

# **PUBLIC DISCLOSURE**

August 15, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Byline Bank  
Certificate Number: 20624

180 North LaSalle Street, Suite 300  
Chicago, Illinois 60601

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Chicago Regional Office

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION’S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect good responsiveness to assessments area credit needs.
- A high percentage of loans are made within the institution’s assessment areas (AAs).
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrower characteristics reflects adequate distribution among business customers of different sizes and income levels, given the product lines offered by the institution.
- The institution is a leader in making community development loans.
- The institution makes limited use of innovative and/or flexible lending practices in order to serve AAs credit needs.

**The Investment Test is rated Low Satisfactory.**

- The institution has an adequate level of qualified community development investments and grants, given the community needs, the institution’s financial capacity and business focus, and availability of investment activities.
- The institution exhibits good responsiveness to credit and community economic development needs.

- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Low Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the institution's AAs.
- To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals.
- The institution provides a relatively high level of community development services.

## DESCRIPTION OF INSTITUTION

### **Background**

Byline Bank (Byline) is a \$7.1 billion commercial bank that is wholly-owned by Byline Bancorp, Inc., both headquartered in Chicago, Illinois. Byline is a leading Small Business Administration (SBA) lender that has expanded its lending through its Small Business Capital (SBC) business unit. Byline received a “Satisfactory” rating at the previous CRA examination dated August 12, 2019. The previous examination was conducted using Interagency Large Institution CRA Examination Procedures by the FDIC.

### **Operations**

Byline’s main office is in Chicago, but it does not serve as a branch banking office, as deposits are not accepted there. The bank operates a total of 41 branch banking locations in Illinois and Wisconsin, of which nine (22.0%) are located in LMI census tracts. The bank has 37 full service and three limited service branches within the Chicago metropolitan area, as well as one full service branch in Brookfield, Wisconsin within the Milwaukee metropolitan area. Since the previous CRA examination, Byline closed a total of 23 branches that were not profitable or had overlapping locations in the Chicago metropolitan area (two of which were converted to loan production offices). In addition, Byline’s SBC business unit has seven loan production offices providing small business and SBA loans with locations in the states of California, Illinois (two), Indiana, Michigan, Tennessee, and Wisconsin; two of these are located in the Illinois AA.

Byline offers a wide range of loan and deposit products for both commercial and retail customers. Commercial products include business deposit accounts, working capital lines of credit, equipment loans, real estate loans, treasury management services, and merchant services. Byline is active in extending commercial loan programs through the SBA including SBA 7(a), 504, and Express Loans. The bank’s retail products consist of an array of checking, savings, money market, and certificates of deposit accounts. Byline also offers mobile banking, online banking, and access to ATMs at each of its branch locations. Consumer loan products include home equity loans and lines of credit, as well as personal secured loans. Byline partners with a secondary market lender to refer longer-term home mortgage loan requests and provides branded credit cards through a third-party agreement with a nationwide provider. Byline also offers investment management and trust services through its Wealth Management Services division.

### **Ability and Capacity**

According to the June 30, 2022, Consolidated Reports of Condition and Income, Byline reported total assets of \$7.1 billion, net loans of \$5.1 billion and total deposits of \$5.4 billion, yielding a net loan-to-deposit ratio of 94.5 percent and a net loan-to-asset ratio of 72.0 percent. Additionally, Byline’s investment portfolio totaled approximately \$1.3 billion, 18.1 percent of total assets.

Byline experienced significant growth in both assets and loans since the previous CRA evaluation; total assets increased \$1.7 billion, or 32.2 percent. Loans and leases increased \$1.3

billion, or 33.6 percent. Loan growth by dollar volume has been primarily in commercial real estate, commercial and industrial, and construction and land development. More specifically, from June 30, 2019, to June 30, 2022, commercial real estate increased \$589.9 million (44.9 percent), commercial and industrial increased \$516.1 million (41.3 percent), and construction and land development increased \$198.6 million (85.1 percent). This loan growth is primarily attributable to recent bank acquisitions and their loan customers in the previous review period.

The bank's loan portfolio as of June 30, 2022, is diversified between commercial real estate and commercial and industrial loans. Commercial lending, including commercial real estate loans and commercial and industrial loans, represents 70.8 percent of the loan portfolio and is the largest credit product. Lease financing represent 8.5 percent; and construction, land development and other land loans represent 8.4 percent.

The bank's loan portfolio concentrations are further detailed in the following table.

<b>Loan Distribution as of 6/30/2022</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans</b>
Construction and Land Development	433,096	8.4
Secured by Farmland	2,411	0.0
1-4 Family Residential	208,123	4.0
Multifamily (5 or more) Residential	273,048	5.3
Commercial Real Estate	1,903,362	36.7
<b>Total Real Estate Loans</b>	<b>2,820,040</b>	<b>54.4</b>
Commercial and Industrial	1,766,750	34.1
Agricultural	0	0.0
Consumer	1,310	0.0
States and Political Subdivisions	2,218	0.0
Other Loans	152,666	2.9
Lease Financing Receivables	442,371	8.5
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>\$5,185,355</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income; may not total 100 percent due to rounding.</i>		

Byline has the largest percentage of branches, loans, and deposits in the Illinois AA. The following table demonstrates the concentration of operations in each AA.

<b>State and Assessment Area Weighting</b>				
<b>Assessment Area Name</b>	<b>% of # Loans</b>	<b>% of \$ Loans</b>	<b>% of \$ Deposits</b>	<b>% of # Branches</b>
Illinois AA	97.5	97.2	98.7	97.6
Wisconsin AA	2.5	2.8	1.3	2.4
<i>Source: CRA Data (2020 and 2021), and June 30, 2022 FDIC Summary of Deposits.</i>				

Examiners did not identify any financial or other legal impediments that hinder the bank's ability to provide credit within its AAs.

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Byline has two designated AAs located in the states in which it operates as summarized in the table below.

<b>Byline's Assessment Areas</b>			
<b>State</b>	<b>Metropolitan Statistical Area (MSA)/Metropolitan Division (MD)</b>	<b>Counties</b>	<b>Assessment Area Name</b>
Illinois	Chicago-Naperville-Arlington Heights, IL MD 16974, Elgin, IL MD 20994, and Lake County-Kenosha County, IL-WI MD 29404	Cook, DuPage, Kane, Kendall, Will, and Lake	Illinois AA
Wisconsin	Milwaukee-Waukesha-West Allis, WI MSA 33340	Milwaukee and Waukesha	Wisconsin AA

The AAs are consistent with the requirements of the CRA, as they are comprised of whole geographies, do not arbitrarily exclude any LMI geographies, and include all geographies where the bank's main office, branches, and deposit-taking ATMs are located. A more detailed discussion of each AA (including economic and demographic data, competition, and community development opportunities) can be found in the corresponding state sections of this evaluation.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the previous evaluation dated August 12, 2019, to the current evaluation dated August 15, 2022. Examiners used the Interagency Large Institution Examination Procedures to evaluate Byline's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test. The criteria for these procedures are listed in the Appendix.

The bank's overall rating is determined using a points system as defined in the CRA regulation. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating. This evaluation does not include any activity performed by affiliates.

### **Activities Reviewed**

Byline's CRA performance is based on an analysis of the universe of small business loans originated and purchased from January 1, 2019, through December 31, 2021. Small farm, home mortgage and consumer loans were not evaluated, as these categories do not comprise a significant portion of Byline's loan portfolio and volume is nominal. Business lending represents the largest volume of overall lending during the review period and is the bank's primary lending focus. Byline ceased to originate owner-occupied home mortgage loans in 2016, is not a Home Mortgage Disclosure Act reporter, and refers all such loan requests to a third-party nationwide provider.

The universe of small business loans reported by the bank pursuant to the CRA data collection reporting requirements during the review period in 2019 through 2021 were reviewed. Byline originated 1,004 small business loans totaling \$399.2 million in 2019, 4,323 loans totaling \$742.2 million in 2020, and 3,352 loans totaling \$645.1 million in 2021.

In drawing conclusions, examiners placed more weight on the comparison of Byline's performance relative to aggregate CRA data. As aggregate data reflects the performance of all lenders, it is considered a better comparator than area demographics. At the time of this CRA evaluation, aggregate CRA data was only available for 2019 and 2020.

