REFINITIV

DELTA REPORT

10-Q

BY - BYLINE BANCORP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3918
CHANGES	952
DELETIONS	2370
ADDITIONS	596

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, March 31, 2023 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______to ______

Commission File Number 001-38139

img62256471_0.jpg

Byline Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**36-3012593**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification Number)**

180 North LaSalle Street, Suite 300
Chicago, Illinois 60601
(Address of Principal Executive Offices)

(773) 244-7000
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	BY	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, $0.01 par value, 43,716,713 44,124,124 shares outstanding as of November 1, 2023 April 30, 2024

BYLINE BANCORP, INC.

FORM 10-Q

September 30, 2023 March 31, 2024

INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(UNAUDITED)

(dollars in thousands, except share data)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS				
Cash and due from banks	$ 71,248	$ 62,274	$ 58,640	$ 60,431
Interest bearing deposits with other banks	357,640	117,079	578,197	165,705
Cash and cash equivalents	428,888	179,353	636,837	226,136
Equity and other securities, at fair value	7,902	7,989	9,135	8,743
Securities available-for-sale, at fair value (amortized cost at September 30, 2023—$1,480,394, December 31, 2022—$1,378,343)	1,239,929	1,174,431		
Securities held-to-maturity, at amortized cost (fair value at September 30, 2023—$1,133, December 31, 2022 —$2,672)	1,157	2,705		
Securities available-for-sale, at fair value (amortized cost at March 31, 2024—$1,562,427, December 31, 2023—$1,516,801)			1,379,147	1,342,480
Securities held-to-maturity, at amortized cost (fair value at March 31, 2024—$1,149, December 31, 2023 —$1,149)			1,156	1,157
Restricted stock, at cost	30,505	28,202	22,793	16,304
Loans held for sale	7,299	47,823	23,568	18,005
Loans and leases:				
Loans and leases	6,613,303	5,421,258	6,778,214	6,684,306
Allowance for credit losses - loans and leases	(105,696)	(81,924)	(102,366)	(101,686)
Net loans and leases	6,507,607	5,339,334	6,675,848	6,582,620
Servicing assets, at fair value	19,743	19,172	20,992	19,844

Premises and equipment, net	67,121	56,798	64,466	66,627
Other real estate owned, net	1,671	4,717		
Goodwill and other intangible assets, net	205,028	158,887	202,133	203,478
Bank-owned life insurance	96,268	82,093	97,748	96,900
Deferred tax assets, net	89,841	68,213	53,029	50,058
Accrued interest receivable and other assets	240,409	193,224	223,651	249,615
Total assets	$ 8,943,368	$ 7,362,941	$ 9,410,503	$ 8,881,967
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Non-interest-bearing demand deposits	$ 1,959,855	$ 2,138,645	$ 1,851,727	$ 1,905,876
Interest-bearing deposits	4,993,835	3,556,476	5,498,475	5,271,123
Total deposits	6,953,690	5,695,121	7,350,202	7,176,999
Other borrowings	713,233	640,399	721,173	395,190
Subordinated notes, net	73,822	73,691	73,909	73,866
Junior subordinated debentures issued to capital trusts, net	70,336	37,338	70,567	70,452
Accrued interest payable and other liabilities	212,342	150,576	185,603	175,309
Total liabilities	8,023,423	6,597,125	8,401,454	7,891,816
COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)				
STOCKHOLDERS' EQUITY				
Preferred stock	—	—	—	—
Common stock	450	389	452	451
Additional paid-in capital	708,615	598,297	708,844	710,488
Retained earnings	403,368	335,794	455,532	429,036
Treasury stock, at cost	(50,329)	(51,114)	(48,869)	(49,707)
Accumulated other comprehensive loss, net of tax	(142,159)	(117,550)	(106,910)	(100,117)
Total stockholders' equity	919,945	765,816	1,009,049	990,151
Total liabilities and stockholders' equity	$ 8,943,368	$ 7,362,941	$ 9,410,503	$ 8,881,967

	September 30, 2023		**December 31, 2022**		**March 31, 2024**		**December 31, 2023**	
	Preferred Shares	**Common Shares**	**Preferred Shares**	**Common Shares**	**Preferred Shares**	**Common Shares**	**Preferred Shares**	**Common Shares**
Par value	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Shares authorized	25,000,000	150,000,000	25,000,000	150,000,000	25,000,000	150,000,000	25,000,000	150,000,000
Shares issued	—	45,694,456	—	39,518,702	—	45,946,804	—	45,714,241
Shares outstanding	—	43,719,203	—	37,492,775	—	44,108,387	—	43,764,056
Treasury shares	—	1,975,253	—	2,025,927	—	1,838,417	—	1,950,185

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

3

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(dollars in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
INTEREST AND DIVIDEND INCOME						
Interest and fees on loans and leases	$ 125,465	$ 72,824	$ 316,942	$ 187,924	$ 123,792	$ 92,343
Interest on securities	8,415	6,402	21,574	18,821	9,734	6,600
Other interest and dividend income	2,710	677	5,348	1,522	4,795	1,059
Total interest and dividend income	136,590	79,903	343,864	208,267	138,321	100,002
INTEREST EXPENSE						
Deposits	37,163	5,971	78,184	9,186	45,962	16,298
Other borrowings	3,981	3,232	14,110	4,724	3,824	5,888
Subordinated notes and debentures	2,994	1,825	7,234	5,119	2,994	2,098
Total interest expense	44,138	11,028	99,528	19,029	52,780	24,284
Net interest income	92,452	68,875	244,336	189,238	85,541	75,718
PROVISION FOR CREDIT LOSSES	8,803	4,176	24,418	15,079	6,643	9,825
Net interest income after provision for credit losses	83,649	64,699	219,918	174,159	78,898	65,893
NON-INTEREST INCOME						

Fees and service charges on deposits	2,372	2,128	6,725	6,071	2,427	2,120
Loan servicing revenue	3,369	3,422	10,126	10,186	3,364	3,380
Loan servicing asset revaluation	(3,646)	(2,342)	(3,855)	(8,209)	(703)	656
ATM and interchange fees	1,205	1,007	3,380	3,187	1,075	1,063
Net realized gains (losses) on securities available-for-sale	—	(2)	—	50		
Change in fair value of equity securities, net	(313)	(581)	230	(1,313)	392	350
Net gains on sales of loans	6,473	5,580	17,325	26,390	5,533	5,148
Wealth management and trust income	939	995	2,902	2,943	1,157	924
Other non-interest income	1,977	1,785	4,979	6,274	2,228	1,504
Total non-interest income	12,376	11,992	41,812	45,579	15,473	15,145
NON-INTEREST EXPENSE						
Salaries and employee benefits	34,969	29,587	95,005	86,243	33,953	30,394
Occupancy and equipment expense, net	5,314	3,919	14,162	13,456	5,284	4,444
Impairment charge on assets held for sale	—	—	20	—	—	20
Loan and lease related expenses	836	530	2,287	581	685	963
Legal, audit and other professional fees	3,805	2,733	10,594	7,153	2,719	3,114
Data processing	6,472	3,370	14,527	9,952	4,145	3,783
Net loss recognized on other real estate owned and other related expenses	111	275	296	487		
Net gain recognized on other real estate owned and other related expenses					(98)	(103)
Other intangible assets amortization expense	1,551	1,611	4,461	5,075	1,345	1,455
Other non-interest expense	4,833	4,153	14,667	11,559	5,776	4,730

Total non-interest expense	57,891	46,178	156,019	134,506	53,809	48,800
INCOME BEFORE PROVISION FOR INCOME TAXES	38,134	30,513	105,711	85,232	40,562	32,238
PROVISION FOR INCOME TAXES	9,912	7,857	27,437	19,982	10,122	8,293
NET INCOME	28,222	22,656	78,274	65,250	$ 30,440	$ 23,945
Dividends on preferred shares	—	—	—	196		
INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 28,222	$ 22,656	$ 78,274	$ 65,054		
EARNINGS PER COMMON SHARE						
Basic	$ 0.66	$ 0.61	$ 2.01	$ 1.76	$ 0.70	$ 0.65
Diluted	$ 0.65	$ 0.61	$ 1.98	$ 1.73	$ 0.70	$ 0.64

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
(dollars in thousands)	**2023**	**2022**	**2023**	**2022**	**2024**	**2023**
Net income	$ 28,222	$ 22,656	$ 78,274	$ 65,250	$ 30,440	$ 23,945
Securities available-for-sale						
Unrealized holding losses arising during the period	(37,330)	(66,365)	(36,553)	(205,036)		
Reclassification adjustments for net (gains) losses included in net income	—	2	—	(50)		
Unrealized holding gains (losses) arising during the period					(8,959)	14,599
Tax effect	9,970	18,004	9,763	55,640	2,389	(3,900)

Net of tax	(27,360)	(48,359)	(26,790)	(149,446)	(6,570)	10,699
Cash flow hedges						
Unrealized holding gains arising during the period	4,648	20,531	13,357	45,088	4,531	194
Reclassification adjustments for net gains included in net income	(4,562)	(327)	(10,381)	(8)	(4,836)	(1,956)
Tax effect	(23)	(5,481)	(795)	(12,230)	82	471
Net of tax	63	14,723	2,181	32,850	(223)	(1,291)
Total other comprehensive loss	(27,297)	(33,636)	(24,609)	(116,596)		
Comprehensive income (loss)	$ 925	$ (10,980)	$ 53,665	$ (51,346)		
Total other comprehensive income (loss)					(6,793)	9,408
Comprehensive income					$ 23,647	$ 33,353

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(UNAUDITED)

(dollars in thousands,	Preferred Stock	Common Stock	Additional Paid-In	Retained	Treasury	Accumulated Other Comprehensive	Total Stockholders'	Common Stock	Additional Paid-In	Retained	Treasury	Accumulated Other Comprehensive	Total Stockholders'

except share data)	Shares	Amount	Shares	Amount	Capital	Earnings	Stock	Income (Loss)	Equity	Shares	Amount	Capital	Earnings	Stock	Income (Loss)	Equity
Balance, June 30, 2022	—	$ —	37,669,102	$ 388	$ 595,938	$ 307,278	$ (47,181)	$ (91,262)	$ 765,161							
Balance, January 1, 2023										37,492,775	$ 389	$ 598,297	$ 335,794	$ (51,114)	$ (117,550)	$ 765,816
Net income	—	—	—	—	—	22,656	—	—	22,656	—	—	—	23,945	—	—	23,945
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(33,636)	(33,636)							
Other comprehensive income, net of tax										—	—	—	—	—	9,408	9,408
Restricted stock activity, net	—	—	(28,951)	1	(88)	—	(199)	—	(286)	220,652	1	(1,704)	—	48	—	(1,655)
Cash dividends declared on common stock ($0.09 per share)	—	—	—	—	—	(3,374)	—	—	(3,374)	—	—	—	(3,374)	—	—	(3,374)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Repurchases of common stock	—	—	(174,249)	—	—	—	(4,155)	—	(4,155)							
Share-based compensation expense	—	—	—	—	1,199	—	—	—	1,199	—	—	1,510	—	—	—	1,510
Balance, September 30, 2022	—	$ —	37,465,902	$ 389	$ 597,049	$ 326,560	$ (51,535)	$ (124,898)	$ 747,565							
Balance, March 31, 2023										37,713,427	$ 390	$ 598,103	$ 356,365	$ (51,066)	$ (108,142)	$ 795,650

(dollars in thousands, except share data)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity

Balance, January 1, 2022	10,438	$ 10,438	37,713,903	$ 387	$ 593,753	$ 271,676	$ (31,570)	$ (8,302)	$ 836,382							
Balance, January 1, 2024										43,764,056	$ 451	$ 710,488	$ 429,036	$ (49,707)	$ (100,117)	$ 990,151
Net income	—	—	—	—	—	65,250	—	—	65,250	—	—	—	30,440	—	—	30,440
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(116,596)	(116,596)	—	—	—	—	—	(6,793)	(6,793)
Issuance of common stock upon exercise of stock options, net	—	—	203,255	—	(59)	—	(1,811)	—	(2,410)	68,186	—	(331)	—	(671)	—	(1,002)
Restricted stock activity, net	—	—	215,286	2	(120)	—	(1,417)	—	(1,535)	276,145	1	(3,159)	—	1,509	—	(1,649)

Redemption of Series B preferred stock	(10,438)	(10,438)	—	—	—	—	—	—	(10,438)
Issuance of common stock in connection with employee stock purchase plan	—	—	22,526	—	(1)	—	537	—	536
Cash dividends declared on preferred stock	—	—	—	—	—	(196)	—	—	(196)
Cash dividends declared on common stock ($0.27 per share)	—	—	—	—	—	(10,170)	—	—	(10,170)
Repurchases of common stock	—	—	(689,068)	—	—	—	(17,274)	—	(17,274)

Cash dividends declared on common stock ($0.09 per share)										—	—	—	(3,944)	—	—	(3,944)
Share-based compensation expense	—	—	—	—	4,016	—	—	—	4,016	—	—	1,846	—	—	—	1,846
Balance, September 30, 2022	—	$ —	37,465,902	$ 389	$ 597,049	$ 326,560	$ (51,535)	$ (124,898)	$ 747,565							
Balance, March 31, 2024										44,108,387	$ 452	$ 708,844	$ 455,532	$ (48,869)	$ (106,910)	$ 1,009,049

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

6

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(UNAUDITED)

Additional	**Accumulated**	**Total**

(dollars in thousands, except share data)	Common Stock Shares	Common Stock Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)	Stockholders' Equity
Balance, June 30, 2023	37,752,002	$ 391	$ 599,718	$ 379,078	$ (50,383)	$ (114,862)	$ 813,942
Net income	—	—	—	28,222	—	—	28,222
Other comprehensive loss, net of tax	—	—	—	—	—	(27,297)	(27,297)
Issuance of common stock upon exercise of stock options, net	29,766	—	347	—	—	—	347
Restricted stock activity, net	5,112	—	(113)	—	54	—	(59)
Issuance of common stock due to business combination, net of issuance costs	5,932,323	59	106,958	—	—	—	107,017
Cash dividends declared on common stock ($0.09 per share)	—	—	—	(3,932)	—	—	(3,932)
Share-based compensation expense	—	—	1,705	—	—	—	1,705
Balance, September 30, 2023	43,719,203	$ 450	$ 708,615	$ 403,368	$ (50,329)	$ (142,159)	$ 919,945

(dollars in thousands, except share data)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, January 1, 2023	37,492,775	$ 389	$ 598,297	$ 335,794	$ (51,114)	$ (117,550)	$ 765,816
Net income	—	—	—	78,274	—	—	78,274
Other comprehensive loss, net of tax	—	—	—	—	—	(24,609)	(24,609)
Issuance of common stock upon exercise of stock options, net	29,766	—	347	—	—	—	347
Restricted stock activity, net	225,217	2	(1,909)	—	77	—	(1,830)
Issuance of common stock in connection with employee stock purchase plan	39,122	—	—	—	708	—	708
Issuance of common stock due to business combination, net of issuance costs	5,932,323	59	106,958	—	—	—	107,017
Cash dividends declared on common stock ($0.27 per share)	—	—	—	(10,700)	—	—	(10,700)
Share-based compensation expense	—	—	4,922	—	—	—	4,922

Balance, September 30, 2023	43,719,203	$ 450	$ 708,615	$ 403,368	$ (50,329)	$ (142,159)	$ 919,945

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended September 30,		Three Months Ended March 31,	
(dollars in thousands)	**2023**	**2022**	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 78,274	$ 65,250	$ 30,440	$ 23,945
Adjustments to reconcile net income to net cash from operating activities:				
Provision for credit losses	24,418	15,079	6,643	9,825
Impairment loss on premises and equipment			1,069	—
Impairment loss on operating lease right-of-use asset	395	—	194	—
Impairment loss on assets held for sale	20	—	—	20
Depreciation and amortization of premises and equipment	3,188	3,276	1,307	981
Net amortization of securities	1,497	3,360		
Net change in fair value of equity securities, net	(230)	1,313		
Net realized gains on securities available-for-sale	—	(50)		
Net losses (gains) on sales and valuation adjustments of premises and equipment	142	(93)		
Net amortization (accretion) of securities			(481)	856
Net change in fair value of equity securities			(392)	(350)
Net gains on sales and disposal of premises and equipment			(482)	—
Net gains on sales of loans	(17,325)	(26,390)	(5,533)	(5,148)
Originations of U.S. government guaranteed loans	(231,091)	(269,505)	(79,089)	(53,602)
Proceeds from U.S. government guaranteed loans sold	256,601	320,601	35,005	46,824
Accretion of premiums and discounts on acquired loans, net	(11,616)	(4,418)	(4,284)	(729)
Net change in servicing assets	(571)	2,617	(1,148)	(1,772)
Net losses on sales and valuation adjustments of other real estate owned	444	191	18	296
Net amortization of other acquisition accounting adjustments	5,447	5,075	1,626	1,455
Amortization of subordinated debt issuance cost	131	131	43	44
Accretion of junior subordinated debentures discount	337	326	115	104
Share-based compensation expense	4,922	4,016	1,846	1,510
Deferred tax provision (benefit), net of valuation	(196)	2,207		

Deferred tax benefit			(501)	(134)
Increase in cash surrender value of bank owned life insurance	(1,712)	(1,550)	(848)	(588)
Changes in assets and liabilities:				
Accrued interest receivable and other assets	8,452	(54,598)	(374)	10,214
Accrued interest payable and other liabilities	49,506	118,791	77,162	15,384
Net cash provided by operating activities	171,033	185,629	62,336	49,135
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of securities available-for-sale	(121,166)	(94,430)	(106,623)	(1,280)
Proceeds from maturities and calls of securities available-for-sale	7,480	22,832	31,953	3,784
Proceeds from paydowns of securities available-for-sale	76,451	114,026	28,916	21,262
Proceeds from sales of securities available-for-sale	163,649	23,293		
Proceeds from maturities and calls of securities held-to-maturity	1,545	—		
Redemption (purchases) of Federal Home Loan Bank stock, net	755	(5,075)		
Proceeds from other loans sold	6,750	—		
Purchases of Federal Home Loan Bank stock, net			(6,489)	(10,575)
Net change in loans and leases	(382,183)	(742,449)	(95,840)	(94,571)
Purchases of premises and equipment	(2,856)	(3,329)	(512)	(281)
Proceeds from sales of premises and equipment	—	28	363	—
Proceeds from sales of assets held for sale	1,359	2,903	1,178	—
Proceeds from sales of other real estate owned	3,173	356	402	764
Net cash received in acquisition of business	7,834	—		
Net cash used in investing activities	(237,209)	(681,845)	(146,652)	(80,897)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BYLINE BANCORP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(UNAUDITED)

