

BUSINESS

Chicago's Byline Bank to acquire Ridgestone Bank for \$105 million

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Brookfield-based Ridgestone Bank, a top Small Business Administration lender, is being acquired by a Chicago bank for about \$105 million.

The deal between Byline Bancorp Inc., the parent company of Byline Bank, and Ridgestone Financial Services Inc. is expected to close late this year, the companies announced Thursday. The acquisition of Ridgestone by Byline Bank will give Byline a Wisconsin presence for the first time, along with access to Ridgestone's strong SBA lending operation. Ridgestone has had an Illinois branch in Schaumburg for about 10 years. Byline has 65 branches in the Chicago metro area.

"We believe this transaction brings significant and specialized lending expertise to our banking platform," Alberto Paracchini, chief executive of Byline, said in a statement. "It's a great opportunity to add an excellent team with a proven track record to our organization."

Bruce Lammers, CEO of Ridgestone, said, "We look forward to combining resources with Byline Bank, which will allow us to further grow our government guaranteed lending business and provide additional products and services to our business customers."

In the transaction, which still needs regulatory approval, Ridgestone shareholders may elect to receive either shares of common stock of Byline or cash, provided that 65% of the total cost will be paid in shares of Byline and 35% in cash.

With assets of \$433 million, Ridgestone is about one-sixth the size of its acquirer, which has \$2.6 billion. However, Ridgestone has been profitable and Byline lost money last year and in the first quarter of this year, according to regulatory records.

In 2015, Ridgestone had net income of \$11.5 million. Byline posted a loss of almost \$12.4 million last year and lost another \$814,000 in the first quarter of 2016, data from the Federal Deposit Insurance Corp. shows.

Byline was known for years as North Community Bank until a name change in 2015. In 2006, Lammers led investors in buying the Brookfield bank for \$14million and quickly established the Schaumburg branch.

Lammers, a Wisconsin native who formerly was chief operating officer of the now-defunct Amcore Bank, of Rockford, Ill., put together a staff of lenders in Schaumburg who he knew from his Illinois experience.

Lammers was a "white knight" whose investor group bought Ridgestone and took it private on friendly terms after a disgruntled shareholder mounted a hostile takeover of then-publicly traded Ridgestone. Under Lammers, the assets of Ridgestone have quadrupled.

In addition to its two full-service branches in Brookfield and Schaumburg, Ridgestone has lenders in Madison, northeast and north-central Wisconsin, Indianapolis, Tennessee, southern California and Ohio.

Ridgestone said in March that it was the No. 1 SBA bank lender by dollar volume in Wisconsin and Illinois, while third in Indiana and sixth in the United States overall.

Ridgestone said that for fiscal year 2015, it approved \$96 million in SBA loans to businesses in Wisconsin and \$474.3 million in SBA loans nationwide.

The SBA's main lending program helps new and existing small companies by guaranteeing loans made by banks and other lenders. The SBA backing reduces the risk for the lender.