Community development loans, qualified investments, and services initiated or maintained since the previous CRA evaluation dated August 12, 2019 were also reviewed. Bank performance in the states of Illinois and Wisconsin was evaluated using full scope procedures. Byline's performance in Illinois carried the most weight when drawing conclusions, as a significant majority of the bank's loans, deposits, branches, and ATMs reside in that market. The bank's performance in Wisconsin received limited weighting in the overall rating.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

This Performance Evaluation includes a review of the bank's retail and community development lending performance, qualified investment activity, and both retail and community development services. Byline is considered an interstate bank, as it has branch locations in the states of Illinois and Wisconsin. Therefore, it is subject to the Interstate Banking and Branching Efficiency Act of 1994 (IBBEA). In accordance with IBBEA guidelines, this Public Evaluation includes an overall rating and a state rating for each state.

### **LENDING TEST- OVERALL**

A High Satisfactory rating is assigned under the Lending Test. Consistent with this rating, Byline demonstrates good responsiveness to credit needs in its AAs, taking into account the number and amount of small business loans and flexible lending practices.

Examiners placed more weight on the geographic distribution of loans, borrower profile, and community development lending criteria, particularly in the Illinois AA. These criteria measure the bank's effectiveness of meeting the credit needs in LMI areas and meeting the credit needs of LMI individuals and small businesses - the primary focus of CRA. Below is a discussion of the overall conclusions for each of the performance criteria under which Byline was evaluated. Please refer to the separate analyses within each AA for more detail of the bank's performance.



## Lending Activity

The bank's lending levels reflect good responsiveness to the credit needs of the AAs. This conclusion was consistent in both the Illinois and Wisconsin AAs. Byline has originated a solid volume of small business loans throughout the combined AAs, particularly within the Illinois AA. Byline originated or purchased 7,026 small business loans totaling \$1.3 billion in 2019, 2020 and 2021 in the combined AAs, and originated 228 community development loans totaling approximately \$333.7 million. According to the SBA, as of March 31, 2022, Byline was ranked the fifth largest among active SBA lenders nationwide and was the largest active SBA lender in Illinois and Wisconsin. A complete discussion of the performance for this criterion is detailed in the corresponding state sections of the evaluation.

## Assessment Areas Concentration

A high percentage of Byline's small business loans, by number and dollar volume, are made within the AAs. As noted in the following table, 81.0 percent of the bank's small business loans by number were originated or purchased within the AAs during the review period. By dollar volume, 74.5 percent of the bank's small business loans were within the AAs. The bank's percentage of small business loans located outside the AAs is largely attributed to the bank's broader geographic footprint through its SBA lending efforts and non-local loan production offices. The table below reflects the distribution of the bank's loans inside and outside the AAs.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business										
2019	822	81.9	182	18.1	1,004	314,163	78.7	85,094	21.3	399,257
2020	3,458	80.0	865	20.0	4,323	554,048	74.6	188,171	25.4	742,219
2021	2,746	81.9	606	18.1	3,352	462,879	71.8	182,241	28.2	645,120
<b>Total</b>	<b>7,026</b>	<b>81.0</b>	<b>1,653</b>	<b>19.0</b>	<b>8,679</b>	<b>1,331,090</b>	<b>74.5</b>	<b>455,506</b>	<b>25.5</b>	<b>1,786,596</b>

*Source: Bank CRA Data: due to rounding, totals may not equal 100.0%.*

## Geographic Distribution

The bank's geographic distribution of small business loans reflects adequate penetration throughout the AAs, particularly in LMI geographies. While results were stronger in the Wisconsin AA, this conclusion is supported by the performance in the more heavily-weighted Illinois AA.

## **Borrower Profile**

The distribution of loans to borrowers reflects, given the products offered by the institution, adequate penetration among businesses of different sizes. The bank's adequate performance in both the State of Illinois and Wisconsin supports this conclusion.

## **Innovative or Flexible Lending Practices**

Byline uses innovative or flexible lending practices to serve AA credit needs by offering small business loans through the SBA. As previously noted, the bank has a strong SBA lending program in Wisconsin and Illinois, and is one of the largest SBA lenders in the nation. Through SBA products, the bank provides financing to customers who would have some challenges in qualifying for conventional financing. The bank provided 326 SBA loans totaling \$406.9 million in 2020, 423 loans totaling \$506.2 million in 2021, and 179 loans totaling \$225.7 million in the current year 2022 through June 30th.

The SBA loans originated in the AAs primarily consisted of 7(a) loans, 7(a) Express loans and 504 loans. SBA 7(a) loans originated by the bank are guaranteed by the SBA up to a maximum of 85 percent for loan amounts up to \$150,000, and 75 percent on loan amounts higher than \$150,000. SBA 7(a) Express term loans originated by the bank are guaranteed by the SBA to a maximum of 50 percent of the loan amount up to \$500,000. This financing program has a simplified application process over a standard 7(a) loan and are utilized for working capital term loans, lines of credit, and a number of other purposes. SBA 504 loans originated by the bank provide financing for the purchase of real estate, buildings, and machinery. On acquisitions, the business owner contributes a minimum of 10 percent, the bank lends 50 percent, and a Community Development Corporation (CDC) finances the remaining 40 percent. CDCs are non-profit entities that support economic growth in their local areas.

Outside of the traditional SBA lending programs, the bank also offered assistance to small business owners through SBA Paycheck Protection Program (PPP) loans since the program started during the review period. These loans resulted from the federal government's response to the COVID-19 pandemic and were primarily designed to provide a direct incentive for small businesses to keep their workers on the payroll, including payroll costs and benefits, as well as other covered expenses. As a high-volume SBA lender, Byline became heavily involved in the PPP program and originated 3,784 PPP loans totaling \$635.1 million in 2020, and 2,552 PPP loans totaling \$337.5 million in 2021. These loans were low-interest and fully forgivable to the borrower after meeting certain requirements. As of June 29, 2022, Byline Bank successfully processed forgiveness and repayments for nearly all of its PPP loans, totaling over \$962 million in forgiveness and repayments successfully processed and representing 98.9 percent of the PPP loans made by dollar amount.

## **Community Development Loans**

Byline is a leader in making community development loans in its AAs, which provide ample community development opportunities. A significant majority of the community development loans are in the Illinois AA, which contains a substantial portion of the bank's lending, deposits, and branches.

The bank originated a total of 228 community development loans, totaling \$333.7 million during the evaluation period. This represents approximately 7.7 percent of average net loans, based on the 12 quarters preceding this evaluation. This activity represents a substantial increase in the dollar volume of CD loans, but a decline in the percentage of total loans. At the previous evaluation dated August 12, 2019, Byline originated 239 community development loans totaling \$227.8 million (9.3 percent of average loans).

Byline’s community development lending was compared to the performance of three similarly situated banks (SSBs) operating within the bank's Illinois AA. These SSBs' community development loans-to-net loans ratios ranged from 6.1 to 7.3 percent. Two of the three banks were assessed as high satisfactory and one as outstanding in their CD loan performance. The performance conclusion under this criterion is supported by Byline’s strong performance relative to the SSBs.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019*	8	1,944	7	6,375	3	8,245	2	20,776	20	37,340
2020	36	30,932	11	20,747	32	68,575	2	6,000	81	126,254
2021	40	20,504	21	26,449	23	56,843	4	27,750	88	131,546
2022*	14	6,052	4	5,555	20	23,193	1	3,750 ]	39	38,550
<b>Total</b>	<b>98</b>	<b>59,432</b>	<b>43</b>	<b>59,126</b>	<b>78</b>	<b>156,856</b>	<b>9</b>	<b>58,276</b>	<b>228</b>	<b>333,690</b>

*Source: Bank Records. \*includes only partial year included in the evaluation period.*

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Illinois AA	97	58,916	36	46,051	72	142,926	9	58,276	214	306,169
Wisconsin AA	0	0	3	5,690	4	7,173	0	0	7	12,863
Regional	1	516	4	7,385	2	6,757	0	0	7	14,658
<b>Total</b>	<b>98</b>	<b>59,432</b>	<b>43</b>	<b>59,126</b>	<b>78</b>	<b>156,856</b>	<b>9</b>	<b>58,276</b>	<b>228</b>	<b>333,690</b>

*Source: Bank Records.*

Byline’s total community development loans included 26 loans totaling \$52.7 million in SBA 504 loans. SBA 504 loans support small businesses and job creation or retention for LMI individuals. In addition, 26 loans were originated under the PPP program totaling \$51.6 million that supported job retention. Twenty-four of these loans supported small businesses located in LMI geographies. Byline’s 98 community development loans supporting affordable housing covered more 700 rental housing units with rents that were maintained at a level that was affordable to LMI families. In addition, the affordable housing loans include operating lines to support ongoing operations of non-profits with a primary purpose of affordable housing. Community contacts identified a need for start-up and small business loan financing, funding of loan pools, job creation, and affordable

housing and multi-family building loans. Byline's community development lending has been responsive to the credit and community development needs of the AAs.