	Nine Months Ended	Three Months Ended

(dollars in thousands)	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in deposits	$ 293,092	$ 457,409	$ 172,922	$ 117,531
Proceeds from line of credit	15,000	—		
Proceeds from term loan	20,000	—		
Repayments of line of credit			(11,250)	—
Repayments of term loan			(1,666)	—
Proceeds from short-term borrowings	15,643,200	16,555,400	570,000	6,100,100
Repayments of short-term borrowings	(15,668,200)	(16,445,400)	(425,000)	(6,100,100)
Net increase in securities sold under agreements to repurchase	22,379	24,231		
Dividends paid on preferred stock	—	(196)		
Proceeds from BTFP advances			200,000	—
Net increase (decrease) in securities sold under agreements to repurchase			(6,101)	22,411
Dividends paid on common stock	(10,709)	(10,084)	(3,888)	(3,322)
Proceeds from issuance of common stock	949	927		
Redemption of preferred stock	—	(10,438)		
Repurchases of common stock	—	(17,274)		
Net cash provided by financing activities	315,711	554,575	495,017	136,620
NET CHANGE IN CASH AND CASH EQUIVALENTS	249,535	58,359	410,701	104,858
CASH AND CASH EQUIVALENTS, beginning of period	179,353	157,931	226,136	179,353
CASH AND CASH EQUIVALENTS, end of period	$ 428,888	$ 216,290	$ 636,837	$ 284,211
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for interest	$ 82,310	$ 15,780	$ 52,724	$ 19,483
Cash paid during the period for taxes	$ 6,352	$ 28,048	$ 406	$ 309
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Transfer of loans to other real estate owned	$ 571	$ 2,837	$ 5	$ 55
Total assets acquired from acquisition	$ 1,160,491	$ —		
Value ascribed to goodwill	$ 33,352	$ —		
Total liabilities assumed from acquisition	$ 1,054,929	$ —		
Common stock issued due to acquisition of business	$ 107,017	$ —		
Right-of-use assets exchanged for operating lease liabilities			$ 422	$ 313
Common share withholding			$ 2,651	$ 1,655
Common dividend declared, not paid	$ (9)	$ 86	$ 56	$ 52

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BYLINE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table dollars in thousands, except share and per share data) (Unaudited)

Note 1—Basis of Presentation

These unaudited interim condensed consolidated financial statements include the accounts of Byline Bancorp, Inc., a Delaware corporation (the “Company,” “Byline,” “we,” “us,” “our”), a bank holding company whose principal activity is the ownership and management of its Illinois state chartered subsidiary bank, Byline Bank (the “Bank”), based in Chicago, Illinois.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission (“SEC”). In preparing these financial statements, the Company has evaluated events and transactions subsequent to September 30, 2023 March 31, 2024 for potential recognition or disclosure. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and results of operations for the periods presented have been included. Certain information in footnote disclosures normally included in financial statements prepared in accordance with GAAP has been condensed or omitted pursuant to the rules and regulations of the SEC and the accounting standards for interim financial statements. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Consolidated Financial Statements for the years ended December 31, 2022, 2021, December 31, 2023 and 2020. 2022.

The Company has one reportable segment. The Company’s chief operating decision maker evaluates makers evaluate the operations of the Company using consolidated information for purposes of allocating resources and assessing performance. Therefore, segments disclosures are currently not required.

In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 855, “Subsequent Events,” the Company’s management has evaluated subsequent events for potential recognition or disclosure through the date of the issuance of these condensed consolidated financial statements. No subsequent events were identified that would have required a change to the condensed consolidated financial statements or disclosure in the notes to the condensed consolidated financial statements.

Note 2—Accounting Pronouncements Recently Adopted or Issued

The following reflect recent accounting pronouncements that have been adopted or are pending adoption by the Company.

Adopted Accounting Pronouncements

Financial Instruments—Credit Losses (Topic 326)—In June 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326) on the recognition of credit losses, otherwise known as the current expected credit loss model or "CECL", which replaces the incurred loss impairment methodology with a methodology that reflects current expected credit losses. We elected to delay the adoption of the standard in accordance with ASU No. 2019-10, Effective Dates, which delayed the effective date of the ASU for entities not classified as Public Business Entities. The Company’s EGC status expired December 31, 2022, requiring CECL adoption be reflected in our December 31, 2022 financial statements and Form 10-K. Results for reporting periods beginning after September 30, 2022 were presented under the new standard, while prior quarters were reported under, and continue to be reported under, the incurred loss method. For additional information on the new standard, see Note 1—Business and Summary of Significant Accounting Policies in our Annual Report on Form 10-K for the year ended December 31, 2022.

(Table dollars in thousands, except share and per share data) (Unaudited)

The following table presents select financial data for the first three quarters of 2022 as reported under the incurred loss method and as recast under CECL:

	For the three month period ended								
	March 31, 2022			June 30, 2022			September 30, 2022		
	As Reported	Adjustment	Recast	As Reported	Adjustment	Recast	As Reported	Adjustment	Recast
Interest and dividend income	$ 61,818	$ (405)	$ 61,413	$ 66,546	$ 133	$ 66,679	$ 79,903	$ (240)	$ 79,663
Interest expense	3,082	—	3,082	4,919	—	4,919	11,028	—	11,028
Net interest income	58,736	(405)	58,331	61,627	133	61,760	68,875	(240)	68,635
Provision/(recapture) for credit losses	4,995	1,564	6,559	5,908	(1,622)	4,286	4,176	3,032	7,208
Net interest income after provision/(recapture) for credit losses	53,741	(1,969)	51,772	55,719	1,755	57,474	64,699	(3,272)	61,427
Non-interest income	19,426	117	19,543	14,161	112	14,273	11,992	51	12,043
Non-interest expense	44,555	(599)	43,956	43,773	(188)	43,585	46,178	(137)	46,041
Income before provision for income taxes	28,612	(1,253)	27,359	26,107	2,055	28,162	30,513	(3,084)	27,429
Provision for income taxes	6,301	(340)	5,961	5,824	558	6,382	7,857	(837)	7,020
Net income	22,311	(913)	21,398	20,283	1,497	21,780	22,656	(2,247)	20,409
Dividends on preferred shares	196	—	196	—	—	—	—	—	—
Income available to common stockholders	$ 22,115	$ (913)	$ 21,202	$ 20,283	$ 1,497	$ 21,780	$ 22,656	$ (2,247)	$ 20,409
Basic earnings per common share	$ 0.60	$ (0.03)	$ 0.57	$ 0.55	$ 0.04	$ 0.59	$ 0.61	$ (0.06)	$ 0.55
Diluted earnings per common share	$ 0.58	$ (0.02)	$ 0.56	$ 0.54	$ 0.04	$ 0.58	$ 0.61	$ (0.06)	$ 0.55

ASU 2022-02 - Financial Instruments – Credit Losses – Troubled Debt Restructurings and Vintage Disclosures (Topic 326) – The Company adopted this update effective March 31, 2023. This update eliminates the recognition and measurement guidance for troubled debt restructurings ("TDRs") by creditors in ASC 310-40. The update also enhances disclosure requirements for certain loan restructurings by creditors when a borrower is experiencing financial difficulty. Specifically, rather than applying the recognition and measurement guidance for TDRs, an entity will apply the loan refinancing and restructuring guidance to determine whether a modification or other form of restructuring results in a new loan or a continuation of an existing loan. Additionally, the amendments in this ASU require a public business entity to disclose

REFINITIV

current-period gross write-offs by year of origination for financing receivables and net investments in leases in the existing vintage disclosures. Refer to Note 5—Loan and Lease Receivables and Allowance for Credit Losses for additional details regarding these disclosures.

Reference Rate Reform (Topic 848)—In March 2020, FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* and in December 2022, FASB issued ASU 2022-06, *Reference Rate Reform: Deferral of the Sunset Date of Topic 848*. The amendments in these ASUs provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments in these ASUs provide optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. These ASUs are intended to help stakeholders during the global market-wide reference rate transition period. The amendments in these ASUs will be in effect for all entities as of March 12, 2020 and sunset on December 31, 2024. The Company believes the adoption of this guidance on activities subsequent to September 30, 2023 will not have a material impact on the consolidated financial statements.

Issued Accounting Pronouncements Pending Adoption

Fair Value Measurement (Topic 820) - In June 2022, the FASB issued ASU No. 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The guidance in the ASU clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account on the equity security and, therefore, is not considered in measuring fair value. The ASU also requires additional disclosures about the restriction. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. The Company is evaluating evaluated the accounting and disclosure requirements of this update and does they did not expect them to have a material effect on the consolidated financial statements.

Issued Accounting Pronouncements Pending Adoption

Business Combinations (Topic 805) - In August 2023, the FASB issued ASU 2023-05, Business Combinations—Joint Venture (JV) Formations: Recognition and Initial Measurement. The guidance requires newly-formed JVs to apply a new basis of accounting to all of its contributed net assets, which results in the JV initially measuring its contributed net assets under ASC 805-20, Business Combinations. The new guidance would be applied prospectively and is effective for all newly-formed joint venture entities with a formation date on or after January 1, 2025, with early adoption permitted. The Company is evaluating the accounting and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

11 Segment Reporting – Improvements to Reportable Segment Disclosures (Topic 280) – In November 2023, the FASB issued ASU 2023-07 to enhance disclosures about significant segment expenses for public entities reporting segment information under Topic 280. It requires that a public entity disclose, on an annual and interim basis, significant expense categories for each reportable segment. Significant expense categories are derived from expenses that are 1) regularly reported to an entity's chief operating decision-maker ("CODM"), and 2) included in a segment's reported measure of profit or loss. The disclosures should include an amount for "other segment items," reflecting the difference between 1) segment revenue less significant segment expenses, and 2) the reportable segment's profit or loss measures. It requires that a public entity disclose the title and position of the CODM and how the CODM uses the reported measure of profit or loss to assess segment

---

performance and to allocate resources. Further it clarifies that entities with a single reportable segment must disclose both new and existing segment reporting requirements. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Entities must adopt the guidance on a retrospective basis. The Company is evaluating the internal control and disclosure requirements of this update and the impact of adopting the new guidance on the consolidated financial statements.

Income Taxes – Improvements to Income Tax Disclosures (Topic 740) –In December 2023, the FASB issued ASU 2023-09 to provide additional transparency into an entity's income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The standard requires that public business entities disclose, on an annual basis, specific categories in the rate reconciliation and additional information for reconciling items meeting a certain quantitative threshold. The amendments also require that entities disclose on an annual basis: 1) income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and 2) the income taxes paid (net of refunds received) disaggregated by individual jurisdictions exceeding 5% of total income taxes paid (net of refunds received). The amendments are effective for public business entities for annual periods beginning after December 15, 2024. The Company is evaluating the accounting and disclosure requirements of this update and does not expect them to have a material effect the impact of adopting the new guidance on the consolidated financial statements.

Note 3—Acquisition of a Business

On July 1, 2023, the Company acquired all of the outstanding common stock of Inland Bancorp, Inc. (“Inland” ("Inland") and its subsidiaries pursuant to an Agreement and Plan of Merger, dated as of November 30, 2022 (the “Merger Agreement” "Merger Agreement"). Inland was merged with and into Byline. As a result of the merger, Inland's wholly owned subsidiary bank, Inland Bank and Trust, was merged with and into Byline Bank, with Byline Bank as the surviving bank. The acquisition improves the Company's footprint in the Chicagoland market, diversifies its commercial banking business, and strengthens the core deposit base.

In a related but separate transaction, on March 31, 2023, Byline entered into a side letter agreement with the majority shareholder of Inland in which Byline agreed to purchase 2,408,992 shares of Inland common stock. The purchase price was calculated based on the terms of the Merger Agreement. The transaction was completed on June 30, 2023, which resulted in the payment of cash in the amount of $9.9 million.

At the effective time of the merger (the “Effective Time” "Effective Time"), each share of Inland's common stock was converted into the right to receive: (1) 0.19 shares of Byline's common stock, par value $0.01 per share, and (2) a cash payment in the amount of $0.68 per share, with cash paid in lieu of any fractional shares. The per share cash consideration was based on the total $21.2 million divided by the outstanding shares of Inland common stock. Based on the closing price of shares of the Company's common stock of $18.09, as reported by the New York Stock Exchange, and 5,932,323 shares of common stock issued with respect to the outstanding shares of Inland common stock, the stock consideration was valued at $107.3 million. Options to acquire 288,200 shares of Inland common stock that were outstanding at the Effective Time were canceled, at the option holders' election, in exchange for a cash payment in accordance with the Merger Agreement of $424,000, to be paid after the closing date. In addition, the 2,408,992 shares of Inland common stock purchased on June 30, 2023 were canceled as of the effective time of the transaction. The value of the total merger consideration at closing was $138.9 million. Stock issuance costs were $299,000.

The transaction resulted in goodwill of $33.4 million, which is nondeductible for tax purposes, as this acquisition was a nontaxable transaction. Goodwill represents the premium paid over the fair value of the net tangible and intangible assets acquired and reflects related synergies expected from the combined operations.

Merger-related expenses, including acquisition advisory expenses of $256,000, core system conversion expenses of $3.0 199,000 million, acquisition advisory expenses of $2.4 million, , salaries and employee benefits of $2.4 18,000 million, , and other non-interest expenses of $397,000 16,000 related to the Inland acquisition, are reflected in non-interest expense on the Consolidated Statements of Operations for the nine three months ended September 30, 2023 March 31, 2023.

The acquisition of Inland was accounted for using the acquisition method of accounting in accordance with ASC Topic 805. Assets acquired, liabilities assumed, and consideration exchanged were recorded at their respective acquisition date fair values. Determining the fair value of assets and liabilities involves significant judgment regarding methods and assumptions used to calculate estimated fair values. Fair values are preliminary and subject to refinement for up to one year after the closing date of the acquisition as additional information regarding the closing date fair values become available.

(Table dollars in thousands, except share and per share data) (Unaudited)

The following table presents a summary of the preliminary estimates of fair values of assets acquired and liabilities assumed as of the acquisition date:

Assets		
Cash and cash equivalents	$	39,731
Securities available-for-sale		239,602
Restricted stock		3,058
Loans		808,000
Allowance for credit losses		(10,596)
Premises and equipment		11,307
Operating lease right-of-use asset		3,813
Other intangible assets		17,250
Bank-owned life insurance		12,455
Deferred tax assets, net		14,848
Other assets		21,023
Total assets acquired		1,160,491
Liabilities		
Deposits		964,491
Federal Home Loan Bank advances		40,000
Securities sold under agreements to repurchase		455
Junior subordinated debentures		32,661
Operating lease liability		4,034
Accrued expenses and other liabilities		13,288
Total liabilities assumed		1,054,929
Net assets acquired	$	105,562
Consideration paid		
Common stock (5,932,323 shares issued at $18.09 per share)		107,017
Cash paid		31,897
Total consideration paid		138,914

(Table dollars in thousands, except share and per share data) (Unaudited)

Goodwill	$	33,352

The following table presents the fair value and gross contractual amounts receivable of acquired non-credit-deteriorated loans from the Inland acquisition, and their respective expected contractual cash flows as of the acquisition date:

Fair value	$	582,831
Gross contractual amounts receivable		699,918
Estimate of contractual cash flows not expected to be collected(1)		4,239
Estimate of contractual cash flows expected to be collected		695,679

(1) Includes interest payments not expected to be collected due to loan prepayments as well as principal and interest payments not expected to be collected due to customer default.

The following table provides the unaudited pro forma information for the results of operations for the three and nine months ended September 30, 2022 and the nine months ended September 30, 2023March 31, 2023, as if the acquisition had occurred on January 1, 2022January 1, 2023. The pro forma results combine the historical results of Inland into the Company's Consolidated Statements of Operations, including the impact of certain acquisition accounting adjustments, which includes loan discount accretion, intangible assets amortization, deposit premium accretion, fixed assets amortization, and borrowing discount amortization. The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the results that would have been obtained had the acquisition actually occurred on January 1, 2022January 1, 2023. No assumptions have been applied to the pro forma results of operations regarding possible revenue enhancements, provision for credit losses, expense efficiencies or asset dispositions. Recognized acquisition-related expenses and other adjustments related to the timing of expenses, are included in net income in the following table:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,			
	2022		2023		2022	
Total revenues (net interest income and non-interest income)	$	97,383	$	310,476	$	287,663
Net income	$	28,502	$	85,879	$	76,724
Earnings per share—basic	$	0.67	$	2.00	$	1.79
Earnings per share—diluted	$	0.66	$	1.98	$	1.76

	For the Three Months Ended March 31,	
	2023	
Total revenues (net interest income and non-interest income)	$	107,807

Net income	$	22,153
Earnings per share—basic	$	0.52
Earnings per share—diluted	$	0.51

The operating results of the Company include the operating results generated by the acquired assets and assumed liabilities of Inland for the period from July 1, 2023 through September 30, 2023. Revenues and earnings of the acquired company since the acquisition date have not been disclosed as it is not practicable as Inland was merged into the Company and separate financial information is not readily available.

