)	As of or For the Three Months Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
<b>Adjusted return on average assets:</b>					
Adjusted net income	\$ 16,059	\$ 16,160	\$ 15,915	\$ 13,997	\$ 18,087
Average total assets	5,427,046	5,435,762	5,274,820	4,963,706	4,896,434
Adjusted return on average assets	1.17%	1.18%	1.21%	1.14%	1.47%
<b>Adjusted return on average stockholders' equity:</b>					
Adjusted net income	\$ 16,059	\$ 16,160	\$ 15,915	\$ 13,997	\$ 18,087
Average stockholders' equity	745,745	729,781	696,928	659,156	639,885
Adjusted return on average stockholders' equity	8.54%	8.78%	9.16%	8.61%	11.21%
<b>Tangible common equity to tangible assets:</b>					
Tangible common equity	\$ 559,422	\$ 545,885	\$ 525,691	\$ 498,488	\$ 478,638
Tangible assets	5,341,554	5,258,735	5,209,690	4,850,102	4,780,978
Tangible common equity to tangible assets	10.47%	10.38%	10.09%	10.28%	10.01%
<b>Return on average tangible common stockholders' equity:</b>					
Tangible net income available to common stockholders	\$ 17,101	\$ 16,591	\$ 14,429	\$ 13,680	\$ 18,248
Average tangible common stockholders' equity	556,115	538,603	511,254	487,794	467,340
Return on average tangible common stockholders' equity:	12.20%	12.22%	11.32%	11.37%	15.49%
<b>Adjusted return on average tangible common stockholders' equity:</b>					
Adjusted tangible net income available to common stockholders	\$ 17,308	\$ 17,409	\$ 17,133	\$ 15,080	\$ 19,214
Average tangible common stockholders' equity	556,115	538,603	511,254	487,794	467,340
Adjusted return on average tangible common stockholders' equity	12.35%	12.82%	13.44%	12.54%	16.31%
<b>Tangible book value per share:</b>					
Tangible common equity	\$ 559,422	\$ 545,885	\$ 525,691	\$ 498,488	\$ 478,638
Common shares outstanding	38,256,500	38,169,126	38,115,219	36,398,144	36,343,239
Tangible book value per share	\$ 14.62	\$ 14.30	\$ 13.79	\$ 13.70	\$ 13.17