Additionally, Byline originated seven community development loans in the greater regional area. As Byline has been responsive to the needs of its AAs, additional community development credit for these loans was provided. These regional area community development loans include:

- An SBA loan totaling \$3.7 million. The funds will be utilized for community service and the acquisition of an existing 48 unit affordable housing complex for Minnesota residents that cannot work due to severe mental illness. The housing unit rents are paid by funds from the state and local counties. The acquisition will allow the complex to remain open and retain all existing employees and residents.
- A \$1.4 million SBA loan for the acquisition of a 37-unit assisted living complex. The complex provides housing and community services to residents suffering from mental illness and substance abuse. Rental payments are made on behalf of residents through the Minnesota Community Access for Disability Inclusion Waiver, a program that provides financial assistance to eligible low-income individuals.
- A \$1.2 million SBA loan to fund the expansion of a brewery/restaurant. The funds will increase seating capacity and allow the business to hire 10 new employees. The funds support economic development by adding jobs for LMI individuals.

## **INVESTMENT TEST - OVERALL**

A Low Satisfactory rating is assigned under the Investment Test. Consistent with this rating, the institution has an adequate level of responsiveness to the qualified community development investment needs of its AAs. The community needs, the bank's financial capacity and business focus, investment and grant activities, and availability of qualified investment opportunities that benefit its AAs or a broader statewide or regional area that includes its AAs were weighed.

### **Investment and Grant Activity**

The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Byline maintains \$65.8 million in qualified investments and \$874,000 in qualified donations. This represents an increase since the last evaluation when the bank had \$56.4 million in qualified investments and \$656,129 in qualified donations, totaling \$57.1 million.

This level of investments represents 8.2 percent of average equity capital and 4.9 percent of average securities based on the 12 quarters preceding this evaluation. The level of qualified investments increased in terms of dollars though declined from the 7.2 percent level of average securities at the previous evaluation.

Byline's community development investments is generally consistent with the performance of the aforementioned SSBs. The SSBs possessed community development investments-to-average

securities ratios that ranged between 1.7 and 21.5 percent. The investments-to-average equity capital ratios of the SSBs ranged between 8.1 and 15.0 percent. Byline’s results relative to average securities and equity capital are within the mid-range of the SSBs’ results, exceeding the performance of one of the three comparative banks. The following tables provide additional details regarding the bank's investment and donation activity.

<b>Community Development Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	20	21,082	17	9,802	12	11,361	-	-	49	42,245
2019*	-	-	-	-	2	2,000	-	-	2	2,000
2020	1	4,500	-	-	4	5,000	-	-	5	9,500
2021	2	3,097	-	-	1	1,000	-	-	3	4,097
2022*	-	-	-	-	6	8,000	-	-	6	8,000
<b>Subtotal</b>	<b>23</b>	<b>28,679</b>	<b>17</b>	<b>9,802</b>	<b>25</b>	<b>27,361</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>65,842</b>
Grants & Donations	44	189	119	403	40	275	6	7	209	874
<b>Total</b>	<b>67</b>	<b>28,868</b>	<b>136</b>	<b>10,205</b>	<b>65</b>	<b>27,636</b>	<b>6</b>	<b>7</b>	<b>274</b>	<b>66,716</b>

*Source: Bank Records. \*includes only partial year included in the evaluation period.*

<b>Community Development Qualified Investments by Assessment Area</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Illinois	61	28,846	125	10,169	56	20,629	6	7	248	59,651
Wisconsin	6	22	9	31	3	1,003	-	-	18	1,056
Regional	-	-	2	5	6	6,005	-	-	8	6,010
<b>Total</b>	<b>67</b>	<b>28,868</b>	<b>136</b>	<b>10,205</b>	<b>65</b>	<b>27,636</b>	<b>6</b>	<b>7</b>	<b>274</b>	<b>66,716*</b>

*Source: Bank Records. \*Column and row totals do not equal due to rounding.*

### **Responsiveness to Credit and Community Development Needs**

Byline exhibits good responsiveness to credit and community economic development needs, considering its performance in its AAs. The majority of the investments support affordable housing and economic development activities within its AAs. Examiners determined that loans to small businesses and for multi-family affordable housing are primary area needs in the bank’s AAs.

Management made 16 new investments totaling \$23.4 million to support community development needs. These include investments that serve the bank’s AAs and some that served the greater statewide and regional area. All of the regional investments consist of Small Business Investment

Company (SBIC) funds which provide financing for small businesses. These investments support economic development and job creation.

### **Community Development Initiatives**

Byline occasionally uses innovative and/or complex investments to support community development initiatives. Management's decision to invest in lending pools to finance economic development and affordable housing activities demonstrates the bank's willingness to use innovative and/or complex investments in support of community development initiatives.

### **SERVICE TEST**

A Low Satisfactory rating is assigned under the Service Test. Consistent with this rating, the bank's retail delivery systems and community development service initiatives demonstrate reasonable responsiveness to the AAs.

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the AA, which is consistent in both states reviewed. In addition to its main office, Byline operates 37 full service and three limited service branches in Illinois and one full service branch in Wisconsin, as well as 50 ATMs. The bank has two branches located in low-income census tracts and seven branches in moderate-income census tracts, representing 22.0 percent of all locations.

Byline offers a variety of alternative delivery systems that increase the availability of its loan and deposit products. These delivery systems utilize technology to provide customers with 24-hour account access and product information. Online banking and mobile banking services are offered to personal and corporate customers. They provide customers the ability to review account balances, transfer funds between accounts, review account histories, view cancelled check images, and pay bills. The bank launched online account opening in 2021, and over 1,500 accounts have been opened using this service.

### **Changes in Branch Locations**

The institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. Since the previous CRA evaluation, the bank closed 23 branches of its total 64 branches. This included three branches located in moderate-income census tracts, eight branches in middle-income census tracts, and 12 in upper-income census tracts. These branch closures were done in accordance with the bank's internal Branch Closing Policy and Branch Network Optimization strategy, and after internal bank data analysis was performed regarding overlapping branch market areas. The core account retention rates at the closed moderate-income branches ranged from 92 to 95 percent.

**Reasonableness of Business Hours and Services**

Services (including business hours) do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. The bank's operating hours and services do not vary significantly from branch-to-branch or from hours and services offered by other banks operating within the bank's AAs. Business hours are generally comparable to the market, including extended hours in most offices, with 24-hour ATM services available at each of the branch locations.

Byline offers a wide range of loan and deposit products for both commercial and retail customers. Commercial products include business deposit accounts, working capital lines of credit, express business loans, equipment loans and leases, real estate loans, SBA loans, treasury management services, and merchant services. Consumer products include checking, savings, money market, certificates of deposit, home equity loans and lines of credit, and secured personal loans. Byline does not offer traditional consumer mortgages and refers customers requesting longer-term home mortgage loans to a leading national secondary market lender. The bank also offers branded credit cards through a third-party agreement.

**Community Development Services**

Byline provides a relatively high level of community development services. During the evaluation period, bank employees, management, and Board members participated in 281 services, providing 3,684 qualifying service hours. The bank has 963 employees as of June 30, 2022 and this level of service is equivalent to approximately four hours per full-time employee or two full-time employees. Many of the services involve reoccurring activities with bank employees, management and Board members providing technical assistance to different qualifying organizations.

Byline’s community development services were compared to the performance of the same SSIs referenced in the community development lending and investment sections. The bank's community development service exceeded the number of services provided by two of three SSBs, as these SSBs' services were 54, 81, and 758. While only two of the SSBs disclosed qualified hours (ranging from 1,151 and 3,280 hours), Byline exceeded the performance of both. The following table provides information on the number of services provided by AA.

<b>Community Development Services</b>						
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>	<b>Total Hours</b>
	#	#	#	#	#	#
Illinois	569	2,433	456	157	266	3,615
Wisconsin	19	55	0	-	15	74
<b>Total</b>	<b>588</b>	<b>2,488</b>	<b>456</b>	<b>157</b>	<b>281</b>	<b>3,689</b>

*Source: Bank Records.*

A significant number of services were devoted to community development activities related to providing technical assistance to community development organizations by serving on the Board of Directors and providing financial literacy primarily for the benefit of LMI individuals.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during the examination; therefore, this consideration did not affect the institution's CRA rating.



## ILLINOIS – Full-Scope Review

### CRA RATING FOR ILLINOIS: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS

Byline maintains 40 of its 41 branches (97.6 percent) in Illinois and a significant portion of its deposit (98.7 percent), and the majority of small business lending (97.2 percent) by dollar volume were within this AA during the review period. Additionally, a substantial majority of community development lending, investments and services were conducted within this AA; thus, it received heavy weighting in the overall CRA performance evaluation.