Note 4—Securities

The following tables summarize the amortized cost and fair values of securities available-for-sale and securities held-to-maturity as of the dates shown and the corresponding amounts of gross unrealized gains and losses:

	September 30, 2023				March 31, 2024			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Available-for-sale								
U.S. Treasury Notes	$ 105,792	$ 8	$ (1,771)	$ 104,029	$ 87,147	$ 9	$ (1,044)	$ 86,112
U.S. Government agencies	147,889	49	(22,823)	125,115	155,659	22	(17,627)	138,054
Obligations of states, municipalities, and political subdivisions	89,370	—	(8,850)	80,520	86,160	264	(4,715)	81,709
Residential mortgage-backed securities								
Agency	750,675	—	(128,699)	621,976	825,180	2,060	(100,653)	726,587
Non-agency	124,569	—	(27,638)	96,931	136,561	—	(22,852)	113,709
Commercial mortgage-backed securities								
Agency	183,183	—	(43,318)	139,865	197,171	—	(33,625)	163,546
Corporate securities	40,696	—	(5,724)	34,972	40,667	5	(3,920)	36,752
Asset-backed securities	38,220	—	(1,699)	36,521	33,882	30	(1,234)	32,678
Total	$ 1,480,394	$ 57	$ (240,522)	$ 1,239,929	$ 1,562,427	$ 2,390	$ (185,670)	$ 1,379,147

	September 30, 2023 Amortized Cost	September 30, 2023 Gross Unrealized Gains	September 30, 2023 Gross Unrealized Losses	September 30, 2023 Fair Value	March 31, 2024 Amortized Cost	March 31, 2024 Gross Unrealized Gains	March 31, 2024 Gross Unrealized Losses	March 31, 2024 Fair Value
Held-to-maturity								
Obligations of states, municipalities, and political subdivisions	$ 1,157	$ —	$ (24)	$ 1,133	$ 1,156	$ —	$ (7)	$ 1,149
Total	$ 1,157	$ —	$ (24)	$ 1,133	$ 1,156	$ —	$ (7)	$ 1,149

	December 31, 2022 Amortized Cost	December 31, 2022 Gross Unrealized Gains	December 31, 2022 Gross Unrealized Losses	December 31, 2022 Fair Value	December 31, 2023 Amortized Cost	December 31, 2023 Gross Unrealized Gains	December 31, 2023 Gross Unrealized Losses	December 31, 2023 Fair Value
Available-for-sale								
U.S. Treasury Notes	$ 42,430	$ 2	$ (1,709)	$ 40,723	$ 116,398	$ 61	$ (1,025)	$ 115,434
U.S. Government agencies	150,524	116	(20,276)	130,364	147,062	37	(16,404)	130,695
Obligations of states, municipalities, and political subdivisions	68,019	9	(6,152)	61,876	86,022	396	(4,143)	82,275
Residential mortgage-backed securities								
Agency	707,157	—	(111,361)	595,796	786,970	4,247	(95,414)	695,803
Non-agency	130,654	—	(24,405)	106,249	122,359	—	(22,099)	100,260
Commercial mortgage-backed securities								
Agency	191,172	—	(34,142)	157,030	181,452	—	(34,248)	147,204
Corporate securities	45,302	—	(3,866)	41,436	40,681	—	(4,510)	36,171
Asset-backed securities	43,085	—	(2,128)	40,957	35,857	2	(1,221)	34,638
Total	$ 1,378,343	$ 127	$ (204,039)	$ 1,174,431	$ 1,516,801	$ 4,743	$ (179,064)	$ 1,342,480

BYLINE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table dollars in thousands, except share and per share data) (Unaudited)

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-to-maturity				
Obligations of states, municipalities, and political subdivisions	$ 2,705	$ —	$ (33)	$ 2,672
Total	$ 2,705	$ —	$ (33)	$ 2,672

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-to-maturity				
Obligations of states, municipalities, and political subdivisions	$ 1,157	$ —	$ (8)	$ 1,149
Total	$ 1,157	$ —	$ (8)	$ 1,149

The Company did not classify securities as trading during the nine three months ended September 30, 2023 March 31, 2024 or during 2022. 2023.

Gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, are summarized as follows:

		Less than 12 Months		12 Months or Longer		Total	
September 30, 2023	Number of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

		Less than 12 Months		12 Months or Longer		Total	
March 31, 2024	Number of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

Available-for-sale														
U.S. Treasury Notes	10	$ 28,974	$ (210)	$ 31,278	$ (1,561)	$ 60,252	$ (1,771)	9	$ 19,532	$ (95)	$ 31,939	$ (949)	$ 51,471	$ (1,044)
U.S. Government agencies	18	564	(13)	112,665	(22,810)	113,229	(22,823)	19	10,517	(30)	117,934	(17,597)	128,451	(17,627)
Obligations of states, municipalities and political subdivisions	104	31,806	(1,400)	48,214	(7,450)	80,020	(8,850)	76	19,232	(295)	49,261	(4,420)	68,493	(4,715)
Residential mortgage-backed securities														
Agency	130	93,545	(2,438)	528,431	(126,261)	621,976	(128,699)	122	88,634	(808)	526,201	(99,845)	614,835	(100,653)
Non-agency	20	629	(14)	96,302	(27,624)	96,931	(27,638)	21	16,710	(62)	96,999	(22,790)	113,709	(22,852)

Commercial mortgage-backed securities														
Agency	48	6,671	(1,643)	133,194	(41,675)	139,865	(43,318)	49	19,677	(114)	143,869	(33,511)	163,546	(33,625)
Corporate securities	21	—	—	34,972	(5,724)	34,972	(5,724)	20	—	—	35,256	(3,920)	35,256	(3,920)
Asset-backed securities	8	—	—	36,521	(1,699)	36,521	(1,699)	3	6,586	—	6,608	(1,234)	13,194	(1,234)
Total	359	$ 162,189	$ (5,718)	$ 1,021,577	$ (234,804)	$ 1,183,766	$ (240,522)	319	$ 180,888	$ (1,404)	$ 1,008,067	$ (184,266)	$ 1,188,955	$ (185,670)
Held-to-maturity														
Obligations of states, municipalities, and political subdivisions	2	$ —	$ —	$ 1,133	$ (24)	$ 1,133	$ (24)	1	$ —	$ —	$ 599	$ (7)	$ 599	$ (7)
Total	2	$ —	$ —	$ 1,133	$ (24)	$ 1,133	$ (24)	1	$ —	$ —	$ 599	$ (7)	$ 599	$ (7)

BYLINE BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Table dollars in thousands, except share and per share data) (Unaudited)

December 31, 2022	Number of Securities	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. Treasury Notes	6	$ 21,720	$ (1,078)	$ 9,339	$ (631)	$ 31,059	$ (1,709)
U.S. Government agencies	17	44,508	(4,782)	70,609	(15,494)	115,117	(20,276)
Obligations of states, municipalities and political subdivisions	58	50,216	(3,858)	7,185	(2,294)	57,401	(6,152)

December 31, 2023	Number of Securities	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
Available-for-sale							
U.S. Treasury Notes	7	$ 5,018	$ (4)	$ 31,843	$ (1,021)	$ 36,861	$ (1,025)
U.S. Government agencies	18	535	(9)	119,109	(16,395)	119,644	(16,404)
Obligations of states, municipalities and political subdivisions	61	12,267	(156)	49,617	(3,987)	61,884	(4,143)

Residential mortgage-backed securities														
Agency	101	117,598	(11,045)	478,198	(100,316)	595,796	(111,361)	102	8,332	(49)	543,648	(95,365)	551,980	(95,414)
Non-agency	19	35,486	(7,569)	70,763	(16,836)	106,249	(24,405)	20	636	—	99,624	(22,099)	100,260	(22,099)
Commercial mortgage-backed securities														
Agency	47	76,193	(11,840)	74,315	(22,302)	150,508	(34,142)	48	6,765	(1,517)	140,439	(32,731)	147,204	(34,248)
Corporate securities	24	37,130	(3,128)	4,306	(738)	41,436	(3,866)	21	—	—	36,171	(4,510)	36,171	(4,510)
Asset-backed securities	8	25,455	(503)	15,502	(1,625)	40,957	(2,128)	6	—	—	25,653	(1,221)	25,653	(1,221)
Total	280	$ 408,306	$ (43,803)	$ 730,217	$ (160,236)	$ 1,138,523	$ (204,039)	283	$ 33,553	$ (1,735)	$ 1,046,104	$ (177,329)	$ 1,079,657	$ (179,064)
Held-to-maturity														

(Table dollars in thousands, except share and per share data) (Unaudited)

Obligations of states, municipalities and political subdivisions	4	$ 2,672	$ (33)	$ —	$ —	$ 2,672	$ (33)	2	$ —	$ —	$ 1,149	$ (8)	$ 1,149	$ (8)
Total	4	$ 2,672	$ (33)	$ —	$ —	$ 2,672	$ (33)	2	$ —	$ —	$ 1,149	$ (8)	$ 1,149	$ (8)

Certain securities have fair values less than amortized cost and, therefore, contain unrealized losses. The Company evaluated the securities which had unrealized losses for potential credit losses and determined there were none. There were 359 319 securities available-for-sale with unrealized losses at September 30, 2023 March 31, 2024. There were was two one securities security held-to-maturity with unrealized losses at September 30, 2023 March 31, 2024. There was no allowance for credit losses for held-to-maturity debt securities at September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023. The evaluation for potential credit losses is based upon factors such as the creditworthiness of the issuers/guarantors, the underlying collateral, if applicable, and the continuing payment performance of the securities.

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security types. The Company's held-to-maturity portfolio contains municipal bonds that are typically rated by major rating agencies as 'Aa' or better. The Company uses industry historical credit loss information adjusted for current conditions to establish an allowance for credit losses. Accrued interest receivable on securities available-for-sale and held-to-maturity totaled $4.4 4.9 million and $3.9 4.5 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and are excluded from the estimate of credit losses.

The Company anticipates full recovery of amortized cost with respect to these securities by maturity. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell them before recovery of their amortized cost basis, which may be at maturity.

The There were no proceeds from all sales of securities available-for-sale, and the nor associated gains and losses on sales and calls of securities, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 are listed below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Proceeds	$ 163,649	$ 10,287	$ 163,649	$ 23,293
Gross gains	—	38	—	100
Gross losses	—	40	—	50

There were $163.6 million of sales of acquired Inland securities during the three and nine months ended September 30, 2023, respectively. The sales did not result in gains or losses given their close proximity to the acquisition date. There were

(Table dollars in thousands, except share and per share data) (Unaudited)

$2,000 in net losses and $50,000 in net gains reclassified from accumulated other comprehensive income (loss) into earnings for the three and nine months ended September 30, 2022, 2023, respectively.

Securities posted and pledged as collateral were $431.2 659.9 million and $270.6 464.5 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, of those pledged, the carrying amounts of securities pledged as collateral for public fund deposits were $349.3 388.6 million and $223.5 390.3 million, respectively, and for customer repurchase agreements of $43.1 50.2 million and $23.8 47.8 million, respectively. At September 30, 2023 March 31, 2024, there were $194.3 million of securities pledged to the Federal Reserve Bank ("FRB"). At December 31, 2023 no securities were pledged to the FRB. At March 31, 2024 and December 31, 2022 December 31, 2023, there were no securities pledged for advances from the Federal Home Loan Bank. Other securities were pledged for letters of credit and for purposes required or permitted by law. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity.

At September 30, 2023 March 31, 2024, the amortized cost and fair value of debt securities are shown by contractual maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale				
Due in one year or less	$ 68,353	$ 68,299	$ 75,272	$ 74,486
Due from one to five years	124,265	116,033	118,834	113,034
Due from five to ten years	180,997	156,247	163,174	146,082
Due after ten years	48,352	40,578	46,235	41,703
Mortgage-backed securities	1,058,427	858,772	1,158,912	1,003,842
Total	$ 1,480,394	$ 1,239,929	$ 1,562,427	$ 1,379,147
Held-to-maturity				
Due in one year or less	$ 550	$ 542	$ 1,156	$ 1,149
Due from one to five years	607	591	—	—
Total	$ 1,157	$ 1,133	$ 1,156	$ 1,149

Note 5—Loan and Lease Receivables and Allowance for Credit Losses

Loan and Lease Receivables

(Table dollars in thousands, except share and per share data) (Unaudited)

Outstanding loan and lease receivables as of the dates shown were categorized as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Commercial real estate	$ 2,285,311	$ 1,905,909	$ 2,265,195	$ 2,317,289
Residential real estate	721,287	489,411	732,230	718,733
Construction, land development, and other land	524,482	440,016	530,320	528,275
Commercial and industrial	2,431,001	2,055,213	2,548,442	2,444,405
Installment and other	3,188	1,709	3,076	3,138
Lease financing receivables	635,862	518,654	685,763	659,686
Total loans and leases	6,601,131	5,410,912	6,765,026	6,671,526
Net unamortized deferred fees and costs	6,102	5,014	6,908	6,600
Initial direct costs	6,070	5,332	6,280	6,180
Allowance for credit losses - loans and leases	(105,696)	(81,924)	(102,366)	(101,686)
Net loans and leases	$ 6,507,607	$ 5,339,334	$ 6,675,848	$ 6,582,620

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Lease financing receivables				
Net minimum lease payments	$ 621,751	$ 509,980	$ 666,340	$ 644,507
Unguaranteed residual values	84,890	54,118	101,536	92,127
Unearned income	(70,779)	(45,444)	(82,113)	(76,948)
Total lease financing receivables	635,862	518,654	685,763	659,686
Initial direct costs	6,070	5,332	6,280	6,180
Lease financial receivables before allowance for credits losses - loans and leases	$ 641,932	$ 523,986	$ 692,043	$ 665,866

Total loans and leases consist of originated loans and leases, purchased credit deteriorated ("PCD") and acquired non-credit-deteriorated loans and leases. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, total loans and leases included the guaranteed amount of U.S. government guaranteed loans of $110.3 101.0 million and $123.2 93.3 million, respectively. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the discount on the unguaranteed portion of U.S. government guaranteed loans was $26.1 25.9 million and $26.7 26.2 million, respectively, which are included in total loans and leases. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, installment and other loans included overdraft deposits of $359,000 1.2 million and $467,000 754,000, respectively, which were reclassified as loans. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, loans and leases and loans held for sale pledged as security for borrowings were $1.8 2.1 billion and $2.2 billion, respectively. Accrued interest on loans and leases were $34.6 37.8 million and $25.5 38.9 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and are included in the accrued interest receivable and other assets line item on the Condensed Consolidated Statement of Financial Condition.

The minimum annual lease payments for lease financing receivables as of September 30, 2023 March 31, 2024 are summarized as follows:

	Minimum Lease Payments	Minimum Lease Payments
2023	$ 41,372	
2024	202,216	$ 164,051
2025	164,780	202,138
2026	119,404	154,408
2027	69,303	96,119
2028		43,021
Thereafter	24,676	6,603
Total	$ 621,751	$ 666,340

Originated loans and leases represent originations excluding loans initially acquired in a business combination. However, once an acquired loan reaches its maturity date, and is re-underwritten and renewed, it is internally classified as an originated loan. PCD loans are those acquired from a business combination with evidence of credit quality deterioration and are accounted for under ASC Topic 326. Acquired non-credit-deteriorated loans and leases represent loans and leases acquired with an outstanding balance from a business combination without more than insignificant evidence of credit quality deterioration and are accounted for under ASC Topic 310-20. The following tables summarize the balances for each respective loan and lease category as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

September 30, 2023 / March 31, 2024	Originated	Purchased Credit Deteriorated	Acquired Non-Credit-Deteriorated	Total	Originated	Purchased Credit Deteriorated	Acquired Non-Credit-Deteriorated	Total
Commercial real estate	$ 1,837,531	$ 154,573	$ 296,656	$ 2,288,760	$ 1,879,149	$ 117,460	$ 271,720	$ 2,268,329
Residential real estate	454,456	47,485	220,091	722,032	488,887	39,535	204,589	733,011
Construction, land development, and other land	406,334	29,587	87,087	523,008	416,996	26,418	85,553	528,967
Commercial and industrial	2,286,058	21,014	127,253	2,434,325	2,420,952	18,100	113,673	2,552,725
Installment and other	2,968	125	153	3,246	2,855	118	166	3,139

(Table dollars in thousands, except share and per share data) (Unaudited)

Lease financing receivables	641,032	—	900	641,932	691,617	—	426	692,043
Total loans and leases	$ 5,628,379	$ 252,784	$ 732,140	$ 6,613,303	$ 5,900,456	$ 201,631	$ 676,127	$ 6,778,214

December 31, 2022 / December 31, 2023	Originated	Purchased Credit Deteriorated	Acquired Non-Credit-Deteriorated	Total	Originated	Purchased Credit Deteriorated	Acquired Non-Credit-Deteriorated	Total
Commercial real estate	$ 1,712,152	$ 45,143	$ 152,193	$ 1,909,488	$ 1,907,029	$ 137,807	$ 275,476	$ 2,320,312
Residential real estate	426,226	32,228	31,508	489,962	465,133	42,510	211,887	719,530
Construction, land development, and other land	438,617	372	—	438,989	415,162	25,331	86,344	526,837
Commercial and industrial	2,030,616	2,192	24,266	2,057,074	2,311,563	19,460	117,538	2,448,561
Installment and other	1,410	140	209	1,759	2,919	125	156	3,200
Lease financing receivables	521,689	—	2,297	523,986	665,239	—	627	665,866
Total loans and leases	$ 5,130,710	$ 80,075	$ 210,473	$ 5,421,258	$ 5,767,045	$ 225,233	$ 692,028	$ 6,684,306

PCD loans—The unpaid principal balance and carrying amount of PCD loans excluding an allowance for credit losses - loans and leases of $8.5 10.1 million and $1.9 10.0 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, were as follows:

	September 30, 2023	December 31, 2022

	Unpaid Principal Balance		Carrying Value		Unpaid Principal Balance		Carrying Value
Commercial real estate	$	203,025	$	154,573	$	85,089	$	45,143
Residential real estate		93,180		47,485		76,270		32,228
Construction, land development, and other land		36,644		29,587		7,042		372
Commercial and industrial		23,401		21,014		3,902		2,192
Installment and other		789		125		807		140
Total purchased credit deteriorated loans	$	357,039	$	252,784	$	173,110	$	80,075

	March 31, 2024				December 31, 2023			
	Unpaid Principal Balance		Carrying Value		Unpaid Principal Balance		Carrying Value	
Commercial real estate	$	162,977	$	117,460	$	185,007	$	137,807
Residential real estate		84,559		39,535		88,036		42,510
Construction, land development, and other land		33,140		26,418		32,140		25,331
Commercial and industrial		20,400		18,100		21,870		19,460
Installment and other		783		118		789		125
Total purchased credit deteriorated loans	$	301,859	$	201,631	$	327,842	$	225,233

The following table is a reconciliation of acquired Inland PCD loans between their purchase price and their par value at the time of the acquisition. Refer to Note 3—Acquisition of a Business for further information.

