

Byline Bank to Buy Ridgestone Financial in Wis.

By [Graham Rapier](#)

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Byline Bancorp in Chicago is expanding into Wisconsin with a deal to buy Ridgestone Financial Services in Brookfield, Wis., for \$105 million in cash and stock.

The \$433 million-asset Ridgestone is one of the top Small Business Administration lenders in the country and should help expand Byline's small-business lending capabilities, the companies said. Once the deal closes, Byline will be the largest SBA originator in Illinois and Wisconsin by 2015 origination volume, the companies said.

The deal should bring "significant and specialized lending expertise to our banking platform," Alberto Paracchini, chief executive of the \$2.6 billion-asset Byline, said in a press release. "It's a great opportunity to add an excellent team with a proven track record to our organization."

The deal is Byline's first since its [\\$207 million recapitalization](#) by BXM Holdings in June 2013. At the time, the Byline Bancorp was operated as Metropolitan Bank Group, a multibank holding company that at one time operated as many as 11 banks throughout the greater Chicago area. It merged several of the charters under its North Community Bank brand, which is now Byline Bank, as it aimed to streamline its cost and restructure the organization. Regulators freed the bank from a [consent order in early 2014](#).

Although the company has made strides to fix itself, it is still dealing with a relatively high level of problem assets. As of the first quarter, its noncurrent assets made up 3.35% of its assets, down from 14.59% three years earlier, according to data from the Federal Deposit Insurance Corp. The bank lost roughly \$814,000 in the first quarter of this year and \$12.4 million in 2015, according to FDIC data.

Sixty-five percent of the price will be paid in Byline common stock while the remainder will be paid in cash. The deal, which is expected to close late this year, will create a bank with roughly \$3 billion of assets and 69 branches in Illinois and Wisconsin. The acquisition is expected to be accretive to Byline's earnings per share in the first year, the companies said.

Bruce Lammers, Ridgestone's CEO, would join the Byline management team and continue to lead the SBA and government-guaranteed lending business of the combined company. Steve Rull, one of Ridgestone's directors, would join Byline's board.

Keefe, Bruyette & Woods is acting as financial adviser to Byline. Vedder Price and Sullivan & Cromwell are serving as Byline's legal counsel. Piper Jaffray is advising Ridgestone and Barack Ferrazzano Kirschbaum & Nagelberg is serving as legal counsel.