### SCOPE OF EVALUATION – ILLINOIS

The bank's AA in the State of Illinois (referred to as the Illinois AA) consists of parts of the Chicago-Naperville-Arlington Heights MD, Elgin MD, and Lake County-Kenosha County MD, which are part of the broader Chicago-Naperville, IL-IN-WI Combined Statistical Area (CSA). Examiners conducted a full scope review of the Illinois AA.

The Illinois AA consists of six counties located within the Chicago-Naperville, IL-IN-WI CSA. Cook, DuPage, Kendall, and Will Counties are located within the Chicago-Naperville-Arlington Heights MD, Lake County is located in the Lake County-Kenosha County IL-WI MD, and Kane County is located in the Elgin MD. The AA meets the requirements of the regulation. The following sections discuss demographic and economic information for the AA.

#### Economic and Demographic Data

Examiners used demographic data from the 2015 American Community Survey (ACS) five-year averages compiled by the US Census Bureau to analyze the bank's CRA performance and lending in 2019, 2020, and 2021. According to the 2015 ACS demographic data, the AA's 1,933 census tracts reflect the following income designations:

- 279 low-income tracts,
- 471 moderate-income tracts,
- 540 middle-income tracts,
- 626 upper-income tracts, and
- 17 census tracts have no income designation due to nominal population.

The following table illustrates select 2015 ACS demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: Illinois AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,933	14.4	24.4	27.9	32.4	0.9
Population by Geography	8,198,620	10.4	24.4	30.4	34.6	0.3
Housing Units by Geography	3,258,340	10.7	23.1	30.3	35.5	0.3
Owner-Occupied Units by Geography	1,876,735	4.7	18.4	34.1	42.8	0.1
Occupied Rental Units by Geography	1,081,368	17.7	30.0	25.6	26.0	0.7
Vacant Units by Geography	300,237	22.7	28.3	24.1	24.4	0.5
Businesses by Geography	728,571	6.3	17.1	27.7	48.4	0.5
Farms by Geography	10,180	4.3	17.1	35.4	43.2	0.1
Family Distribution by Income Level	1,933,709	23.7	16.3	18.4	41.6	0.0
Household Distribution by Income Level	2,958,103	25.5	15.3	16.9	42.3	0.0
Median Family Income MD - 16984 Chicago-Naperville-Evanston, IL		\$75,024	Median Housing Value			\$248,789
Median Family Income MD - 20994 Elgin, IL		\$80,899	Median Gross Rent			\$1,055
Median Family Income MD - 29404 Lake County-Kenosha County, IL-WI		\$87,137	Families Below Poverty Level			10.6%
<i>Source: 2015 ACS and 2021 D&amp;B Data.            Due to rounding, totals may not equal 100.0%            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to the 2015 ACS data, 6.3 percent of the businesses are located in low-income census tracts, while 17.1 percent are located in moderate-income census tracts. The bank's performance under the geographic distribution criterion compares small business loans to the percentage of businesses located within geographies by income level and to aggregate performance as well, if available. These characteristics provide some insight into the overall small business credit needs and demand in LMI geographies, which are considered when evaluating Byline's geographic lending patterns.

The following table contains information on the 2019, 2020, and 2021 Federal Financial Institutions Examination Council (FFIEC) updated median family income levels and median family income ranges by category in each of the relevant MD in the Illinois AA.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Chicago-Naperville-Evanston, IL MD Median Family Income (16984)</b>				
2019 (\$82,000)	<\$41,000	\$41,000 to <\$65,600	\$65,600 to <\$98,400	≥\$98,400
2020 (\$84,800)	<\$42,400	\$42,400 to <\$67,840	\$67,840 to <\$101,760	≥\$101,760
2021 (\$87,100)	<\$43,550	\$43,550 to <\$69,680	\$69,680 to <\$104,520	≥\$104,520
<b>Elgin, IL MD Median Family Income (20994)</b>				
2019 (\$92,700)	<\$46,350	\$46,350 to <\$74,160	\$74,160 to <\$111,240	≥\$111,240
2020 (\$92,900)	<\$46,450	\$46,450 to <\$74,320	\$74,320 to <\$111,480	≥\$111,480
2021 (\$94,600)	<\$47,300	\$47,300 to <\$75,680	\$75,680 to <\$113,520	≥\$113,520
<b>Lake County-Kenosha County, IL-WI MD Median Family Income (29404)</b>				
2019 (\$104,200)	<\$52,100	\$52,100 to <\$83,360	\$83,360 to <\$125,040	≥\$125,040
2020 (\$103,400)	<\$51,700	\$51,700 to <\$82,720	\$82,720 to <\$124,080	≥\$124,080
2021 (\$102,500)	<\$51,250	\$51,250 to <\$82,000	\$82,000 to <\$123,000	≥\$123,000
<i>Source: FFIEC.</i>				

Unemployment rates in each county in the Illinois AA has risen during the evaluation review period of 2019 to 2021 - primarily due to the lingering effects of the COVID-19 pandemic. The State of Illinois and national average unemployment rates have recently improved in July 2022 to 4.4 percent and 3.5 percent, respectively, suggesting a recent rebound in business activity. The following table illustrates the relevant unemployment rates by county, state, and nationally.

<b>Unemployment Rates</b>		
	<b>2019</b>	<b>2021</b>
<b>Area</b>	<b>%</b>	<b>%</b>
Cook	3.9	7.0
DuPage	3.0	4.5
Kane	4.3	5.9
Kendall	3.4	4.7
Lake	3.9	5.3
Will	4.0	5.7
State of Illinois	4.0	6.1
National Average	3.7	5.3
<i>Source: Bureau of Labor Statistics.</i>		

According to February 2021 Moody's Analytics, the Chicago metropolitan area continues to have relative affordability, as well as a critical mass of skilled and diverse labor and high-quality universities, in spite of recent population losses. It maintains a strong commercial base with a concentration of small businesses, as well as a vibrant distribution and transportation network. Chicago continues to develop as the transportation and distribution center for the Midwest with an increasingly developing technology industry with a large concentration of corporate headquarters and growth in information technology.

D&B data from 2021 reflects that the Illinois AA contains 728,571 non-farm businesses with the following gross annual revenues (GARs) characteristics: 86.8 percent reported \$1 million or less, 5.0 percent reported more than \$1 million, and 8.2 percent have unknown revenues. Service industries represent the largest portion of businesses in the AA at 37.1 percent; retail trade (10.5 percent); finance, insurance, and real estate (10.4 percent); construction (5.6 percent); and transportation, communication (5.1 percent). In addition, 89.5 percent of the AA businesses have nine or fewer employees, and 90.8 percent operate from a single location.

### **Competition**

The Illinois AA reflects a highly-competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, 139 financial institutions are operating 2,009 offices within the AA. Byline ranked 14<sup>th</sup>, maintaining a 0.95 percent deposit market share. Large national and regional financial institutions operating offices within the AA hold the majority of the market share, with JP Morgan Chase Bank, BMO Harris Bank, Bank of America, The Northern Trust Company, and CIBC USA Bank holding over 61 percent of the total deposit market share.

The bank's AA is also a highly-competitive market for small business loans among financial institutions. Aggregate small business lending data for 2020 (the latest market share data available) reflects 338 reporting lenders in the Illinois AA originating 250,307 small business loans totaling over \$15.3 billion, with Byline possessing a 1.34 percent market share by number of loans and a 3.50 percent market share by dollar amount.

These performance context factors indicate a highly-competitive banking market for deposits and small business loans within the AA.

### **Community Contacts**

Examiners reviewed recent community contact interviews with non-profit housing, economic development, and community development agencies to assist in identifying and understanding the community development and credit needs of the AA. The contacts identified needs for small business loans, loan pools, and affordable multifamily housing projects, as well as access to commercial retail and community development projects in LMI areas. They also identified a need for small business start-up assistance and financial literacy education.

### **Credit and Community Development Needs and Opportunities**

Considering the information from the community contacts and demographic data, examiners determined that community development needs in the Illinois AA include small business lending, affordable multifamily housing, and financial literacy for small businesses and retail customers. The relatively high level of LMI families along with the elevated percentage of businesses with revenues of \$1 million or less supports these needs.