Purchase price of loans at acquisition	$	214,573		
Fair value of loans at acquisition			$	214,573
Allowance for credit losses - loans and leases, at acquisition		10,596		10,596
Non-credit discount/premium at acquisition		17,909		17,909
Par value of acquired loans at acquisition	$	243,078		
Par value of acquired PCD loans at acquisition			$	243,078

Acquired non-credit-deteriorated loans and leases—The unpaid principal balance and carrying value for acquired non-credit deteriorated loans and leases, excluding an allowance for credit losses of $6.7 4.6 million and $5.3 4.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, were as follows:

	September 30, 2023		December 31, 2022		March 31, 2024				December 31, 2023			
	Unpaid Principal Balance	Carrying Value	Unpaid Principal Balance	Carrying Value	Unpaid Principal Balance		Carrying Value		Unpaid Principal Balance		Carrying Value	
Commercial real estate	$ 307,159	$ 296,656	$ 155,652	$ 152,193	$	280,291	$	271,720	$	284,819	$	275,476
Residential real estate	236,123	220,091	31,863	31,508		209,952		204,589		227,392		211,887

Construction, land development, and other land	88,089	87,087	63	—	86,168	85,553	87,143	86,344
Commercial and industrial	133,886	127,253	25,022	24,266	119,197	113,673	123,540	117,538
Installment and other	168	153	216	209	179	166	170	156
Lease financing receivables	901	900	2,302	2,297	427	426	628	627
Total acquired non-credit-deteriorated loans and leases	$ 766,326	$ 732,140	$ 215,118	$ 210,473	$ 696,214	$ 676,127	$ 723,692	$ 692,028

The Company hedges interest rates on certain loans using interest rate swaps through which the Company pays variable amounts and receives fixed amounts. Refer to Note 16—Derivative Instruments and Hedging Activities for additional discussion.

Allowance for Credit Losses

Loans and leases considered for inclusion in the allowance for credit losses include acquired non-credit-deteriorated loans and leases, purchased credit deteriorated loans, and originated loans and leases.

The Bank's credit risk rating methodology assigns risk ratings from 1 to 10, where a higher rating represents higher risk. Risk ratings for all loans of $1.0 million or more are reviewed annually. The risk rating categories are described by the following groupings:

Pass—1-4, risk levels of borrowers and guarantors that offer a minimal to an acceptable level of risk.

Watch—5, credit exposure that presents higher than average risk and warrants greater than routine attention.

Special Mention—6, potential weaknesses that if left uncorrected may result in deterioration of the repayment prospects.

Substandard Accrual—7, weaknesses in cash flow and collateral coverage resulting in a distinct possibility of losses if not corrected. Used in limited cases, where the borrower is current on payments and an agreed plan for credit remediation.

Substandard Non-Accrual—8, well-defined weakness or weaknesses in cash flow and collateral coverage resulting in the distinct possibility of losses if not corrected.

Doubtful—9, weaknesses inherent in substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

BYLINE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table dollars in thousands, except share and per share data) (Unaudited)

Loss—10, is considered uncollectible and of such little value that its continuance as a realizable asset is not warranted.

(Table dollars in thousands, except share and per share data) (Unaudited)

Revolving loans that are converted to term loans are treated as new originations and are presented by year of origination. Generally, existing term loans that are re-underwritten are reflected in the table in the year of renewal.

The following tables summarize the risk rating categories of the loans and leases considered for inclusion in the allowance for credit losses - loans and leases calculation, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	Term loans amortized cost by origination year						Revolving	Total
September 30, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Loans**	**Loans**
Commercial Real Estate								
Pass	$ 182,440	$ 463,022	$ 531,822	$ 230,286	$ 130,489	$ 413,552	$ 16,867	$ 1,968,478
Watch	862	24,096	38,106	36,454	21,379	83,326	—	204,223
Special Mention	—	1,100	3,419	2,645	7,581	20,539	—	35,284
Substandard	—	1,228	5,509	2,787	18,081	52,348	822	80,775
Total	$ 183,302	$ 489,446	$ 578,856	$ 272,172	$ 177,530	$ 569,765	$ 17,689	$ 2,288,760
Gross charge-offs for the nine months ended September 30, 2023	$ —	$ —	$ 60	$ 211	$ 2,042	$ 2,958	$ —	$ 5,271
Residential Real Estate								
Pass	$ 46,819	$ 140,026	$ 90,326	$ 68,315	$ 37,126	$ 229,323	$ 57,802	$ 669,737
Watch	—	1,374	14,450	4,710	8,354	15,131	2,683	46,702
Special Mention	—	—	108	3,610	14	526	24	4,282
Substandard	—	—	—	193	358	760	—	1,311
Total	$ 46,819	$ 141,400	$ 104,884	$ 76,828	$ 45,852	$ 245,740	$ 60,509	$ 722,032
Gross charge-offs for the nine months ended September 30, 2023	$ —	$ —	$ —	$ —	$ —	$ 21	$ —	$ 21
Construction, Land Development, & Land								
Pass	$ 46,456	$ 126,737	$ 186,112	$ 53,507	$ 23,459	$ 26,763	$ 11,557	$ 474,591
Watch	1,466	6,585	12,395	18,421	3,139	—	—	42,006
Special Mention	—	—	6,411	—	—	—	—	6,411
Substandard	—	—	—	—	—	—	—	—
Total	$ 47,922	$ 133,322	$ 204,918	$ 71,928	$ 26,598	$ 26,763	$ 11,557	$ 523,008
Gross charge-offs for the nine months ended September 30, 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial & Industrial								
Pass	$ 384,457	$ 523,358	$ 290,411	$ 139,512	$ 79,656	$ 162,813	$ 524,326	$ 2,104,533
Watch	39,312	34,762	58,411	1,697	7,963	21,433	51,924	215,502
Special Mention	—	3,338	7,551	1,208	557	8,791	37,257	58,702

Substandard	999	4,441	7,853	8,582	11,016	10,279	12,418	55,588
Total	$ 424,768	$ 565,899	$ 364,226	$ 150,999	$ 99,192	$ 203,316	$ 625,925	$ 2,434,325
Gross charge-offs for the nine months ended September 30, 2023	$ 510	$ 1,598	$ 1,772	$ 2,581	$ 807	$ 819	$ —	$ 8,087
Installment and Other								
Pass	$ 562	$ 118	$ 114	$ 136	$ 43	$ 440	$ 1,804	$ 3,217
Watch	—	29	—	—	—	—	—	29
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	$ 562	$ 147	$ 114	$ 136	$ 43	$ 440	$ 1,804	$ 3,246
Gross charge-offs for the nine months ended September 30, 2023	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ 3
Lease Financing Receivables								
Pass	$ 260,590	$ 228,612	$ 106,232	$ 34,456	$ 7,362	$ 1,814	$ —	$ 639,066
Watch	—	74	1,224	18	—	—	—	1,316
Special Mention	—	—	—	203	122	64	—	389
Substandard	—	567	508	86	—	—	—	1,161
Total	$ 260,590	$ 229,253	$ 107,964	$ 34,763	$ 7,484	$ 1,878	$ —	$ 641,932
Gross charge-offs for the nine months ended September 30, 2023	$ —	$ 676	$ 446	$ 119	$ 75	$ 54	$ —	$ 1,370
Total Loans and Leases								
Pass	$ 921,324	$ 1,481,873	$ 1,205,017	$ 526,212	$ 278,135	$ 834,705	$ 612,356	$ 5,859,622
Watch	41,640	66,920	124,586	61,300	40,835	119,890	54,607	509,778
Special Mention	—	4,438	17,489	7,666	8,274	29,920	37,281	105,068
Substandard	999	6,236	13,870	11,648	29,455	63,387	13,240	138,835
Total	$ 963,963	$ 1,559,467	$ 1,360,962	$ 606,826	$ 356,699	$ 1,047,902	$ 717,484	$ 6,613,303
Gross charge-offs for the nine months ended September 30, 2023	$ 510	$ 2,274	$ 2,278	$ 2,911	$ 2,924	$ 3,855	$ —	$ 14,752

	Term loans amortized cost by origination year						Revolving	Total
March 31, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Loans**	**Loans**
Commercial Real Estate								
Pass	$ 49,831	$ 249,142	$ 438,366	$ 497,715	$ 236,622	$ 514,023	$ 14,124	$ 1,999,823
Watch	975	13,665	19,734	16,039	37,322	72,490	—	160,225
Special Mention	—	7,635	1,836	10,432	2,595	34,684	—	57,182
Substandard	—	638	3,808	4,852	1,194	40,607	—	51,099
Total	$ 50,806	$ 271,080	$ 463,744	$ 529,038	$ 277,733	$ 661,804	$ 14,124	$ 2,268,329
Gross charge-offs for the three months ended March 31, 2024	$ —	$ —	$ 286	$ 88	$ 575	$ 2,108	$ —	$ 3,057
Residential Real Estate								
Pass	$ 6,795	$ 49,973	$ 135,135	$ 119,107	$ 51,950	$ 263,998	$ 56,965	$ 683,923

Watch	—	—	5,389	406	16,848	12,933	2,392	37,968
Special Mention	—	—	—	—	3,767	480	—	4,247
Substandard	200	—	29	105	1,077	4,516	946	6,873
Total	$ 6,995	$ 49,973	$ 140,553	$ 119,618	$ 73,642	$ 281,927	$ 60,303	$ 733,011
Gross charge-offs for the three months ended March 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction, Land Development, & Land								
Pass	$ —	$ 114,072	$ 124,789	$ 179,184	$ 37,041	$ 11,126	$ 826	$ 467,038
Watch	—	1,391	14,408	24,777	8,805	3,110	—	52,491
Special Mention	—	—	—	9,438	—	—	—	9,438
Substandard	—	—	—	—	—	—	—	—
Total	$ —	$ 115,463	$ 139,197	$ 213,399	$ 45,846	$ 14,236	$ 826	$ 528,967
Gross charge-offs for the three months ended March 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial & Industrial								
Pass	$ 127,262	$ 472,634	$ 488,279	$ 282,042	$ 103,274	$ 206,107	$ 540,979	$ 2,220,577
Watch	80	55,427	21,754	46,969	2,478	20,120	40,803	187,631
Special Mention	—	366	20,531	10,589	2,326	6,418	40,738	80,968
Substandard	—	541	9,390	9,867	5,785	25,346	12,620	63,549
Total	$ 127,342	$ 528,968	$ 539,954	$ 349,467	$ 113,863	$ 257,991	$ 635,140	$ 2,552,725
Gross charge-offs for the three months ended March 31, 2024	$ —	$ —	$ 909	$ 735	$ 398	$ 1,577	$ —	$ 3,619
Installment and Other								
Pass	$ 145	$ 408	$ 116	$ 56	$ 130	$ 430	$ 1,830	$ 3,115
Watch	—	—	—	23	—	—	1	24
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	$ 145	$ 408	$ 116	$ 79	$ 130	$ 430	$ 1,831	$ 3,139
Gross charge-offs for the three months ended March 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease Financing Receivables								
Pass	$ 87,748	$ 303,606	$ 187,907	$ 81,700	$ 24,808	$ 4,149	$ —	$ 689,918
Watch	—	—	61	912	14	—	—	987
Special Mention	—	—	—	—	155	99	—	254
Substandard	—	173	141	523	44	3	—	884
Total	$ 87,748	$ 303,779	$ 188,109	$ 83,135	$ 25,021	$ 4,251	$ —	$ 692,043
Gross charge-offs for the three months ended March 31, 2024	$ —	$ 95	$ 175	$ 80	$ 23	$ —	$ —	$ 373

(Table dollars in thousands, except share and per share data) (Unaudited)

Total Loans and Leases								
Pass	$ 271,781	$ 1,189,835	$ 1,374,592	$ 1,159,804	$ 453,825	$ 999,833	$ 614,724	$ 6,064,394
Watch	1,055	70,483	61,346	89,126	65,467	108,653	43,196	439,326
Special Mention	—	8,001	22,367	30,459	8,843	41,681	40,738	152,089
Substandard	200	1,352	13,368	15,347	8,100	70,472	13,566	122,405
Total	$ 273,036	$ 1,269,671	$ 1,471,673	$ 1,294,736	$ 536,235	$ 1,220,639	$ 712,224	$ 6,778,214
Gross charge-offs for the three months ended March 31, 2024	$ —	$ 95	$ 1,370	$ 903	$ 996	$ 3,685	$ —	$ 7,049

	Term loans amortized cost by origination year						Revolving	Total
December 31, 2022	**2022**	**2021**	**2020**	**2019**	**2018**	**Prior**	**Loans**	**Loans (1)**
Commercial Real Estate								
Pass	$ 471,009	$ 510,529	$ 207,765	$ 111,792	$ 84,382	$ 324,271	$ 28,343	$ 1,738,091
Watch	6,422	12,723	20,583	11,004	17,269	44,462	—	112,463
Special Mention	—	—	121	1,075	1,232	10,075	—	12,503
Substandard	—	1,910	915	13,042	12,685	22,915	—	51,467
Total	$ 477,431	$ 525,162	$ 229,384	$ 136,913	$ 115,568	$ 401,723	$ 28,343	$ 1,914,524
Residential Real Estate								
Pass	$ 68,752	$ 59,075	$ 41,768	$ 31,726	$ 48,432	$ 170,279	$ 49,622	$ 469,654
Watch	—	—	1,137	682	4,098	9,026	2,586	17,529
Special Mention	—	—	323	32	420	876	—	1,651
Substandard	—	—	234	381	296	2,185	660	3,756
Total	$ 68,752	$ 59,075	$ 43,462	$ 32,821	$ 53,246	$ 182,366	$ 52,868	$ 492,590
Construction, Land Development, & Land								
Pass	$ 62,310	$ 203,672	$ 61,895	$ 27,189	$ 26,489	$ 38,186	$ 185	$ 419,926
Watch	—	—	—	4,409	—	3,064	—	7,473
Special Mention	—	—	1,845	—	4,199	—	—	6,044
Substandard	—	—	—	1,530	4,012	4	—	5,546

Total	$ 62,310	$ 203,672	$ 63,740	$ 33,128	$ 34,700	$ 41,254	$ 185	$ 438,989
Commercial & Industrial								
Pass	$ 508,664	$ 305,056	$ 137,335	$ 72,486	$ 96,304	$ 113,965	$ 549,431	$ 1,783,241
Watch	16,657	20,856	15,857	32,282	19,362	9,809	47,119	161,942
Special Mention	—	13,056	697	1,162	2,958	7,831	22,320	48,024
Substandard	1,156	3,415	6,671	11,949	5,434	25,275	10,738	64,638
Total	$ 526,477	$ 342,383	$ 160,560	$ 117,879	$ 124,058	$ 156,880	$ 629,608	$ 2,057,845
Installment and Other								
Pass	$ 332	$ 146	$ 65	$ 79	$ 15	$ 584	$ 429	$ 1,650
Watch	34	—	—	—	2	73	—	109
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	$ 366	$ 146	$ 65	$ 79	$ 17	$ 657	$ 429	$ 1,759
Lease Financing Receivables								
Pass	$ 296,395	$ 148,588	$ 53,642	$ 14,478	$ 7,245	$ 934	$ —	$ 521,282
Watch	93	1,560	26	—	—	—	—	1,679
Special Mention	—	—	290	182	250	23	—	745
Substandard	35	82	80	77	6	—	—	280
Total	$ 296,523	$ 150,230	$ 54,038	$ 14,737	$ 7,501	$ 957	$ —	$ 523,986
Total Loans and Leases								
Pass	$ 1,407,462	$ 1,227,066	$ 502,470	$ 257,750	$ 262,867	$ 648,219	$ 628,010	$ 4,933,844
Watch	23,206	35,139	37,603	48,377	40,731	66,434	49,705	301,195
Special Mention	—	13,056	3,276	2,451	9,059	18,805	22,320	68,967
Substandard	1,191	5,407	7,900	26,979	22,433	50,379	11,398	125,687
Total	$ 1,431,859	$ 1,280,668	$ 551,249	$ 335,557	$ 335,090	$ 783,837	$ 711,433	$ 5,429,693

	Term loans amortized cost by origination year						Revolving	Total
December 31, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Loans**	**Loans**
Commercial Real Estate								
Pass	$ 247,856	$ 452,127	$ 516,624	$ 229,053	$ 143,283	$ 388,872	$ 28,360	$ 2,006,175
Watch	12,501	22,094	26,408	46,713	20,364	68,003	—	196,083
Special Mention	—	799	10,752	2,618	12,751	25,790	—	52,710
Substandard	—	2,888	5,841	1,771	7,483	46,532	829	65,344
Total	$ 260,357	$ 477,908	$ 559,625	$ 280,155	$ 183,881	$ 529,197	$ 29,189	$ 2,320,312
Gross charge-offs, year ended								
December 31, 2023	$ —	$ 193	$ 60	$ 1,511	$ 4,054	$ 3,911	$ —	$ 9,729
Residential Real Estate								
Pass	$ 55,178	$ 135,477	$ 104,005	$ 54,651	$ 37,806	$ 225,593	$ 57,865	$ 670,575
Watch	—	4,811	—	17,417	7,167	8,708	1,597	39,700
Special Mention	—	—	—	3,594	127	1	413	4,135