The Illinois AA provides numerous opportunities for involvement in community development activities. The Chicago metropolitan area contains numerous Empowerment Zones and tax increment financing districts that have been designated by local or state government entities for revitalization, stabilization, or economic development. These areas are established to stimulate

economic activities that include job preservation, job creation, and business development. State and local governments, as well as non-profit organizations, maintain various programs to facilitate community development needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN ILLINOIS**

### **LENDING TEST**

Byline demonstrated good performance under the Lending Test in the Illinois rated area, yielding a High Satisfactory rating.

#### **Lending Activity**

Lending levels reflect good responsiveness to the Illinois AA credit needs. In 2019, 2020 and 2021, Byline funded 6,847 small business loans totaling approximately \$1.3 billion.

Comparisons of the bank's market share in small business lending to its deposit market share facilitates an evaluation of the bank's lending relative to its capacity. Byline small business lending by number of loans ranking is 13<sup>th</sup> among 338 lenders, (or in the 96<sup>th</sup> percentile of lenders) based on 2020 small business market share data. The bank's deposit market share ranking is 14th among 139 banks FDIC-insured financial institutions, or in the 90th percentile. These volumes are consistent with the size of the bank's deposit operations in the market.

Byline originated 214 community development loans totaling \$306.2 million (93.8 percent of total community development loans) in this AA during the current review period. The bank's lending activity is good considering the dollar volume of community development loans, as well as the level of small business lending in this AA.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the AA. Examiners focused on lending penetrations in LMI census tracts and emphasized performance by number of loans, as the number of loans is a better indicator of the number of borrowers served.

#### ***Small Business Lending***

The geographic dispersion of small business loans reflects adequate penetration throughout the AA. Performance is measured against aggregate lending and the percentage of businesses by census tract income (demographic) in the AA. Aggregate lending provides a better assessment of demand in the AA, as it represents all small business loans extended within the AA by all lenders subject to the CRA data collection requirements. The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans						
Assessment Area: IL AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.0	4.1	40	5.0	13,164	4.3
2020	5.1	5.2	170	5.1	20,818	3.9
2021	6.3	--	142	5.3	19,149	4.2
Moderate						
2019	15.7	16.2	130	16.2	50,123	16.4
2020	15.7	16.2	543	16.2	83,938	15.6
2021	17.1	--	423	15.8	63,240	14.0
Middle						
2019	28.6	30.8	300	37.4	119,904	39.3
2020	28.2	29.5	1,000	29.8	204,525	38.0
2021	27.7	--	802	29.9	155,629	34.5
Upper						
2019	50.2	48.6	331	41.2	121,763	39.9
2020	50.5	48.8	1,632	48.6	227,262	42.3
2021	48.4	--	1,306	48.6	211,623	46.9
Not Available						
2019	0.5	0.3	2	0.2	500	0.2
2020	0.5	0.3	14	0.4	1,281	0.2
2021	0.5	--	12	0.4	1,175	0.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>803</b>	<b>100.0</b>	<b>305,454</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>3,359</b>	<b>100.0</b>	<b>537,824</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>2,685</b>	<b>100.0</b>	<b>450,816</b>	<b>100.0</b>
Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

The bank's 2019 and 2020 performance in low-income tracts equaled the demographic and approximated the aggregate lending levels. The bank's 2019 and 2020 performance in moderate-income tracts was slightly higher than the demographic and mirrored the aggregate lending levels. The bank's 2021 performance in LMI tracts slightly trailed the 2021 demographic (which increased) and aggregate lending data was not available. Overall, the bank's performance compares similarly to the available aggregate lending and demographic data, and as such it demonstrates an adequate penetration of small business loans throughout the Illinois AA.

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes. This conclusion is supported by improved performance in 2021. Examiners focused on performance by number of loans, as this is a better indicator of the borrowers served.

### ***Small Business Lending***

The distribution of small business loans reflects adequate penetration among businesses of different sizes. Byline's small business loans were evaluated based on aggregate lending and lending concentration to businesses with GARs of \$1 million or less (demographic) in the Illinois AA. Again, aggregate lending provides a better assessment of demand in the AA, as it represents all small business loans made within the AA by all lenders subject to CRA data collection requirements. The bank's Revenue Not Available category is sizable and was considered in this analysis. The following table reflects the distribution of small business loans by business revenue level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Byline IL AA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2019	83.8	48.3	209	26.0	62,519	20.5
2020	85.0	37.6	850	25.3	64,662	12.0
2021	86.8	--	1,141	42.5	85,423	18.9
<b>&gt;\$1,000,000</b>						
2019	6.7	--	533	66.4	225,309	73.8
2020	6.0	--	957	28.5	294,992	54.8
2021	5.0	--	972	36.2	317,346	70.4
<b>Revenue Not Available</b>						
2019	9.6	--	61	7.6	17,626	5.8
2020	9.0	--	1,552	46.2	178,170	33.1
2021	8.2	--	572	21.3	48,047	10.7
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>803</b>	<b>100.0</b>	<b>305,454</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>3,359</b>	<b>100.0</b>	<b>537,824</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>2,685</b>	<b>100.0</b>	<b>450,816</b>	<b>100.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; 2019 &amp; 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank's performance in 2019 and 2020 trails the aggregate lending levels and significantly trailed the demographic. It is important to note that demographic data does not necessarily represent an accurate picture of demand, as many smaller business entities may not be looking for bank financing and may choose to use alternative forms of financing, such as credit cards, home equity lines of credit, or non-bank sources to fund their businesses.

The Revenue Not Available category was sizable and impacted Byline's small business loan performance in 2019, 2020, and 2021. Within 2020 and 2021, the elevated levels of loans without reported revenue information was attributable to the large presence of PPP loans in those years, as revenue was not considered in the underwriting of these loans under this special program. Taking into account this factor, Byline's adjusted percentage of reported loans made to small businesses with GARs less than or equal to \$1 million improved to 28.2 percent in 2019; 47.0 percent in 2020; and 54.0 percent in 2021. The bank's adjusted 2020 lending performance compared favorably to the 2020 aggregate lending level, and improved further in 2021.

Examiners also compared Byline's 2019 and 2020 performance to the performance of the previously discussed SSBs, and its performance was relatively consistent with the majority of comparative banks. The bank's origination of 1,837 SBA loans totaling \$689.9 million (excluding the PPP credits) during the review period, also demonstrates its willingness to serve small businesses. Byline's lending to businesses of different sizes is adequate when considering these factors and overall performance.

### **Innovative or Flexible Lending Practices**

Byline uses innovative and/or flexible lending practices to serve its AA credit needs. During the review period, the bank originated 1,808 SBA 7(a) loans totaling \$670.7 million, 24 SBA Line of Credit/Express loans totaling \$8.2 million, two SBA 504 loans totaling \$1.3 million, and three other SBA loans totaling \$9.7 million.

### **Community Development Loans**

Byline is a leader in making community development loans in the Illinois AA. The Illinois AA provides ample community development opportunities. A significant majority of the community development loans are in the Illinois AA, which contains a substantial majority of the bank's lending, deposits and branches.

The bank originated a total of 214 community development loans, totaling \$306.2 million during the evaluation period. This activity represents a substantial increase in the dollar volume of CD loans. At the previous evaluation dated August 12, 2019, Byline originated 220 community development loans totaling \$188.3 million. The volume of CD lending in the Illinois AA is slightly less than Byline's presence in the AA.



<b>Community Development Lending – Illinois AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2019*	8	1,944	7	6,375	2	4,245	2	20,776	<b>19</b>	<b>33,340</b>
2020	36	30,932	9	16,532	29	60,826	2	6,000	<b>76</b>	<b>114,290</b>
2021	39	19,988	17	19,064	22	55,812	4	27,750	<b>82</b>	<b>122,614</b>
2022*	14	6,052	3	4,080	19	22,043	1	3,750	<b>37</b>	<b>35,925</b>
<b>Total</b>	<b>97</b>	<b>58,916</b>	<b>36</b>	<b>46,051</b>	<b>72</b>	<b>142,926</b>	<b>9</b>	<b>58,276</b>	<b>214</b>	<b>306,169</b>

*Source: Bank Records. \*includes only partial year included in the evaluation period.*

The following are several examples of qualified lending activities that were particularly responsive to the AA:

- An \$8.5 million line of credit to a nonprofit that provides job training and residential services to persons with physical and mental disabilities. The line supports efforts to provide community services to LMI individuals.
- A \$19.4 million dollar loans that will develop an industrial property located in an LMI area. The project received a 6B tax classification. The Class 6B classification is an economic development incentive offered by the Cook County Assessor's Office that provides a real estate tax reduction incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and industrial reutilization of abandoned buildings. The development will bring needed jobs and new businesses to the area and support revitalization efforts.
- A \$20.5 million loan to build a new grocery store located in a LMI geography. The grocery store will bring quality food options to LMI areas that currently lack easily accessible food options. The loan promotes efforts to stabilize the area.
- A \$4.0 million SBA loan to build a new grocery store in a low-income tract in Chicago's Chinatown neighborhood. The grocery store is expected to employ 50 people; many of the jobs for LMI persons. The loan supports both economic development and revitalization/stabilization efforts in the area.