Substandard	—	—	107	189	349	3,523	952	5,120
Total	$ 55,178	$ 140,288	$ 104,112	$ 75,851	$ 45,449	$ 237,825	$ 60,827	$ 719,530
Gross charge-offs, year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ 21	$ —	$ 21
Construction, Land Development, & Land								
Pass	$ 82,449	$ 145,174	$ 184,544	$ 35,466	$ 9,772	$ 1,429	$ 174	$ 459,008
Watch	1,392	13,990	21,313	18,716	3,125	—	—	58,536
Special Mention	—	—	9,279	—	—	—	—	9,279
Substandard	—	—	—	—	—	14	—	14
Total	$ 83,841	$ 159,164	$ 215,136	$ 54,182	$ 12,897	$ 1,443	$ 174	$ 526,837
Gross charge-offs, year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial & Industrial								
Pass	$ 475,720	$ 514,902	$ 288,392	$ 109,430	$ 73,059	$ 147,168	$ 524,348	$ 2,133,019
Watch	41,027	33,080	50,407	1,385	6,951	18,180	39,531	190,561
Special Mention	—	6,164	10,595	2,631	1,112	6,643	36,354	63,499
Substandard	—	7,332	6,067	6,431	10,116	18,381	13,155	61,482
Total	$ 516,747	$ 561,478	$ 355,461	$ 119,877	$ 91,238	$ 190,372	$ 613,388	$ 2,448,561
Gross charge-offs, year ended December 31, 2023	$ 1,518	$ 1,938	$ 5,372	$ 4,451	$ 1,087	$ 1,045	$ —	$ 15,411
Installment and Other								
Pass	$ 564	$ 132	$ 79	$ 133	$ 28	$ 424	$ 1,814	$ 3,174
Watch	—	—	25	—	—	1	—	26
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	$ 564	$ 132	$ 104	$ 133	$ 28	$ 425	$ 1,814	$ 3,200
Gross charge-offs, year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ 3	$ —	$ 3
Lease Financing Receivables								
Pass	$ 327,099	$ 207,640	$ 93,242	$ 29,343	$ 5,443	$ 856	$ —	$ 663,623
Watch	—	67	1,008	16	—	—	—	1,091
Special Mention	—	—	—	179	101	36	—	316
Substandard	259	138	384	55	—	—	—	836
Total	$ 327,358	$ 207,845	$ 94,634	$ 29,593	$ 5,544	$ 892	$ —	$ 665,866
Gross charge-offs, year ended December 31, 2023	$ 734	$ 886	$ 549	$ 139	$ 75	$ 54	$ —	$ 2,437
Total Loans and Leases								
Pass	$ 1,188,866	$ 1,455,452	$ 1,186,886	$ 458,076	$ 269,391	$ 764,342	$ 612,561	$ 5,935,574
Watch	54,920	74,042	99,161	84,247	37,607	94,892	41,128	485,997
Special Mention	—	6,963	30,626	9,022	14,091	32,470	36,767	129,939

(Table dollars in thousands, except share and per share data) (Unaudited)

Substandard	259	10,358	12,399	8,446	17,948	68,450	14,936	132,796
Total	$ 1,244,045	$ 1,546,815	$ 1,329,072	$ 559,791	$ 339,037	$ 960,154	$ 705,392	$ 6,684,306
Gross charge-offs, year ended								
December 31, 2023	$ 2,252	$ 3,017	$ 5,981	$ 6,101	$ 5,216	$ 5,034	$ —	$ 27,601

(1) - Includes $8.4 millionAt March 31, 2024 and at December 31, 2023 there were no loans or leases which were risk rated Doubtful or Loss. As of substandard March 31, 2024 and December 31, 2023, respectively, there were $51.9 million and $52.2 million of term loans classified as held for sale. that had been converted from revolving loans.

The following tables summarize contractual delinquency information of the loans and leases considered for inclusion in the allowance for credit losses - loans and leases calculation at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

March 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total Loans
Commercial Real Estate								
Current	$ 50,806	$ 270,638	$ 459,995	$ 524,429	$ 276,731	$ 635,489	$ 14,124	$ 2,232,212
30-59 Days Past Due	—	442	1,043	3,809	595	2,791	—	8,680
60-89 Days Past Due	—	—	—	—	—	—	—	—
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	2,706	800	407	23,524	—	27,437
Total Past Due	—	442	3,749	4,609	1,002	26,315	—	36,117
Total	$ 50,806	$ 271,080	$ 463,744	$ 529,038	$ 277,733	$ 661,804	$ 14,124	$ 2,268,329
Residential Real Estate								
Current	$ 6,995	$ 49,973	$ 140,035	$ 119,107	$ 72,402	$ 276,374	$ 59,007	$ 723,893
30-59 Days Past Due	—	—	489	406	174	578	350	1,997
60-89 Days Past Due	—	—	—	—	—	461	—	461
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	29	105	1,066	4,514	946	6,660
Total Past Due	—	—	518	511	1,240	5,553	1,296	9,118
Total	$ 6,995	$ 49,973	$ 140,553	$ 119,618	$ 73,642	$ 281,927	$ 60,303	$ 733,011

Construction, Land Development,								
& Land								
Current	$ —	$ 115,463	$ 139,197	$ 213,399	$ 45,846	$ 14,236	$ 826	$ 528,967
30-59 Days Past Due	—	—	—	—	—	—	—	—
60-89 Days Past Due	—	—	—	—	—	—	—	—
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	—	—	—	—	—	—
Total Past Due	—	—	—	—	—	—	—	—
Total	$ —	$ 115,463	$ 139,197	$ 213,399	$ 45,846	$ 14,236	$ 826	$ 528,967
Commercial & Industrial								
Current	$ 127,342	$ 525,182	$ 530,704	$ 346,250	$ 108,120	$ 238,084	$ 632,383	$ 2,508,065
30-59 Days Past Due	—	3,246	1,697	903	1,454	3,729	576	11,605
60-89 Days Past Due	—	127	1	—	—	—	—	128
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	413	7,552	2,314	4,289	16,178	2,181	32,927
Total Past Due	—	3,786	9,250	3,217	5,743	19,907	2,757	44,660
Total	$ 127,342	$ 528,968	$ 539,954	$ 349,467	$ 113,863	$ 257,991	$ 635,140	$ 2,552,725
Installment and Other								
Current	$ 145	$ 408	$ 116	$ 56	$ 130	$ 430	$ 1,831	$ 3,116
30-59 Days Past Due	—	—	—	23	—	—	—	23
60-89 Days Past Due	—	—	—	—	—	—	—	—
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	—	—	—	—	—	—
Total Past Due	—	—	—	23	—	—	—	23
Total	$ 145	$ 408	$ 116	$ 79	$ 130	$ 430	$ 1,831	$ 3,139
Lease Financing Receivables								
Current	$ 87,703	$ 301,476	$ 185,879	$ 81,572	$ 24,672	$ 4,138	$ —	$ 685,440
30-59 Days Past Due	45	1,602	577	789	206	71	—	3,290
60-89 Days Past Due	—	528	1,512	251	108	39	—	2,438
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	173	141	523	35	3	—	875
Total Past Due	45	2,303	2,230	1,563	349	113	—	6,603
Total	$ 87,748	$ 303,779	$ 188,109	$ 83,135	$ 25,021	$ 4,251	$ —	$ 692,043
Total Loans and Leases								
Current	$ 272,991	$ 1,263,140	$ 1,455,926	$ 1,284,81 3	$ 527,901	$ 1,168,751	$ 708,171	$ 6,681,693
30-59 Days Past Due	45	5,290	3,806	5,930	2,429	7,169	926	25,595
60-89 Days Past Due	—	655	1,513	251	108	500	—	3,027
Greater than 90 Accruing	—	—	—	—	—	—	—	—

(Table dollars in thousands, except share and per share data) (Unaudited)

Non-accrual	—	586	10,428	3,742	5,797	44,219	3,127	67,899
Total Past Due	45	6,531	15,747	9,923	8,334	51,888	4,053	96,521
				1,294,73				
Total	$ 273,036	$ 1,269,671	$ 1,471,673	$ 6	$ 536,235	$ 1,220,639	$ 712,224	$ 6,778,214

Total non-accrual loans without an allowance included $8.4 million of commercial real estate loans, $3.6 million of residential real estate, and $3.4 million of commercial and industrial loans as of March 31, 2024. The Company recognized $255,000 of interest income on non-accrual loans and leases for the three months ended March 31, 2024.

							Revolving	Total
September 30, December 31, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Loans**	**Loans**
Commercial Real Estate								
	183,302 259	488,788 474	578,105 55	267,874	162,622	539,786	17,689 29,	2,238,166 2
Current	$,998	$,878	$ 8,236	$ 279,098	$ 178,729	$ 501,620	$ 189	$,281,748
30-59 Days Past Due	— 359	648	638	74	3,176	484	—	— 566-9
60-89 Days Past Due	—	— 826	—	—	9,190	440 286	—	9,630 1,208 -0-
Greater than 90 Accruing	—	—	—	—	—	—	—	—
					2,970 1,9	25,163 2		29,665 30,8
Non-accrual	—	658 1,556	751	123 697	76	5,885	—	65

1
1
,
2
9
9
424 5
,,, ,
173 3
747 7

2
,
3
2

Total Past Due	— 359	658 3,030	751 1,389	4,298 1,057	14,908 5,152	29,979 27,577	—	50,594 38,564
Total	$ 183,302 260,357	$ 489,446 477,908	$ 578,856 559,625	$ 272,172 280,155	$ 177,530 183,881	$ 569,765 529,197	$ 17,689 29,189	$ 2,288,760 2,320,312
Residential Real Estate								
Current	$ 46,819 55,178	$ 141,217 136,448	$ 104,776 102,973	$ 76,635 75,125	$ 45,494 45,050	$ 242,113 230,102	$ 59,628 59,476	$ 716,682 704,352
30-59 Days Past Due	—	183 3,840	1,032	537	29	4,122	399	9,959
60-89 Days Past Due	—	—	—	—	70 21	800	1,053	
60-89 Days Past Due	— 127	—	108	—	—	2,799	81	2,988 148
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	— 107	193 189	358 349	758 3,474	— 952	1,309 5,071
Total Past Due	—	183 3,840	108 1,139	193 726	358 399	3,627 7,723	881 1,351	5,350 15,178
Total	$ 46,819 55,178	$ 141,400 140,288	$ 104,884 104,112	$ 76,828 75,851	$ 45,852 45,449	$ 245,740 237,825	$ 60,509 60,827	$ 722,032 719,530
Construction, Land Development, & Land								
Current	$ 47,922 83,841	$ 133,322 156,815	$ 204,099 215,136	$ 71,928 54,182	$ 26,598 12,897	$ 26,763 1,443	$ 11,557 174	$ 522,189 524,488
30-59 Days Past Due	—	—	—	—	—	—	—	—
60-89 Days Past Due	—	—	819 2,349	—	—	—	—	819 — 2,349
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	—	—	—	—	—	—
Total Past Due	—	—	819 2,349	—	—	—	—	819 — 2,349
Total	$ 47,922 83,841	$ 133,322 159,164	$ 204,918 215,136	$ 71,928 54,182	$ 26,598 12,897	$ 26,763 1,443	$ 11,557 174	$ 523,008 526,837
Commercial & Industrial								

Current	$ 423,769 516 ,747	$ 560,141 552 ,251	$ 358,522 35 1,534	$ 145,702 114,859	$ 93,658 8 3,780	$ 200,354 177,239	$ 625,142 6 11,766	$ 2,407,288 2 ,408,176
30-59 Days Past Due	—	1,815 1,545	2 1,099	25 238	960 2,51 3	9 400	— 455	2,811 6,250
60-89 Days Past Due	—	185 1,505	7 —	163 234	3,269 3,4 16	505 1,13 9	150 496	4,279 6,790
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	999 —	3,758 6,177	5,695 2,828	5,109 4, 546	1,305 1,5 29	2,448 11, 594	633 671	19,947 27,3 45
Total Past Due	999 —	5,758 9,227	5,704 3,927	5,297 5, 018	5,534 7,4 58	2,962 13, 133	783 1,622	27,037 40,3 85
Total	424,768 516 $,747	565,899 561 $,478	364,226 35 $ 5,461	150,999 $ 119,877	99,192 9 $ 1,238	203,316 $ 190,372	625,925 6 $ 13,388	2,434,325 2 $,448,561
Installment and Other								
Current	$ 562 564	$ 147 132	$ 114 104	$ 136 133	$ 43 28	$ 440 425	1,804 1,81 $ 4	$ 3,246 3,200
30-59 Days Past Due	—	—	—	—	—	—	—	—
60-89 Days Past Due	—	—	—	—	—	—	—	—
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	—	—	—	—	—	—
Total Past Due	—	—	—	—	—	—	—	—
Total	$ 562 564	$ 147 132	$ 114 104	$ 136 133	$ 43 28	$ 440 425	1,804 1,81 $ 4	$ 3,246 3,200
Lease Financing Receivables								
Current	258,049 325 $,833	227,679 206 $,800	107,157 93, $ 795	34,515 2 $ 9,292	7,466 5,5 $ 37	1,859 88 $ 9	$ —	636,725 66 $ 2,146
30-59 Days Past Due	1,872 726	781 426	177 153	166 38	16 4	18 2	—	3,030 1,349
60-89 Days Past Due	669 540	225 481	123 302	8 218	2 3	1	—	1,028 1,545
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	— 259	568 138	507 384	74 45	—	—	—	1,149 826
Total Past Due	2,541 1,525	1,574 1,045	807 839	248 301	18 7	19 3	—	5,207 3,720
Total	260,590 327 $,358	229,253 207 $,845	107,964 94, $ 634	34,763 2 $ 9,593	7,484 5,5 $ 44	1,878 89 $ 2	$ —	641,932 66 $ 5,866
Total Loans and Leases								
Current	960,423 1,2 $ 42,161	1,551,294 1, $ 527,324	1,352,773 1 $,321,778	596,790 $ 552,689	335,881 $ 326,021	1,011,31 5 911,71 $ 8	715,820 7 $ 02,419	6,524,296 6 $,584,110

30-59 Days Past Due	1,872 1,085	2,779 6,459	179 2,922	4,366 887	3,724 5,722	4,473 5,008	800 854	18,193 22,937
60-89 Days Past Due	669 540	410 5,161	1,057 302	171 738	12,461 3,440	3,745 2,475	231 496	18,744 13,152
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	999 259	4,984 7,871	6,953 4,070	5,499 5,477	4,633 3,854	28,369 40,953	633 1,623	52,070 64,107
Total Past Due	3,540 1,884	8,173 19,491	8,189 7,294	10,036 7,102	20,818 13,016	36,587 48,436	1,664 2,973	89,007 100,196
Total	$ 963,963 1,244,045	$ 1,559,467 1,546,815	$ 1,360,962 1,329,072	$ 606,826 559,791	$ 356,699 339,037	$ 1,047,902 960,154	$ 717,484 705,392	$ 6,613,303 6,684,306

BYLINE BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Table dollars in thousands, except share and per share data) (Unaudited)

Total non-accrual loans without an allowance included $2.2 1.6 million of commercial real estate loans, $3.6 million of residential real estate loans, and $657,000 2.3 million of commercial and industrial loans, as of September 30, 2023 December 31, 2023. The Company recognized $2.8 970,000 million of interest income on non-accrual loans and leases for the nine three months ended September 30, 2023.

December 31, 2022	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total Loans(1)
Commercial Real Estate								
Current	$ 477,334	$ 525,048	$ 229,260	$ 132,067	$ 112,126	$ 387,349	$ 28,343	$ 1,891,527
30-59 Days Past Due	97	54	—	—	471	2,060	—	2,682
60-89 Days Past Due	—	—	—	—	—	1,016	—	1,016
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	60	124	4,846	2,971	11,298	—	19,299
Total Past Due	97	114	124	4,846	3,442	14,374	—	22,997
Total	$ 477,431	$ 525,162	$ 229,384	$ 136,913	$ 115,568	$ 401,723	$ 28,343	$ 1,914,524
Residential Real Estate								
Current	$ 68,752	$ 59,075	$ 40,731	$ 32,440	$ 52,950	$ 180,128	$ 52,146	$ 486,222
30-59 Days Past Due	—	—	2,497	—	—	108	122	2,727
60-89 Days Past Due	—	—	—	—	—	—	—	—

Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	234	381	296	2,130	600	3,641
Total Past Due	—	—	2,731	381	296	2,238	722	6,368
Total	$ 68,752	$ 59,075	$ 43,462	$ 32,821	$ 53,246	$ 182,366	$ 52,868	$ 492,590
Construction, Land Development, & Land								
Current	$ 62,310	$ 203,672	$ 63,740	$ 33,128	$ 34,700	$ 41,250	$ 185	$ 438,985
30-59 Days Past Due	—	—	—	—	—	—	—	—
60-89 Days Past Due	—	—	—	—	—	—	—	—
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	—	—	—	4	—	4
Total Past Due	—	—	—	—	—	4	—	4
Total	$ 62,310	$ 203,672	$ 63,740	$ 33,128	$ 34,700	$ 41,254	$ 185	$ 438,989
Commercial & Industrial								
Current	$ 524,341	$ 339,915	$ 156,713	$ 113,350	$ 122,523	$ 153,039	$ 628,747	$ 2,038,628
30-59 Days Past Due	980	1,371	391	1,717	368	922	—	5,749
60-89 Days Past Due	—	8	80	87	—	472	—	647
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	1,156	1,089	3,376	2,725	1,167	2,447	861	12,821
Total Past Due	2,136	2,468	3,847	4,529	1,535	3,841	861	19,217
Total	$ 526,477	$ 342,383	$ 160,560	$ 117,879	$ 124,058	$ 156,880	$ 629,608	$ 2,057,845
Installment and Other								
Current	$ 366	$ 146	$ 65	$ 79	$ 17	$ 657	$ 429	$ 1,759
30-59 Days Past Due	—	—	—	—	—	—	—	—
60-89 Days Past Due	—	—	—	—	—	—	—	—
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	—	—	—	—	—	—	—	—
Total Past Due	—	—	—	—	—	—	—	—
Total	$ 366	$ 146	$ 65	$ 79	$ 17	$ 657	$ 429	$ 1,759
Lease Financing Receivables								
Current	$ 294,948	$ 149,642	$ 53,680	$ 14,557	$ 7,411	$ 955	$ —	$ 521,193
30-59 Days Past Due	1,461	467	295	104	77	2	—	2,406
60-89 Days Past Due	79	39	—	—	9	—	—	127
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	35	82	63	76	4	—	—	260
Total Past Due	1,575	588	358	180	90	2	—	2,793
Total	$ 296,523	$ 150,230	$ 54,038	$ 14,737	$ 7,501	$ 957	$ —	$ 523,986
Total Loans and Leases								
Current	$ 1,428,051	$ 1,277,498	$ 544,189	$ 325,621	$ 329,727	$ 763,378	$ 709,850	$ 5,378,314
30-59 Days Past Due	2,538	1,892	3,183	1,821	916	3,092	122	13,564

(Table dollars in thousands, except share and per share data) (Unaudited)

60-89 Days Past Due	79	47	80	87	9	1,488	—	1,790
Greater than 90 Accruing	—	—	—	—	—	—	—	—
Non-accrual	1,191	1,231	3,797	8,028	4,438	15,879	1,461	36,025
Total Past Due	3,808	3,170	7,060	9,936	5,363	20,459	1,583	51,379
Total	$ 1,431,859	$ 1,280,668	$ 551,249	$ 335,557	$ 335,090	$ 783,837	$ 711,433	$ 5,429,693

(1) - Includes $8.4 million of substandard loans classified as held for sale.

Total non-accrual loans without an allowance included $10.8 million of commercial real estate loans, $4.3 million of commercial and industrial loans, and $2.6 million of residential real estate loans, as of December 31, 2022. The Company recognized $2.5 million of interest income on non-accrual loans and leases for the year ended December 31, 2022 March 31, 2023.

The following table summarize the balance and activity within the allowance for credit losses - loans and leases, the components of the allowance for credit losses - loans and leases by loans and leases individually and collectively evaluated for impairment, and corresponding loan and lease balances by type for the three and nine months ended September 30, 2023 March 31, 2024 are as follows:

September 30, 2023	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total

March 31, 2024	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Allowance for credit losses - loans and leases							
Three months ended							

Beginning balance	$ 26,377	$ 2,544	$ 1,935	$ 53,640	$ 43	$ 8,126	$ 92,665	$ 33,237	$ 3,495	$ 2,906	$ 53,782	$ 36	$ 8,230	$ 101,686
Adjustment for acquired PCD loans	8,230	660	97	1,609	—	—	10,596							
Provision/(recapture)	1,614	941	1,168	3,329	4	809	7,865							
Charge-offs	(1,360)	(12)	—	(4,200)	(3)	(604)	(6,179)							
Recoveries	124	18	—	460	—	147	749							
Ending balance	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696							
Nine months ended														
Beginning balance	$ 26,061	$ 3,140	$ 3,134	$ 41,889	$ 24	$ 7,676	$ 81,924							
Adjustment for acquired PCD loans	8,230	660	97	1,609	—	—	10,596							

Provision/(recapture)	4,854	290	(31)	17,293	19	1,619	24,044	824	(148)	24	5,836	(3)	358	6,891
Charge-offs	(5,271)	(21)	—	(8,087)	(3)	(1,370)	(14,752)	(3,057)	—	—	(3,619)	—	(373)	(7,049)
Recoveries	1,111	82	—	2,134	4	553	3,884	436	1	—	232	—	169	838
Ending balance	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696	$ 31,440	$ 3,348	$ 2,930	$ 56,231	$ 33	$ 8,384	$ 102,366
Ending balance:														
Individually evaluated for impairment	$ 13,199	$ —	$ —	$ 15,135	$ —	$ —	$ 28,334	$ 8,905	$ —	$ —	$ 12,772	$ —	$ —	$ 21,677
Collectively evaluated for impairment	21,786	4,151	3,200	39,703	44	8,478	77,362	22,535	3,348	2,930	43,459	33	8,384	80,689

Total allowance for credit losses - loans and leases	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696	$ 31,440	$ 3,348	$ 2,930	$ 56,231	$ 33	$ 8,384	$ 102,366
Loans and leases ending balance:														
Individually evaluated for impairment	$ 67,596	$ —	$ —	$ 48,814	$ —	$ —	$ 116,410	$ 40,778	$ 4,658	$ —	$ 39,889	$ —	$ —	$ 85,325
Collectively evaluated for impairment	2,221,164	722,032	523,008	2,385,511	3,246	641,932	6,496,893	2,227,551	728,353	528,967	2,512,836	3,139	692,043	6,692,889

(Table dollars in thousands, except share and per share data) (Unaudited)

Total loans and leases	$ 2,288,760	$ 722,032	$ 523,008	$ 2,434,325	$ 3,246	$ 641,932	$ 6,613,303	$ 2,268,329	$ 733,011	$ 528,967	$ 2,552,725	$ 3,139	$ 692,043	$ 6,778,214

The allowance for credit losses increased $10.6 million for the three and nine months end September 30, 2023 due to an acquisition adjustment on PCD loans related to the Inland transaction. For the same periods, a provision for credit losses of $2.7 million was recorded for acquired non-credit deteriorated loans related to the Inland acquisition.

The following table summarize the balance and activity within the allowance for loan credit losses - loans and lease losses, leases, the components of the allowance for loan credit losses - loans and lease losses leases by loans and leases individually and collectively evaluated for impairment, loans acquired with deteriorated credit quality, and corresponding loan and lease balances by type for the three and nine months ended September 30, 2022 March 31, 2023:

September 30, 2022	**Commercial Real Estate**	**Residential Real Estate**	**Construction, Land Development, and Other Land**	**Commercial and Industrial**	**Installment and Other**	**Lease Financing Receivables**	**Total**
Allowance for loan and lease losses							

March 31, 2023								Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Allowance for credit losses - loans and leases														
Three months ended														
Beginning balance	$ 19,818	$ 2,489	$ 1,792	$ 34,735	$ 11	$ 3,591	$ 62,436	$ 26,061	$ 3,140	$ 3,134	$ 41,889	$ 24	$ 7,676	$ 81,924
Provision	1,115	204	553	2,040	2	262	4,176							
Charge-offs	(1,102)	(17)	—	(1,184)	(3)	(416)	(2,722)							
Recoveries	219	5	—	161	—	380	765							
Ending balance	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655							
Nine months ended														
Beginning balance	$ 16,918	$ 1,628	$ 522	$ 33,129	$ 9	$ 2,806	$ 55,012							

Provision	4,465	1,056	1,823	6,350	4	1,381	15,079							
Provision/(recapture)								(1,119)	(453)	364	10,803	(2)	119	9,712
Charge-offs	(1,839)	(17)	—	(4,301)	(3)	(1,103)	(7,263)	(966)	(9)	—	(1,790)	—	(304)	(3,069)
Recoveries	506	14	—	574	—	733	1,827	762	1	—	947	3	185	1,898
Ending balance	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655	$ 24,738	$ 2,679	$ 3,498	$ 51,849	$ 25	$ 7,676	$ 90,465
Ending balance:														
Individually evaluated for impairment	$ 6,094	$—	$ —	$ 12,584	$—	$—	$ 18,678	$ 6,302	$ —	$ 1,198	$ 14,518	$ —	$ —	$ 22,018
Collectively evaluated for impairment	12,631	1,831	2,247	23,089	8	3,817	43,623	18,436	2,679	2,300	37,331	25	7,676	68,447
Loans acquired with deteriorated credit quality	1,325	850	98	79	2	—	2,354							
Total allowance for loan and lease losses	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655							

(Table dollars in thousands, except share and per share data) (Unaudited)

Total allowance for credit losses - loans and leases								$ 24,738	$ 2,679	$ 3,498	$ 51,849	$ 25	$ 7,676	$ 90,465
Loans and leases ending balance:														
Individually evaluated for impairment	$ 44,977	$ 4,782	$ 5,541	$ 35,979	$ —	$ —	$ 91,279	$ 31,622	$ —	$ 5,541	$ 34,245	$ —	$ —	$ 71,408
Collectively evaluated for impairment	1,767,043	439,816	450,922	1,930,822	1,215	495,828	5,085,646	1,897,762	499,336	441,567	2,049,560	1,822	553,877	5,443,924
Loans acquired with deteriorated credit quality	56,974	37,246	1,144	3,029	153	—	98,546							
Total loans and leases	$ 1,868,994	$ 481,844	$ 457,607	$ 1,969,830	$ 1,368	$ 495,828	$ 5,275,471	$ 1,929,384	$ 499,336	$ 447,108	$ 2,083,805	$ 1,822	$ 553,877	$ 5,515,332

The Company increased the allowance for credit losses - loans and leases by $13.0 680,000 million and $23.8 8.5 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and increased the allowance for loan and lease losses by $2.2 million and $9.6 million for the three and nine months ended September 30, 2022, 2023, respectively. In 2023, a $10.6 million adjustment was made to the allowance for credit losses to account for acquired PCD loans. For loans individually evaluated for impairment, the Company increased decreased allowance for credit losses - loans and leases by $2.4 million and $13.0 5.6 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively. The Company and increased the allowance for loans individually evaluated by $1.3 6.7 million and recaptured $2.4 million of the allowance for loan and lease losses for the three and nine months ended September 30, 2022, respectively. March 31, 2023. For loans and leases collectively evaluated for impairment, the Company increased the allowance by $10.7 6.2 million and $10.8 1.9 million for the three and nine months ended September 30, 2023. The Company increased the allowance for loan March 31, 2024 and lease losses by $992,000 and $12.8 million for the three and nine months ended September 30, 2022, 2023, respectively. The change in allowance for credit losses - loans and leases collectively evaluated for impairment was mainly due to changes in expected losses driven by macro-economic factors, as well as growth in the loan and lease portfolio and through acquisition.

There were no borrowers receiving loan modifications during the three months ended March 31, 2024. The following table presents loans with modified terms as of September 30, 2023 March 31, 2023:

September 30, 2023	Payment Delay	Term Modification	Combination Term Modification and Interest Rate Reduction	Total Modified by Class	% of Class of Loans and Leases
Modified loans					
Commercial and industrial	$ 338	$ 62,394	$ 374	$ 63,151	2.6 %

March 31, 2023	Payment Delay	Term Modification	Combination Term Modification and Interest Rate Reduction	Total Modified by Class	% of Class of Loans and Leases
Commercial and industrial	$ 9,405	$ 40,420	$ 395	$ 50,220	2.4 %

Total modified loans	$ 383	$ 62,394	$ 374	$ 63,151	1.0 %	$ 9,405	$ 40,420	$ 395	$ 50,220	0.9 %

Loans reflected as having a payment delay included a general adjustment in loan terms similar to those of pass-rated credits. The weighted average term extension (in months) for the commercial and industrial loans identified above are four months and seventeen months for the three and nine months ended September 30, 2023, respectively. One commercial relationship in the amount of $383,000 has been designated non-accrual subsequent to its modification. In addition, there were no additional amounts committed to loans modified during 2023. Loans having term modifications included extension of term as a result of a new borrower structure and other miscellaneous term adjustments. Loans having a combination of term modification and interest rate reduction reflect a longer amortization period and a reduced weighted average contractual rate from 8.85% to 7.01%.

Prior to 2023, TDRs were granted due to borrower financial difficulty and provide for a modification of loan repayment terms. The tables below present TDRs by loan category as of December 31, 2022:23

December 31, 2022	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Charge-offs	Individually Evaluated
Accruing:					
Commercial real estate	2	$ 551	$ 551	$ —	$ 109
Commercial and industrial	1	24	24	—	34
Residential real estate	2	144	144	—	—
Total accruing	5	719	719	—	143

(Table dollars in thousands, except share and per share data) (Unaudited)

Non-accruing:					
Commercial real estate	3	830	623	207	73
Commercial and industrial	6	2,017	982	1,035	38
Total non-accruing	9	2,847	1,605	1,242	111
Total troubled debt restructurings	14	$ 3,566	$ 2,324	$ 1,242	$ 254

Loans The following table presents the amortized cost basis of loans that had a payment default as of March 31, 2024 and were modified as troubled debt restructurings that occurred during in the three and nine months ended September 30, 2022 were:

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Accruing:		
Beginning balance	$ 1,358	$ 1,927
Additions	—	—
Net payments	(621)	(1,190)
Net transfers from non-accrual	—	—
Ending balance	737	737
Non-accruing:		
Beginning balance	1,134	1,506
Additions	756	756
Net payments	(96)	(468)
Charge-offs	(4)	(4)
Net transfers to accrual	—	—
Ending balance	1,790	1,790
Total troubled debt restructurings	$ 2,527	$ 2,527

There wereno troubled debt restructurings that subsequently defaulted within twelve months prior to default.

March 31, 2024	Payment Delay	Term Modification	Combination Term Modification and Interest Rate Reduction	Total Modified by Class	% of Class of Loans and Leases
Commercial real estate	$ —	$ 2,842	$ —	$ 2,842	0.13 %
Commercial and industrial	43	—	353	396	0.02 %
Total loans and leases	$ 43	$ 2,842	$ 353	$ 3,238	0.05 %

As of December 31, 2023, the amortized cost of commercial and industrial loans that had a payment default and were modified in the twelve months prior to default was $406,000, which represented 0.02% of outstanding commercial and industrial loans.

Modified loans are either collectively assessed based on portfolio risk segment and risk rating or individually assessed for loans exceeding $500,000. Upon the Company's determination that a modified loan has subsequently been deemed uncollectible, the loan (or a portion of the restructure date during loan) is written off. Therefore, the nine months ended September 30, 2022. In addition, there was no commitment outstanding on troubled debt restructurings at December 31, 2022. amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

The following table presents the amortized cost basis of collateral-dependent loans and leases, which are individually evaluated to determine expected credit losses as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

September 30, 2023 / March 31, 2024	Commercial Construction	Non-owner Occupied Commercial	Owner-Occupied Commercial	Multi-Family	Single Family Residence (1st Lien)	Single Family Residence (2nd Lien)	Business Assets	Total	Commercial Construction	Non-owner Occupied Commercial	Owner-Occupied Commercial	Multi-Family	Single Family Residence (1st Lien)	Single Family Residence (2nd Lien)	Business Assets	Total
Commercial real estate	$ —	$ 32,338	$ 35,258	$ —	$ —	$ —	$ —	$ 67,596	$ —	$ 11,590	$ 29,188	$ —	$ —	$ —	$ —	$ 40,778
Residential real estate									—	—	—	2,792	1,866	—	—	4,658
Commercial and industrial	—	—	—	—	—	—	48,814	48,814	—	—	—	—	—	—	39,889	39,889
Total	$ —	$ 32,338	$ 35,258	$ —	$ —	$ —	$ 48,814	$ 116,410	$ —	$ 11,590	$ 29,188	$ 2,792	$ 1,866	$ —	$ 39,889	$ 85,325

December 31, 2022	Commercial Construction	Non-owner Occupied Commercial	Owner-Occupied Commercial	Multi-Family	Single Family Residence (1st Lien)	Single Family Residence (2nd Lien)	Business Assets	Total
Commercial real estate	$ —	$ 9,749	$ 28,210	$ —	$ —	$ —	$ —	$ 37,959
Residential real estate	—	—	—	237	422	220	—	879
Construction, land development, and other land	5,541	—	—	—	—	—	—	5,541
Commercial and industrial	—	—	—	—	—	—	26,034	26,034
Total	$ 5,541	$ 9,749	$ 28,210	$ 237	$ 422	$ 220	$ 26,034	$ 70,413

December 31, 2023	Commercial Construction	Non-owner Occupied Commercial	Owner-Occupied Commercial	Multi-Family	Single Family Residence (1st Lien)	Single Family Residence (2nd Lien)	Business Assets	Total
Commercial real estate	$ —	$ 28,767	$ 35,572	$ —	$ —	$ —	$ —	$ 64,339
Residential real estate	—	—	—	2,793	800	—	—	3,593
Construction, land development, and other land	813	—	—	—	—	—	—	813
Commercial and industrial	—	—	—	—	—	—	44,749	44,749
Total	$ 813	$ 28,767	$ 35,572	$ 2,793	$ 800	$ —	$ 44,749	$ 113,494

(Table dollars in thousands, except share and per share data) (Unaudited)

The following table presents the change in the balance of the allowance for credit losses - unfunded commitments as of September 30, 2023 March 31, 2024 and 2022: 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Beginning balance	$ 3,639	$ 2,191	$ 4,203	$ 1,403	$ 3,636	$ 4,203
Provision for unfunded commitments	937	136	373	924		
Provision/(recapture) for unfunded commitments					(248)	113
Ending balance	$ 4,576	$ 2,327	$ 4,576	$ 2,327	$ 3,388	$ 4,316

Note 6—Servicing Assets

Activity for servicing assets and the related changes in fair value for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Beginning balance	$ 21,715	$ 22,155	$ 19,172	$ 23,744	$ 19,844	$ 19,172
Additions, net	1,674	1,314	4,426	5,592	1,851	1,116
Changes in fair value	(3,646)	(2,342)	(3,855)	(8,209)	(703)	656

Ending balance	$	19,743	$	21,127	$	19,743	$	21,127	$	20,992	$	20,944

Loans serviced for others are not included in the Condensed Consolidated Statements of Financial Condition. The unpaid principal balances of these loans serviced for others as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
Loan portfolios serviced for:								
SBA guaranteed loans	$	1,522,691	$	1,521,014	$	1,524,421	$	1,530,401
USDA guaranteed loans		191,382		211,150		207,701		197,942
Total	$	1,714,073	$	1,732,164	$	1,732,122	$	1,728,343

Loan servicing revenue totaled $3.4 million for each of the three months ended September 30, 2023 March 31, 2024 and 2022. Loan servicing revenue totaled $10.1 million and $10.2 million for the nine months ended September 30, 2023 and 2022, respectively. 2023.

Loan servicing asset revaluation, which represents the changes in fair value of servicing assets, resulted in a downward valuation adjustment of $3.6 703,000 million and an upward valuation of $2.3 656,000 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Loan servicing asset revaluation resulted in a downward valuation adjustment of $3.9 million and $8.2 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The fair value of servicing rights is highly sensitive to changes in underlying assumptions. Changes in secondary market premiums and prepayment speed assumptions have the most significant impact on the fair value of servicing rights. Generally, as interest rates rise on variable rate loans, loan prepayments increase due to an increase in refinance activity, which may result in a decrease in the fair value of servicing assets. Measurement of fair value is limited to the conditions existing and the assumptions used as of a particular point in time, and those assumptions may change over time. Refer to Note 15—Fair Value Measurement for further details.