## **INVESTMENT TEST**

**G**

Byline demonstrated adequate performance under the Investment Test in the Illinois rated area, yielding a Low Satisfactory rating.

**Investment and Grant Activity**

The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Byline maintains \$58.8 million in qualified investments and \$810,000 in qualified donations in the Illinois AA. This represents a decrease since the last exam when the bank had \$62.9 million in qualified investments and \$875,420 in qualified donations, totaling \$63.8 million. This level of qualified investments is relatively consistent with the bank’s presence in the Illinois AA, as it represents 88.4 percent of the bank’s total qualified investments.

The following table provides additional details regarding the bank's investment and donation activity.

<b>Community Development Qualified Investments – Illinois AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	20	21,082	17	9,802	11	10,361	-	-	48	41,245
2019*	-	-	-	-	2	2,000	-	-	2	2,000
2020	1	4,500	-	-	2	2,000	-	-	3	6,500
2021	2	3,097	-	-	-	-	-	-	2	3,097
2022*	-	-	-	-	4	6,000	-	-	4	6,000
<b>Subtotal</b>	<b>23</b>	<b>28,680</b>	<b>17</b>	<b>6,828</b>	<b>19</b>	<b>20,361</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>58,842</b>
Grants & Donations	38	167	108	368	37	268	6	7	189	810
<b>Total</b>	<b>61</b>	<b>28,847</b>	<b>123</b>	<b>10,169</b>	<b>56</b>	<b>20,629</b>	<b>6</b>	<b>7</b>	<b>248</b>	<b>59,651**</b>

*Source: Bank Records. \*includes only partial year included in the evaluation period. \*\* Columns and rows may not add due to rounding*

**Responsiveness to Credit and Community Development Needs**

Byline exhibits good responsiveness to credit and community economic development needs, considering its performance in the Illinois AA. The majority of investments support affordable housing and economic development activities within its AAs. Examiners determined that small business and affordable housing loans are primary needs in the IL AA.

Management made 11 new investments totaling \$17.6 million to support community development needs. The majority of new investments consist of SBIC funds which provide financing for small businesses. These investments support economic development and job creation. The following are examples of qualified investments in the AA:

- Six investments in SBIC bonds totaling \$7 million that support SBA financing for small businesses.

- A \$2.0 million five-year commitment to purchase loans originated by a non-profit. The loans will be used to provide financing for real estate and facilities-related capital projects undertaken by corporations with non-profit or community revitalization end markets throughout the Midwest that are providing programs and services for low-income communities or special needs persons.
- A \$4.5 million investment in a Federal Home Loan Mortgage Corporation bond. The bonds support financing affordable multifamily housing in the AA.

### **Community Development Initiatives**

Byline occasionally uses innovative and/or complex investments to support community development initiatives. Management’s decision to invest in lending pools to finance economic development and affordable housing activities demonstrates the bank’s willingness to use innovative and/or complex investments in support of community development initiatives.

### **SERVICE TEST**

Byline demonstrated adequate performance under the Service Test in the Illinois rated area, yielding a Low Satisfactory rating.

### **Accessibility of Delivery Systems**

The bank’s delivery systems are reasonably accessible to essentially all portions of the AA. Byline’s main office is in Chicago, Illinois, and it operates 37 full service branches and three limited service branches within the Illinois AA. The following table provides the distribution of the branch locations among the census tracts income levels.

<b>Branch Distribution by Tract Income Level – Illinois AA</b>							
<b>Tract Income Level</b>	<b>Census Tract</b>		<b>Population</b>		<b>Other Bank Offices</b>	<b>Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	279	14.4	850,901	10.4	5.7	2	5.0
Moderate	471	24.4	1,996,941	24.4	16.1	7	17.5
Middle	540	27.9	2,495,310	30.4	31.5	10	25.0
Upper	626	32.4	2,834,667	34.6	46.4	21	52.5
NA	17	0.9	20,801	0.2	0.3	0	0
<b>Total</b>	<b>1,933</b>	<b>100.0</b>	<b>8,198,620</b>	<b>100.0</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>

*Source: 2015 ACS; 2020 Peer Deposit Data.*

The distribution of the bank's branches trails the population demographics in LMI geographies; however, the distribution of other bank offices in the market is a better indicator of the opportunities for supporting retail branches within the various tract income segments. Overall, Byline’s branch distribution in the LMI tracts in the Illinois AA is relatively consistent with other banks in the market.

As discussed previously, Byline continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize

technology to provide customers with 24-hour access to customer accounts and product information. The bank offers internet and mobile banking services to open accounts, pay bills, transfer funds or communicate with the bank.

**Changes in Branch Locations**

The closing of the branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Since the previous CRA evaluation, the bank closed 23 branches in the Illinois AA, which included three branches in moderate-income census tracts, eight in middle-income census tracts, and 12 in upper-income census tracts. Despite the closures (which affected the bank’s branch coverage broadly), the percentage of branches located in low-income geographies increased slightly from 3.2 percent to 5.0 percent, and in moderate-income geographies from 14.3 to 17.5 percent.

**Reasonableness of Business Hours and Services**

Services, including business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. The bank's operating hours and services do not vary significantly from branch-to-branch or hours and services offered by other banks operating within the bank's AA include ATMs at each branch location. Overall, branch hours are comparable with other local financial institutions operating in the areas in which Byline branches are located.

**Community Development Services**

Byline provides a relatively high level of community development services. Bank employees, management, and Board members provided 3,615 qualifying service hours, representing 98.1 percent of qualified hours. Many of the services involve reoccurring activities, with bank employees, management, and Board members providing technical assistance to 59 different qualifying organizations.

<b>Community Development Services – Illinois AA</b>						
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>	<b>Total Hours</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019 (Partial)	145	698	125	-	26	968
2020	252	885	121	-	66	1,258
2021	170	677	62	157	104	1,066
2022 (YTD)	2	173	148	-	71	323
<b>Total</b>	<b>569</b>	<b>2,433</b>	<b>456</b>	<b>157</b>	<b>267</b>	<b>3,615</b>

*Source: Bank Records.*

Qualified services primarily included employees and officers participating with organizations to improve financial literacy and prepare young people to understand financial services. The

following illustrates some prominent community development services provided during the evaluation period:

- Bank officers and employees participate with numerous community-based economic development organizations to offer guidance on entrepreneurship for LMI individuals and promote economic development in the Illinois AA.
- Officers and employees teach in the corporate work study program during the summer at a local high school to prepare incoming LMI freshmen with the skills needed to be successful during their work/study internship and provide them business knowledge to succeed in a corporate environment.
- An officer serves on the advisory committee for a non-profit. In this role, the officer reviews the organization's existing loan portfolio and new loan requests. The organization supports affordable housing and living-wage jobs benefiting LMI residents.
- An officer mentors employees of a non-profit that provides support and resources for affordable housing and persons facing displacement due to increased housing costs, as well as guidance to small business owners.
- Numerous employees and officers participate with a non-profit to provide financial literacy and job skills to LMI youth in the AA.
- Bank employees participate with a non-profit focused on workforce development. The non-profit provides training courses to unemployed and underemployed residents.

## **WISCONSIN – Full-Scope Review**

### **CRA RATING FOR WISCONSIN: SATISFACTORY**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: Low Satisfactory**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN**

Byline operates one of its 41 branches (2.4 percent) in Wisconsin, and a small portion of its deposit (1.3 percent) and small business lending activity (2.8 percent) by dollar volume were conducted within this AA during the review period. Also, considering the bank's overall lending activity within the Wisconsin AA, this performance will account for significantly less weighting in the overall CRA rating.

### **SCOPE OF EVALUATION – WISCONSIN**

The bank operates one AA in the State of Wisconsin (referred to as the Wisconsin AA). Examiners conducted a full scope review of the Wisconsin AA referenced in the description of AA section. The Wisconsin AA consists of Milwaukee and Waukesha counties within the Milwaukee-Waukesha-West Allis, WI MSA. The following sections discuss demographic and economic information for the AA.

**Economic and Demographic Data**

According to the 2015 ACS demographic data, the AA’s 384 census tracts reflect the following income designations:

- 99 low-income tracts,
- 68 moderate-income tracts,
- 111 middle-income tracts,
- 104 upper-income tracts, and
- 2 census tracts have no income designation due to nominal population.

The following table illustrates select 2015 ACS demographic characteristics of the Wisconsin AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Wisconsin AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	384	25.8	17.7	28.9	27.1	0.5
Population by Geography	1,349,812	19.4	17.3	29.7	33.6	0.0
Housing Units by Geography	579,579	18.6	17.5	31.5	32.3	0.0
Owner-Occupied Units by Geography	308,791	8.9	14.5	32.0	44.5	0.0
Occupied Rental Units by Geography	227,915	27.8	21.7	32.7	17.7	0.0
Vacant Units by Geography	42,873	39.6	16.9	21.2	22.3	0.0
Businesses by Geography	79,737	13.7	14.2	31.3	40.8	0.1
Farms by Geography	1,496	9.2	10.7	28.5	51.6	0.0
Family Distribution by Income Level	325,894	25.7	16.3	19.0	39.0	0.0
Household Distribution by Income Level	536,706	26.9	15.8	17.0	40.3	0.0
Median Family Income MSA - 33340 Milwaukee-Waukesha, WI MSA	\$71,764	Median Housing Value				\$179,269
		Median Gross Rent				\$840
		Families Below Poverty Level				12.6%

*Source: 2015 ACS and 2021 D&B Data.  
Due to rounding, totals may not equal 100.0%.  
(\* ) The NA category consists of geographies that have not been assigned an income classification.*

According to February 2021 Moody’s Analytics, the Milwaukee metropolitan area maintains a strong manufacturing center and has a large number of financial service firms, particularly those specializing in mutual funds and transaction processing systems, and a number of publishing and printing companies. Manufacturing-related industries and healthcare have been consistent drivers of employment.

D&B data from 2021 reflects that the AA contains 79,737 non-farm businesses with the following GARs characteristics: 80.6 percent reported \$1 million or less, 7.9 percent reported more than \$1 million, and 11.5 percent have unknown revenues. Service industries represent the largest portion

of businesses in the AA at 44.0 percent; followed by retail trade (13.8 percent); finance, insurance, and real estate (9.8 percent); construction (5.9 percent); transportation, communication (4.6 percent); and manufacturing (4.5 percent). In addition, 62.3 percent of AA businesses have four or fewer employees, and 86.4 percent operate from a single location.

The following table contains information on the 2019, 2020, and 2021 FFIEC updated median family income levels and median family income ranges by category in the relevant MSA in the Wisconsin AA.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Milwaukee-Waukesha, WI MSA Median Family Income (33340)</b>				
2019 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
2020 (\$83,800)	<\$41,900	\$41,900 to <\$67,040	\$67,040 to <\$100,560	≥\$100,560
2021 (\$84,400)	<\$42,200	\$42,200 to <\$67,520	\$67,520 to <\$101,280	≥\$101,280
<i>Source: FFIEC.</i>				

Data from the Bureau of Labor Statistics reflects that unemployment rates in each county in the Wisconsin AA has risen during the evaluation review period of 2019 to 2021, suggesting a decrease in economic activities that is primarily due to the lingering effects of the COVID-19 pandemic. However, the State of Wisconsin and U.S. national average unemployment rates have recently improved in July 2022 to 3.0 percent, and 3.5 percent, respectively, suggesting a recent rebound in business activity. The following table illustrates the relevant unemployment rates by county, state, and nationally.

<b>Unemployment Rates</b>		
<b>Area</b>	<b>2019</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Milwaukee County	3.8	5.4
Waukesha County	2.8	3.1
State of Wisconsin	3.2	3.8
National Average	3.7	5.3
<i>Source: Bureau of Labor Statistics.</i>		

## **Competition**

The Wisconsin AA reflects a highly-competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022 40 financial institutions are operating 381 offices within the Wisconsin AA. Byline ranked 35<sup>th</sup>, maintaining a 0.08 percent deposit market share. Large national and regional financial institutions operating offices within the Wisconsin AA hold the majority of the market share, including US Bank, BMO Harris Bank, and JP Morgan Chase Bank, and Associated Bank holding over 74 percent of the total deposit market share.

The Wisconsin AA is also a highly-competitive market for small business loans among financial institutions. Aggregate small business lending data for 2020 (the latest market share data available) reflects 173 reporting lenders originating 28,309 small business loans.

These performance context factors indicate a highly-competitive banking market for deposits and small business loans within the Wisconsin AA.

### **Community Contacts**

Examiners reviewed community contact information from representatives of one economic development organization and one affordable housing organization to help identify and understand the credit and community development needs of the AA. The contacts identified a need for small business loans and the construction of affordable housing, including multi-family buildings.

### **Credit and Community Development Needs and Opportunities**

The Wisconsin AA provides various opportunities for involvement in community development activities through non-profit organizations that promote economic development. The State of Wisconsin and various local area community organizations sponsor programs that support small business growth, economic development, and revitalization and stabilization.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN WISCONSIN**

### **LENDING TEST**

Byline demonstrated good performance under the Lending Test in the Wisconsin rated area, yielding a High Satisfactory rating.

### **Lending Activity**

Lending levels reflect good responsiveness to the Wisconsin AA credit needs. Byline originated 179 small business loans totaling \$37.0 million in 2019, 2020 and 2021. This volume of lending activity is relatively consistent with the concentration of the bank's deposit operations in this market.

Comparing the bank's market share small business lending to its deposit market share facilitates an evaluation of the bank's lending relative to its capacity. Byline's small business lending ranking by number of loans is 34th among 173 lenders, (or in the 81st percentile of lenders) based on 2020 small business loan market share data. The bank's deposit market share ranking is 35th among 40 banks, or in the 13th percentile of FDIC-insured financial institutions.

Byline originated seven community development loans totaling approximately \$12.8 million (3.9 percent of total community development loans) in this AA during the current review period. The bank's lending activity is good considering the dollar volume of community development loans and level of small business lending in this AA.



### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the AA. Examiners focused on lending penetrations in LMI census tracts and emphasized performance by number of loans, as the number of loans is a better indicator of the number of borrowers served. Only loans originated in the AA were considered in the analyses.

### ***Small Business Lending***

The geographic dispersion of small business loans reflects good penetration throughout the AA. Performance is measured against aggregate lending and the percentage of businesses by census tract income (demographic) in the AA. Aggregate lending provides a better assessment of demand in the AA, as it represents all small business loans extended within the AA by all lenders subject to CRA data collection requirements. The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans						
Assessment Area: Wisconsin AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	12.8	9.7	2	10.5	1,624	18.6
2020	12.9	10.9	11	11.1	833	5.1
2021	13.7	--	7	11.5	832	6.9
Moderate						
2019	14.1	12.3	3	15.8	1,348	15.5
2020	13.9	12.7	14	14.1	2,590	16.0
2021	14.2	--	9	14.8	604	5.0
Middle						
2019	31.5	31.1	5	26.3	2,363	27.1
2020	31.4	30.6	28	28.3	4,861	30.0
2021	31.3	--	18	29.5	3,694	30.6
Upper						
2019	41.5	46.8	9	47.4	3,374	38.7
2020	41.8	45.7	46	46.5	7,940	48.9
2021	40.8	--	27	44.3	6,933	57.5
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.1	0.0	0	0.0	0	0.0
2021	0.1	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>8,709</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>16,224</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>61</b>	<b>100.0</b>	<b>12,063</b>	<b>100.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; 2019 &amp; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank's 2019 and 2020 performance in low-income tracts approximated the aggregate lending level, while lending in moderate-income tracts in 2019 and 2020 exceeded the aggregate lending level. Aggregate lending data was not available for 2021. The bank's 2021 performance in low-income tracts was slightly lower than the demographic and slightly higher in moderate-income tracts than the demographic. Overall, the bank's performance compares favorably to the aggregate lending levels and the demographics, demonstrating good penetration of small business loans throughout the WI AA.

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different size and different income. Examiners focused on performance by number of loans, as this is a better indicator of the borrowers served. Only loans originated in AA were considered.