Note 7—Other Real Estate Owned

Other real estate owned ("OREO") is included in accrued interest receivable and other assets in the Company's Condensed Consolidated Statements of Financial Condition. The following table presents the change in other OREO for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,			
	2024		2023	
Beginning balance	$	1,200	$	4,717
Net additions to OREO		5		55
Proceeds from sales of OREO		(402)		(764)
Gains (losses) on sales of OREO		(18)		35
Valuation adjustments		—		(331)
Ending balance	$	785	$	3,712

At March 31, 2024, and December 31, 2023, the balance of real estate owned (“OREO”) did not include any foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property.

At March 31, 2024, and December 31, 2023, there was a $27,000 of consumer mortgage loan secured by residential real estate properties in foreclosure.

(Table dollars in thousands, except share and per share data) (Unaudited)

There were no internally financed sales of OREO for the three and nine months ended September 30, 2023 and 2022: March 31, 2024 or 2023.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Beginning balance	$	2,265	$	4,749	$	4,717	$	2,112
Net additions to OREO		72		—		571		2,837
Proceeds from sales of OREO		(614)		(131)		(3,173)		(356)
Gains (losses) on sales of OREO		(39)		—		(88)		76
Valuation adjustments		(13)		(216)		(356)		(267)
Ending balance	$	1,671	$	4,402	$	1,671	$	4,402

At September 30, 2023, the balance of real estate owned did not include any foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property. At December 31, 2022, the balance included $2.3 million in foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property.

At September 30, 2023, there was $27,000 of consumer mortgage loans secured by residential real estate properties in foreclosure. At December 31, 2022, there were no recorded investments of consumer mortgage loans secured by residential real estate properties in foreclosure.

There were no internally financed sales of OREO for the three or nine months ended September 30, 2023 or 2022.

Note 8—Leases

The Company enters into leases in the normal course of business primarily for its banking facilities and branches. The Company's operating leases have varying maturity dates through year end 2036, some of which include renewal or termination options to extend the lease. In addition, the Company leases or subleases real estate to third parties. The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. In addition, the Company has elected to account for any non-lease components in its real estate leases as part of the associated lease component. The Company has also elected not to recognize leases with original lease terms of 12 months or less ("short-term leases") on the Company's Condensed Consolidated Statements of Financial Condition.

Leases are classified at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The following table summarizes the amount and balance sheet line item for our operating lease right-of-use asset and liability as of the periods indicated:

	Balance Sheet Line Item	September 30, 2023	December 31, 2022	Balance Sheet Line Item	March 31, 2024	December 31, 2023
Operating lease right-of-use asset	Accrued interest receivable and other assets	$ 13,265	$ 11,352	Accrued interest receivable and other assets	$ 10,352	$ 12,474
Operating lease liability	Accrued interest payable and other liabilities	15,128	14,391	Accrued interest payable and other liabilities	12,205	14,268

The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Company's incremental borrowing rate is based on the Federal Home Loan Bank regular advance rate, adjusted for the lease term and other factors. At September 30, 2023 March 31, 2024, the weighted average discount rate of operating leases was 2.87 2.75% and the weighted average remaining life of operating leases was 56.2 .0 years, compared to 1.95 2.90% and 6.2 6.1 years as of December 31, 2022 December 31, 2023.

The following table presents components of total lease costs included as a component of occupancy expense on the Condensed Consolidated Statements of Operations for the following periods:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating lease cost	$ 770	$ 682	$ 2,014	$ 2,260	$ 727	$ 623
Short-term lease cost	127	47	295	160	87	69
Variable lease cost	470	384	1,239	1,264	423	412
Less: Sublease income	(160)	(158)	(475)	(434)	(130)	(156)
Total lease cost, net	$ 1,207	$ 955	$ 3,073	$ 3,250	$ 1,107	$ 948

Operating cash flows paid for operating lease amounts included in the measure of lease liabilities were $1.4 953,000 million and $927,000 855,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. For

The Company recorded $422,000 and $313,000 of right-of-use lease assets in exchange for operating lease liabilities for the three months ended March 31, 2024 and 2023, respectively.

REFINITIV

(Table dollars in thousands, except share and per share data) (Unaudited)

During the quarter ended September 30, 2023 March 31, 2024, operating cash flows paid included early termination payments of the Company recorded $471,000 194,000 for of impairment related to two branch facilities to be closed at the end of the Company's previously closed second quarter of 2024. Impairments were recognized on operating lease right-of-use assets and are reflected in other non-interest expense.

branch facilities, resulting in a gain of $838,000. Operating cash flows paid for operating lease amounts included in the measure of lease liabilities were $3.1 million and $3.0 million for the nine months ended September 30, 2023 and 2022, respectively.

The Company recorded $3.8 million and $114,000 of right-of-use lease assets in exchange for operating lease liabilities for the three months ended September 30, 2023 and 2022, respectively. The Company recorded $4.8 million and $1.4 million of right-of-use lease assets in exchange for operating lease liabilities for the nine months ended September 30, 2023 and 2022, respectively. The additions recorded to right-of-use assets and operating lease liabilities included $3.8 million related to the acquisition of Inland. Refer to Note 3—Acquisition of a Business for further details.During the quarter ended September 30, 2023, the Company recorded $395,000 of impairment related to an acquired non-branch facility lease it intends to terminate by year end.

The future minimum lease payments for operating leases, subsequent to September 30, 2023 March 31, 2024, as recorded on the Condensed Consolidated Statements of Financial Condition, are summarized as follows:

	Operating Lease Commitments	Operating Lease Commitments
2023	$ 946	
2024	3,807	$ 2,906
2025	3,210	3,266
2026	2,488	2,359
2027	1,442	1,313
2028		986
Thereafter	5,177	2,529
Total undiscounted lease payments	17,070	13,359
Less: Imputed interest	(1,942)	(1,154)
Net lease liabilities	$ 15,128	$ 12,205

The total amount of minimum rentals to be received in the future on these subleases is approximately $1.3 1.0 million, and the leases have contractual lives extending through 2028. In addition to the above required lease payments, the Company has contractual obligations related primarily to information technology contracts and other maintenance contracts.

(Table dollars in thousands, except share and per share data) (Unaudited)

Note 9—Goodwill, Core Deposit Intangible and Other Intangible Assets

The following tables summarize the changes in the Company's goodwill, core deposit intangible assets, and customer relationship intangible assets for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	For the Three Months Ended September 30,					
	2023			2022		
	Goodwill	Core Deposit Intangible	Customer Relationship Intangible	Goodwill	Core Deposit Intangible	Customer Relationship Intangible
Beginning balance	$ 148,353	$ 6,110	$ 1,514	$ 148,353	$ 11,945	$ 1,796
Additions	33,352	17,250	—	—	—	—
Amortization	—	(1,484)	(67)	—	(1,529)	(81)
Ending balance	$ 181,705	$ 21,876	$ 1,447	$ 148,353	$ 10,416	$ 1,715
Accumulated amortization	N/A	$ 50,840	$ 1,769	N/A	$ 45,050	$ 1,501
Weighted average remaining amortization period	N/A	8.4 Years	5.4 Years	N/A	4.5 Years	6.4 Years

	For the Nine Months Ended September 30,						For the Three Months Ended March 31,					
	2023			2022			2024			2023		
	Goodwill	Core Deposit Intangible	Customer Relationship Intangible	Goodwill	Core Deposit Intangible	Customer Relationship Intangible	Goodwill	Core Deposit Intangible	Customer Relationship Intangible	Goodwill	Core Deposit Intangible	Customer Relationship Intangible
Beginning balance	$ 148,353	$ 68,888	$ 1,648	$ 148,353	$ 415,004	$ 2,201	$ 181,705	$ 20,393	$ 1,380	$ 148,353	$ 8,886	$ 1,648

Additions	33,352	17,250	—	—	—	—						
Amortization	—	(4,260)	(201)	—	(4,588)	(486)	—	(1,278)	(67)	—	(1,388)	(67)
Ending balance	$ 181,705	$ 21,876	$ 1,447	$ 148,353	$ 10,416	$ 1,715	$ 181,705	$ 19,115	$ 1,313	$ 148,353	$ 7,498	$ 1,581
Accumulated amortization	N/A	$ 50,840	$ 1,769	N/A	$ 45,050	$ 1,501	N/A	$ 53,601	$ 1,903	N/A	$ 47,968	$ 1,635
Weighted average remaining amortization period	N/A	8.4 Years	5.4 Years	N/A	4.5 Years	6.4 Years	N/A	8.1 Years	4.9 Years	N/A	4.5 Years	5.9 Years

The Company added additional goodwill and core deposit intangible assets in conjunction with the Inland acquisition. Please refer to Note 3—Acquisition of a Business for further details.

The following table presents the estimated amortization expense for core deposit intangible and customer relationship intangible assets remaining at September 30, 2023 March 31, 2024:

	Estimated Amortization	Estimated Amortization
2023	$ 1,550	
2024	5,380	$ 4,035
2025	4,473	4,473
2026	3,566	3,566
2027	2,676	2,676

2028		2,101
Thereafter	5,678	3,577
Total	$ 23,323	$ 20,428

Note 10—Income Taxes

The Company uses an estimated annual effective tax rate method in computing its interim tax provision. This effective tax rate is based on forecasted annual pre-tax income, permanent tax differences and statutory tax rates.

The effective tax rate for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was 26.0 25.0% and 23.4 25.7%, respectively. The Company recorded discrete income tax benefit of $196,000 501,000 and $2.1 134,000 million related to the exercise of stock options and vesting of restricted shares for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Net deferred tax assets increased to $89.8 53.0 million at September 30, 2023 March 31, 2024 compared to $68.2 50.1 million at December 31, 2022 December 31, 2023, primarily as a result of acquired deferred tax assets associated with the Inland acquisition. Refer to Note 3—Acquisition of a Business for further details. change in unrealized losses on available-for-sale securities.

Note 11—Deposits 27

The composition of deposits was as follows as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Non-interest-bearing demand deposits	$ 1,959,855	$ 2,138,645
Interest-bearing checking accounts	592,771	592,098
Money market demand accounts	2,062,252	1,415,653
Other savings	581,073	625,798
Time deposits (below $250,000)	1,447,053	762,250
Time deposits ($250,000 and above)	310,686	160,677
Total deposits	$ 6,953,690	$ 5,695,121

32

BYLINE BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Table dollars in thousands, except share and per share data) (Unaudited)

Note 11—Deposits

The composition of deposits was as follows as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Non-interest-bearing demand deposits	$ 1,851,727	$ 1,905,876
Interest-bearing checking accounts	687,142	577,609
Money market demand accounts	2,263,819	2,266,030
Other savings	524,890	542,532
Time deposits (below $250,000)	1,594,290	1,520,082
Time deposits ($250,000 and above)	428,334	364,870
Total deposits	$ 7,350,202	$ 7,176,999

There were $549.1 436.3 million and $251.5 480.0 million of brokered deposits included in time deposits below $250,000 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

At September 30, 2023 March 31, 2024, the scheduled maturities of time deposits were:

	Scheduled Maturities	Scheduled Maturities
2023	$ 584,912	
2024	1,125,546	$ 1,653,993
2025	32,981	354,598
2026	8,432	8,126
2027	5,046	4,689
2028		1,092
Thereafter	822	126
Total	$ 1,757,739	$ 2,022,624

The Company hedges interest rates on certain money market accounts using interest rate swaps through which the Company receives variable amounts and pays fixed amounts. Refer to Note 16—Derivative Instruments and Hedging Activities for additional discussion.

Note 12—Other Borrowings

The following is a summary of the Company's other borrowings as of the dates presented:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Federal Home Loan Bank advances	$ 640,000	$ 625,000	$ 470,000	$ 325,000
Bank Term Funding Program			200,000	—
Securities sold under agreements to repurchase	38,233	15,399	34,506	40,607
Term Loan	20,000	—	16,667	18,333
Line of credit	15,000	—	—	11,250
Total	$ 713,233	$ 640,399	$ 721,173	$ 395,190

Byline Bank has the capacity to borrow funds from the discount window of the Federal Reserve System. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no outstanding advances under the Federal Reserve Bank discount window line. The Company pledges loans and leases as collateral for the FRB discount window borrowing. Refer to Note 5—Loan and Lease Receivables and Allowance for Credit Losses for additional discussion.

On January 17, 2024, the Company entered into a Letter Agreement with the Federal Reserve Bank of Chicago that allows the Bank to access the Bank Term Funding Program ("BTFP"). On January 22, 2024, the Company opened an advance of $200.0 million from the FRB as part of the BTFP. Under the terms of the BTFP, the Bank pledges securities to FBR Chicago as collateral for available advances. The advance carries a fixed interest rate of 4.91%, and matures on January 22, 2025. Advances under the BTFP are prepayable at any time without a prepayment penalty.

At September 30, 2023 March 31, 2024, fixed-rate Federal Home Loan Bank ("FHLB") advances totaled $190.0 220.0 million, with an interest rate of 5.46 5.45% and maturity of October 2023. matured in April 2024. Total variable rate advances were $450.0 250.0 million at September 30, 2023 March 31, 2024, with an interest rates ranging from rate of 5.51 5.49% to 5.55%, that may reset daily with maturities between November 2023 and December 2023. a maturity date of June 2024. Advances from the FHLB are collateralized by residential real estate loans, commercial real estate loans, and securities. The Bank's maximum borrowing capacity is limited to 35% of total assets. Required investment in FHLB stock is $4.50 for every $100 in advances thereafter.

Securities sold under agreements to repurchase represent a demand deposit product offered to customers that sweep balances in excess of the FDIC insurance limit into overnight repurchase agreements. The Company pledges securities as collateral for the repurchase agreements. Refer to Note 4—Securities for additional discussion.

BYLINE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table dollars in thousands, except share and per share data) (Unaudited)

On October 13, 2016, the Company entered into a $30.0 million revolving credit agreement with a correspondent bank. Through subsequent amendments, the revolving credit agreement was reduced to $15.0 million. The amended revolving line of credit bears interest at either SOFR the Secured Overnight Financing Rate ("SOFR") plus 195 205 basis points or Prime Rate minus 75 basis points, not to be less than 2.00%, based on the Company's election, which is required to be communicated at least three business days prior to the commencement of an interest period. If the Company fails to provide timely notification, the interest rate will be Prime Rate minus 75 basis points. On May 26, 2023, the Company amended the agreement with the lender, which provides for: i) the renewal of the revolving line-of-credit facility of up to $15.0 million, extending its maturity date to May 26, 2024; and ii) a new term loan facility in the principal amount of up to $20.0 million with a maturity date of May 26, 2026, each subject to the existing Negative Pledge Agreement dated October 11, 2018, as amended.

At September 30, 2023 March 31, 2024, the variable term loan had an interest rate of 7.62%. and an outstanding balance of $16.7 million. At September 30, 2023 December 31, 2023, the variable term loan had an interest rate of 7.64% and an outstanding balance of $18.3 million. At March 31, 2024, the line of credit had a no outstanding balance. At December 31, 2023, the line of credit had a $15.0 11.3 million outstanding balance and an interest rate of 7.38 7.39%. At December 31, 2022, the line of credit had no outstanding balance.

The following table presents short-term credit lines available for use as of the dates presented:

(Table dollars in thousands, except share and per share data) (Unaudited)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Federal Home Loan Bank line	$ 1,984,390	$ 1,903,549	$ 2,614,959	$ 2,781,747
Federal Reserve Bank of Chicago discount window line	734,774	804,578	841,104	866,490
Available federal funds lines	135,000	135,000	135,000	123,750
Bank Term Funding Program			27,715	—

The Company hedges interest rates on borrowed funds using interest rate swaps through which the Company receives variable amounts and pays fixed amounts. Refer to Note 16—Derivative Instruments and Hedging Activities for additional discussion.

Note 13—Subordinated Notes and Junior Subordinated Debentures

In 2020, the Company issued $75.0 million in fixed-to-floating subordinated notes that mature on July 1, 2030. The subordinated notes bear a fixed interest rate of 6.00% until July 1, 2025 and a floating interest rate equal to a benchmark rate, which is expected to be the three-month SOFR, plus 588 basis points thereafter until maturity. The transaction resulted in debt issuance costs of approximately $1.7 million that is being amortized over 10 years.