### ***Small Business Lending***

The distribution of small business loans reflects adequate penetration among businesses of different sizes. Byline's small business loans were evaluated based on aggregate lending and lending concentration to businesses with GARs of \$1 million or less (demographic) in the AA. Again, aggregate lending provides a better assessment of demand in the AA, as it represents all small business loans within the AA by all lenders subject to CRA data collection requirements. The following table reflects the distribution of small business loans by business revenue level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Wisconsin AA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2019	80.5	47.2	4	21.1	2,049	23.5
2020	80.4	37.5	18	18.2	1,544	9.5
2021	80.6	--	22	36.1	3,476	28.8
<b>&gt;\$1,000,000</b>						
2019	8.3	--	14	73.7	6,410	73.6
2020	8.1	--	29	29.3	8,524	52.5
2021	7.9	--	27	44.3	7,260	60.2
<b>Revenue Not Available</b>						
2019	11.2	--	1	5.3	250	2.9
2020	11.4	--	52	52.5	6,156	37.9
2021	11.6	--	12	19.7	1,327	11.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>8,709</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>16,224</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>61</b>	<b>100.0</b>	<b>12,063</b>	<b>100.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; 2019 &amp; 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Byline's lending to businesses with GARs of \$1 million or less trailed the percentage of businesses and aggregate in this revenue category in 2019 and 2020. Although lending in this revenue category increased in 2021, it remained below the demographic. As mentioned previously, the demographic consists of the number of businesses that exist in the market and is not necessarily

representative of the demand for lending, while aggregate data better demonstrates demand and opportunities by businesses with GARs of \$1 million or less. Also, the percentages of lending in the lowest revenue categories are materially impacted by the elevated concentration of loans with no revenue reported. As discussed previously, this is largely attributed to the fact that revenue was not collected for PPP loans. After considering the impact of the unreported revenue (particularly in 2020 when it was most prominent), the bank’s results are more in line with the market figures in the lowest revenue segment.

Further supporting the bank’s small business performance is the origination of 318 SBA loans totaling \$172.4 million outside of the PPP during the review period. Overall, considering the improved 2021 performance and SBA lending, performance is considered adequate.

**Innovative or Flexible Lending Practices**

Byline uses innovative and/or flexible lending practices to serve its AA credit needs. As previously noted, Byline was ranked 5<sup>th</sup> among active SBA lenders and was the largest active lender in Wisconsin during the review period originating SBA 7(a), SBA Line of Credit/Express, and SBA 504 loans. The bank originated 296 SBA 7(a) loans totaling \$150.2 million, 13 SBA Line of Credit/Express loans totaling \$4.1 million, two SBA 504 loans totaling \$1.3 million, and 7 other SBA related loans totaling \$16.8 million during the review period.

**Community Development Loans**

Byline is a leader in making community development loans in the Wisconsin AA, which provides numerous community development opportunities.

The bank originated a total of seven community development loans, totaling \$12.9 million during the evaluation period. This level accounts for 3.9 percent of all CD lending, exceeding Byline’s presence in the area. The Wisconsin AA contains 2.5 percent of the bank’s total number of loans, 2.4 percent of total branches, and 1.3 percent of total deposits. This activity is relatively consistent with the previous examination dated August 12, 2019, when Byline bank originated seven community development loans totaling \$12.1 million.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2019*	-	-	-	-	1	4,000	-	-	<b>1</b>	<b>4,000</b>
2020	-	-	2	4,215	2	2,141	-	-	<b>4</b>	<b>6,356</b>
2021	-	-	-	-	1	1,032	-	-	<b>1</b>	<b>1,032</b>
2022*	-	-	1	1,475	-	-	-	-	<b>1</b>	<b>1,475</b>
<b>Total</b>	-	-	<b>3</b>	<b>5,690</b>	<b>4</b>	<b>7,173</b>	-	-	<b>7</b>	<b>12,863</b>

*Source: Bank Records. \*includes only partial year included in the evaluation period.*

Examples of Byline’s CD lending in the AA include:

- A \$1.5 million loan for a new grocery store in a moderate-income tract in the City of Milwaukee. This tract, as well as the surrounding area, contain only small convenience stores.

The closest large grocer is located 25 blocks from this site. In addition to providing needed food options to the area, the store will accept food stamps and create at least eight new jobs.

- A \$4.0 million SBA loan to expand the existing operations of a cheese manufacturer. This expansion will increase production capacity 20 percent and allow the business to hire an additional 15 employees. The loan supports economic development efforts.

**INVESTMENT TEST**

Byline demonstrated adequate performance under the Investment Test in the Wisconsin rated area, yielding a Low Satisfactory rating.

**Investment and Grant Activity**

Byline has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Byline maintains one qualified investment totaling \$1.0 million and \$56,000 in qualified donations. This represents a decrease since the last evaluation, when the bank had \$1.5 million in qualified investments and \$46,000 in qualified donations. This level of qualified investments is consistent with the bank’s presence in the Wisconsin AA.

The following table provides additional details regarding the bank's investment and donation activity.

<b>Community Development Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	-	-	-	-	1	1,000	-	-	1	1,000
2019*	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
2022*	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	1	1,000	-	-	1	1,000
Grants & Donations	6	22	9	31	2	3	-	-	17	56
<b>Total</b>	<b>6</b>	<b>22</b>	<b>9</b>	<b>31</b>	<b>3</b>	<b>1,003</b>	-	-	<b>18</b>	<b>1,056</b>

*Source: Bank Records. \*includes only partial year included in the evaluation period.*

**Responsiveness to Credit and Community Development Needs**

Byline exhibits adequate responsiveness to credit and community economic development needs, considering its performance in the Wisconsin AA. The one investment supports economic

development activities within the AA. Examiners determined that affordable housing and loans to small businesses are primary needs in the bank's AA.

### **Community Development Initiatives**

Byline occasionally uses innovative and/or complex investments to support community development initiatives. The bank has an investment in an SBIC fund to support economic development.

### **SERVICE TEST**

Byline demonstrated adequate performance under the Service Test in the Wisconsin rated area, yielding a Low Satisfactory rating.

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the AA. Byline operates one full service branch in an upper-income census tract in the Wisconsin AA. While the bank's sole office is located in an upper-income census tract, it is within three miles of a concentration of LMI geographies within the AA. The bank's lack of branch presence in LMI areas has not impacted its ability to reach these areas, as demonstrated in the geographic distribution of loans. Byline also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products in the market. Most of these delivery systems utilize technology to provide customers with 24-hour access to customer accounts and product information. The bank offers internet and mobile banking to open accounts, pay bills, transfer funds, and communicate with the bank.

### **Changes in Branch Locations**

Byline has not closed or opened any branch in the Wisconsin AA since the previous CRA evaluation.

### **Reasonableness of Business Hours and Services**

Services, including business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. Overall, branch hours are comparable with other local financial institutions operating in the areas in which Byline's branch is located.

### **Community Development Services**

Byline provides a relatively high level of community development services. Byline provided 74 qualifying service hours, which is 2.0 percent of total service hours. This level is consistent with bank's deposit and lending presence in the AA; however, it is considered a solid volume relative to the size of its Wisconsin AA operations. Many of the services involve reoccurring activities, with bank employees serving eight different qualifying organizations. The majority of these services relate to the provision of financial or technical services corresponding to each employee's expertise.

The following table illustrates information on the number of services and hours provided in the WI AA.

<b>Community Development Services – Wisconsin AA</b>						
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>	<b>Total Hours</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019 (Partial)	10	25	0	0	5	35
2020	6	2	0	0	4	8
2021	0	0	0	0	0	0
2022 (YTD)	3	28	0	0	6	31
<b>Total</b>	<b>19</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>74</b>
<i>Source: Bank Records.</i>						

The following are examples of community development services provided in the AA:

- Bank personnel participate in several financial literacy events targeted at teaching LMI youth how to develop good financial habits.
- A bank officer serves as the treasurer for a community organization that provides access to food for LMI residents of the AA.
- Managers and lenders provide technical assistance to a non-profit organization involved in providing housing support to LMI families.

## APPENDICES

### LARGE BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its AA(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's AA;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's AA(s);
  - ii. The dispersion of lending in the bank's AA(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's AA(s);
- 3) The distribution, particularly in the bank's AA(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its AA(s) through qualified investments that benefit its AA(s) or a broader statewide or regional area that includes the bank's AA(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.



## Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its AA(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in LMI geographies and to LMI individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

SCOPE OF EVALUATION			
<b>TIME PERIOD REVIEWED</b>	August 12, 2019 to August 15, 2022		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Byline Bank			Small Business, Community Development
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None Reviewed			

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Illinois	Full Scope	None	None
Wisconsin	Full Scope	None	None

## SUMMARY OF RATINGS FOR RATED AREAS

### SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS

<b>State or Multistate Metropolitan Area Name</b>	<b>Lending Test Rating</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall State Rating</b>
Illinois AA	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Wisconsin AA	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for LMI individuals;
- (2) Target community services toward LMI individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit LMI groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's AA as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's AA(s) or a broader statewide or regional area including the bank's AA(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an AA. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an AA. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and

rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a



population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.