As of September 30, 2023 March 31, 2024, the net liability outstanding of the subordinated notes was $73.8 73.9 million. The Company may, at its option, redeem the notes, in whole or in part, on a semi-annual basis beginning on July 1, 2025, subject to obtaining the prior approval of the Federal Reserve to the extent such approval is then required. The subordinated notes qualify as Tier 2 capital for regulatory capital purposes.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's junior subordinated debentures by issuance were as follows:

		Aggregate Principal Amount					Aggregate Principal Amount			
Name of Trust	Stated Maturity	September 30, 2023	December 31, 2022	Contractual Rate September 30, 2023	Interest Rate Spread(1)	Stated Maturity	March 31, 2024	December 31, 2023	Contractual Rate March 31, 2024	Interest Rate Spread(1)

Metropolitan Statutory Trust I	March 17, 2034	$ 35,000	$ 35,000	8.46%	SOFR + spread adjustment + 2.79%	March 17, 2034	$ 35,000	$ 35,000	8.38%	SOFR + spread adjustment + 2.79%
First Evanston Bancorp Trust I	March 15, 2035	10,000	10,000	7.45%	SOFR + spread adjustment + 1.78%	March 15, 2035	10,000	10,000	7.37%	SOFR + spread adjustment + 1.78%
AmeriMark Capital Trust I	April 23, 2034	5,000	—	8.36%	SOFR + spread adjustment + 2.75%	April 23, 2034	5,000	5,000	8.33%	SOFR + spread adjustment + 2.75%
Inland Bancorp Trust II	September 15, 2035	10,000	—	7.27%	SOFR + spread adjustment + 1.60%	September 15, 2035	10,000	10,000	7.19%	SOFR + spread adjustment + 1.60%
Inland Bancorp Trust III	December 15, 2036	10,000	—	7.32%	SOFR + spread adjustment + 1.65%	December 15, 2036	10,000	10,000	7.24%	SOFR + spread adjustment + 1.65%
Inland Bancorp Trust IV	June 6, 2037	7,000	—	7.28%	SOFR + spread adjustment + 1.62%	June 6, 2037	7,000	7,000	7.21%	SOFR + spread adjustment + 1.62%

(Table dollars in thousands, except share and per share data) (Unaudited)

Inland Bancorp Trust V	September 15, 2037	10,000	—	7.09%	SOFR + spread adjustment + 1.42%	September 15, 2037	10,000	10,000	7.01%	SOFR + spread adjustment + 1.42%
Total liability, at par		87,000	45,000				87,000	87,000		
Discount		(16,664)	(7,662)				(16,433)	(16,548)		
Total liability, at carrying value		$ 70,336	$ 37,338				$ 70,567	$ 70,452		

(1) SOFR is three month SOFR and the spread adjustment is 0.26161%

In 2004, the Company's predecessor, Metropolitan Bank Group, Inc., issued $35.0 million floating rate junior subordinated debentures to Metropolitan Statutory Trust I, which was formed for the issuance of trust preferred securities. Beginning on September 14, 2023, the interest rate reset to the three-month CME Secured Overnight Financing Rate ("SOFR") SOFR plus a tenor spread adjustment of 0.26161% plus 2.79% (8.46 8.38% and 7.53 8.43% at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively). Interest is paid on a quarterly basis. The Company has the right to redeem the debentures, in whole or in part, on

any interest payment date on or after March 2009. Accrued interest payable was $110,000 and $98,000 as of September 30, 2023 and December 31, 2022, respectively.

As part of the First Evanston acquisition, the Company assumed the obligations to First Evanston Bancorp Trust I of $10.0 million in principal amount, which was formed for the issuance of trust preferred securities. Beginning on September 15, 2023, the interest rate reset to the three-month CME SOFR plus a tenor spread adjustment of 0.26161% plus 1.78% (7.45 7.37% and 6.55 7.43% at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively), which is in effect until the debentures mature in 2035. Interest is paid on a quarterly basis. The Company has the right to redeem the debentures, in whole or in part, on any interest payment date on or after March 2010. The Company has the option to defer interest payments on the debentures from time to time for a period not to exceed five consecutive years. Accrued interest payable was $32,000 and $30,000 as of September 30, 2023 and December 31, 2022, respectively.

(Table dollars in thousands, except share and per share data) (Unaudited)

As part of the Inland acquisition, the Company assumed the obligations to several trust preferred securities. Refer to Note 3—Acquisition of a Business for further details. Interest rates are calculated as the three-month CME SOFR plus a tenor spread adjustment of 0.26161% plus negotiated additional basis points. Refer to table above for contractual rates and interest rate spread calculation. Interest is paid on a quarterly basis. Accrued interest payable for the AmeriMark and Inland trusts was $214,000 as of September 30, 2023.

The Trusts are not consolidated with the Company. Accordingly, the Company reports the subordinated debentures held by the Trusts as liabilities. The Company owns all of the common securities of each trust. The junior subordinated debentures qualify, and are treated as, Tier 1 regulatory capital of the Company subject to regulatory limitations. The trust preferred securities issued by each trust rank equally with the common securities in right of payment, except that if an event of default under the indenture governing the notes has occurred and is continuing, the preferred securities will rank senior to the common securities in right of payment.

Note 14—Commitments and Contingent Liabilities

Legal contingencies—In the ordinary course of business, the Company and Bank have various outstanding commitments and contingent liabilities that are not recognized in the accompanying consolidated financial statements. In addition, the Company may be a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is currently not expected to have a material adverse effect on the Company’s Consolidated Financial Statements.

Operating lease commitments—Refer to Note 8—Leases for discussion of operating lease commitments.

Commitments to extend credit—The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Condensed Consolidated Statements of Financial Condition. The contractual or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company’s exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and letters of credit is represented by the contractual or notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for funded instruments. The Company does not anticipate any material losses as a result of the commitments and letters of credit.

The following table summarizes the contract or notional amount of outstanding loan and lease commitments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023

	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total
Commitments to extend credit	$ 291,801	$ 2,002,472	$ 2,294,273	$ 258,049	$ 1,821,175	$ 2,079,224	$ 258,617	$ 1,954,869	$ 2,213,486	$ 269,325	$ 2,013,819	$ 2,283,144
Letters of credit	695	65,781	66,476	536	61,328	61,864	640	65,808	66,448	612	67,443	68,055
Total	$ 292,496	$ 2,068,253	$ 2,360,749	$ 258,585	$ 1,882,503	$ 2,141,088	$ 259,257	$ 2,020,677	$ 2,279,934	$ 269,937	$ 2,081,262	$ 2,351,199

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require

payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral is primarily obtained in the form of commercial and residential real estate (including income producing commercial properties).

Letters of credit are conditional commitments issued by the Company to guarantee to a third-party the performance of a customer. Those guarantees are primarily issued to support public and private borrowing arrangements, bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Commitments to make loans are generally made for periods of 90 days or less. The fixed rate loan commitments have interest rates ranging from 1.00% to 18.00 15.00% and maturities up to 2053 2052. Variable rate loan commitments have interest rates ranging from 3.00 4.00% to 18.50% and maturities up to 2049 2053.

Note 15—Fair Value Measurement

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In addition, the Company has the ability to obtain fair values for markets that are not accessible.

These types of inputs create the following fair value hierarchy:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. The Company's own data used to develop unobservable inputs may be adjusted for market considerations when reasonably available.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to assets and liabilities.

The Company used the following methods and significant assumptions to estimate fair value for certain assets measured and carried at fair value on a recurring basis:

BYLINE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table dollars in thousands, except share and per share data) (Unaudited)

Securities available-for-sale—The Company obtains fair value measurements from an independent pricing service. Management reviews the procedures used by the third party, including significant inputs used in the fair value calculations. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things. When market quotes are not readily accessible or available, alternative approaches are utilized, such as matrix or model pricing.

The Company's methodology for pricing non-rated bonds focuses on three distinct inputs: equivalent rating, yield and other pricing terms. To determine the rating for a given non-rated municipal bond, the Company references a publicly issued bond by the same issuer if available as well as other additional key metrics to support the credit worthiness. Typically, pricing for these types of bonds would require a higher yield than a similar rated bond from the same issuer. A reduction in price is applied to the rating obtained from the comparable bond, as the Company believes if liquidated, a non-rated bond would be valued less than a similar bond with a verifiable rating. The reduction applied by the Company is one notch lower (i.e. a "AA" rating for a comparable bond would be reduced to "AA-" for the Company's valuation). In 2023 2024 and 2022, 2023, all of the ratings derived by the Company were "BBB-" or better with and without comparable bond proxies. All of the ratings of non-Agency backed bonds derived by the Company were investment grade. The fair value measurement of municipal bonds is sensitive to the rating input, as a higher rating typically results in an increased valuation. The remaining pricing inputs used in the bond valuation are observable. Based on the rating determined, the Company obtains a corresponding current market yield curve available to market participants. Other terms including coupon, maturity date, redemption price, number of coupon payments per year, and accrual method are obtained from the individual bond term sheets.

Equity and other securities—The Company utilizes the same fair value measurement methodology for equity and other securities as detailed in the securities available-sale portfolio above.

Servicing assets—Fair value is based on a loan-by-loan basis taking into consideration the original term to maturity, the current age of the loan and the remaining term to maturity. The valuation methodology utilized for the servicing assets begins with generating estimated future cash flows for each servicing asset, based on their unique characteristics and market-based assumptions for prepayment speeds and costs to service. The present value of the future cash flows are then calculated utilizing market-based discount rate assumptions.

(Table dollars in thousands, except share and per share data) (Unaudited)

Derivative instruments—Interest rate derivatives are valued by a third party, using models that primarily use market observable inputs, such as yield curves, and are validated by comparison with valuations provided by the respective counterparties. Derivative financial instruments are included in accrued interest receivable and other assets, and accrued interest payable and other liabilities in the Condensed Consolidated Statements of Financial Condition.

The following tables summarize the Company's financial assets and liabilities that were measured at fair value on a recurring basis at September 30, 2023 and December 31, 2022: 32

		Fair Value Measurements Using		
September 30, 2023	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Securities available-for-sale				
U.S. Treasury Notes	$ 104,029	$ 104,029	$ —	$ —
U.S. Government agencies	125,115	—	125,115	—
Obligations of states, municipalities, and political subdivisions	80,520	—	80,520	—
Mortgage-backed securities; residential				
Agency	621,976	—	621,976	—
Non-Agency	96,931	—	96,931	—
Mortgage-backed securities; commercial				
Agency	139,865	—	139,865	—
Corporate securities	34,972	—	34,972	—
Asset-backed securities	36,521	—	36,521	—
Equity and other securities, at fair value				
Mutual funds	2,415	2,415	—	—
Equity securities	5,487	—	5,206	281
Servicing assets	19,743	—	—	19,743
Derivative assets	77,002	—	77,002	—
Financial liabilities				
Derivative liabilities	30,641	—	30,641	—

The following tables summarize the Company's financial assets and liabilities that were measured at fair value on a recurring basis at March 31, 2024 and December 31, 2023:

		Fair Value Measurements Using				Fair Value Measurements Using		
December 31, 2022	Fair Value	Level 1	Level 2	Level 3				
March 31, 2024					Fair Value	Level 1	Level 2	Level 3
Financial assets								
Securities available-for-sale								
U.S. Treasury Notes	$ 40,723	$ 40,723	$ —	$ —	$ 86,112	$ 86,112	$ —	$ —
U.S. Government agencies	130,364	—	130,364	—	138,054		138,054	
Obligations of states, municipalities, and political subdivisions	61,876	—	61,876		81,709	—	81,709	—
Mortgage-backed securities; residential								
Agency	595,796	—	595,796	—	726,587	—	726,587	—
Non-Agency	106,249	—	106,249	—	113,709	—	113,709	—
Mortgage-backed securities; commercial								
Agency	157,030	—	157,030	—	163,546	—	163,546	—
Corporate securities	41,436	—	41,436	—	36,752	—	36,752	—
Asset-backed securities	40,957	—	40,957	—	32,678	—	32,678	—
Equity and other securities, at fair value								
Mutual funds	2,518	2,518	—	—	2,517	2,517	—	—
Equity securities	5,471	—	4,805	666	6,618	—	6,333	285
Servicing assets	19,172	—	—	19,172	20,992	—	—	20,992
Derivative assets	65,342	—	65,342	—	60,103	—	60,103	—
Financial liabilities								
Derivative liabilities	17,817	—	17,817	—	22,531	—	22,531	—
						Fair Value Measurements Using		

(Table dollars in thousands, except share and per share data) (Unaudited)

December 31, 2023	Fair Value	Level 1	Level 2	Level 3
Financial assets				
Securities available-for-sale				
U.S. Treasury Notes	$ 115,434	$ 115,434	$ —	$ —
U.S. Government agencies	130,695	—	130,695	—
Obligations of states, municipalities, and political subdivisions	82,275	—	82,275	
Mortgage-backed securities; residential				
Agency	695,803	—	695,803	—
Non-Agency	100,260	—	100,260	—
Mortgage-backed securities; commercial				
Agency	147,204	—	147,204	—
Corporate securities	36,171	—	36,171	—
Asset-backed securities	34,638	—	34,638	—
Equity and other securities, at fair value				
Mutual funds	2,554	2,554	—	—
Equity securities	6,189	—	5,908	281
Servicing assets	19,844	—	—	19,844
Derivative assets	56,923	—	56,923	—
Financial liabilities				
Derivative liabilities	19,345	—	19,345	—

The following table presents additional information about financial assets measured at fair value on recurring basis for which the Company used significant unobservable inputs (Level 3):

	Nine Months Ended September 30,				Three Months Ended March 31,			
	2023	2022	2023	2022	2024	2023	2024	2023
	Investment Securities		Servicing Assets		Investment Securities		Servicing Assets	
Balance, beginning of period	$ 666	$ 686	$ 19,172	$ 23,744	$ 281	$ 666	$ 19,844	$ 19,172

Additions, net	—	—	4,426	5,592	—	—	1,851	1,116
Maturity	(400)	—	—	—				
Accretion of discount	82	—	—	—				
Change in fair value	(67)	(21)	(3,855)	(8,209)	4	(36)	(703)	656
Balance, end of period	$ 281	$ 665	$ 19,743	$ 21,127	$ 285	$ 630	$ 20,992	$ 20,944

The Company did not have any transfers to or from Level 3 of the fair value hierarchy during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

The following table presents additional information about the unobservable inputs used in the fair value measurements on recurring basis that were categorized within Level 3 of the fair value hierarchy as of September 30, 2023 March 31, 2024:

Financial Instruments	**Valuation Technique**	**Unobservable Inputs**	**Range of Inputs**	**Weighted Average Range**	**Impact to Valuation from an Increased or Higher Input Value**	**Valuation Technique**	**Unobservable Inputs**	**Range of Inputs**	**Weighted Average Range**	**Impact to Valuation from an Increased or Higher Input Value**
Single issuer trust preferred	Discounted cash flow	Discount rate	6.4%	6.4%	Decrease	Discounted cash flow	Discount rate	7.9%	7.9%	Decrease
Servicing assets	Discounted cash flow	Prepayment speeds	(1.0)% - 31.7%	13.7%	Decrease	Discounted cash flow	Prepayment speeds	0.0% - 38.9%	15.6%	Decrease

(Table dollars in thousands, except share and per share data) (Unaudited)

Discount rate	0.0% - 57.2%	16.4%	Decrease
Expected weighted average loan life	0.0 - 9.5 years	3.8 years	Increase

Discount rate	0.0% - 52.8%	10.6 %	Decrease
Expected weighted average loan life	0.0 - 9.6 Years	3.7 Years	Increase

The Company used the following methods and significant assumptions to estimate fair value for certain assets measured and carried at fair value on a non-recurring basis:

Individually Evaluated Loans—The Company individually evaluates loans that do not share similar risk characteristics, including non-accrual loans. Specific allowance for credit losses is measured based on a discounted cash flow of ongoing operations, discounted at the loan's original effective interest rat, or a calculation of the fair value of the underlying

collateral less estimated selling costs. Valuations of individually assessed loans that are collateral dependent are supported by third party appraisals in accordance with the Bank's credit policy. Accordingly, individually evaluated loans are classified as Level 3.

Assets held for sale—Assets held for sale consist of former branch locations and real estate previously purchased for expansion. Assets are considered held for sale when management has approved to sell the assets following a branch closure or other events. The properties are being actively marketed and transferred to assets held for sale based on the lower of carrying value or its fair value, less estimated costs to sell. The Company records assets held for sale on the Condensed Consolidated Statements of Financial Condition within accrued interest receivable and other assets.

Other real estate owned—Certain assets held within other real estate owned represent real estate or other collateral that has been adjusted to its estimated fair value, less cost to sell, as a result of transferring from the loan portfolio at the time of foreclosure or repossession and based on management’s periodic impairment evaluation. From time to time, non-recurring fair value adjustments to other real estate owned are recorded to reflect partial write-downs based on an observable market price or current appraised value of property.

(Table dollars in thousands, except share and per share data) (Unaudited)

Adjustments to fair value based on such non-recurring transactions generally result from the application of lower-of-cost-or-market accounting or write-downs of individual assets due to impairment. The following tables summarize the Company’s assets that were measured at fair value on a non-recurring basis, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		Fair Value Measurements Using				Fair Value Measurements Using		
September 30, 2023	**Fair Value**	**Level 1**	**Level 2**	**Level 3**				
March 31, 2024					**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Non-recurring								
Individually evaluated loans								
Commercial real estate	$ 54,397	$ —	$ —	$ 54,397	$ 31,873	$ —	$ —	$ 31,873
Residential real estate					4,658	—	—	4,658
Commercial and industrial	33,679	—	—	33,679	27,117	—	—	27,117
Assets held for sale	7,627	—	—	7,627	3,722	—	—	3,722
Other real estate owned	1,671	—	—	1,671	785	—	—	785

		Fair Value Measurements Using				Fair Value Measurements Using		
December 31, 2022	**Fair Value**	**Level 1**	**Level 2**	**Level 3**				
December 31, 2023					**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Non-recurring								
Individually evaluated loans								
Commercial real estate	$ 37,959	$ —	$ —	$ 37,959	$ 51,978	$ —	$ —	$ 51,978
Residential real estate	879	—	—	879	3,593	—	—	3,593
Construction, land development, and other land	5,541	—	—	5,541	813	—	—	813
Commercial and industrial	47,846	—	—	47,846	29,869	—	—	29,869
Assets held for sale	8,673	—	—	8,673	4,484	—	—	4,484
Other real estate owned	4,717	—	—	4,717	1,200	—	—	1,200

The following methods and assumptions were used by the Company in estimating fair values of other assets and liabilities for disclosure purposes:

Cash and cash equivalents and interest bearing deposits with other banks—For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities held-to-maturity—The Company obtains fair value measurements from an independent pricing service. Management reviews the procedures used by the third party, including significant inputs used in the fair value calculations. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond’s terms and conditions, among other things. When market quotes are not readily accessible or available, alternative approaches are utilized, such as matrix or model pricing.

Restricted stock—The fair value has been determined to approximate cost.

Loans held for sale—The fair value of loans held for sale are based on quoted market prices, where available, and determined by discounted estimated cash flows using interest rates approximating the Company's current origination rates for similar loans adjusted to reflect the inherent credit risk.

Loan and lease receivables, net—For certain variable rate loans that reprice frequently and with no significant changes in credit risk, fair value is estimated at carrying value. The fair value of other types of loans is estimated using an exit price notion. It is estimated by discounting future cash flows, using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposits—The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated by discounting future cash flows, using rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank advances—The fair value of FHLB advances is estimated by discounting the agreements based on maturities using rates currently offered for FHLB advances of similar remaining maturities adjusted for prepayment penalties that would be incurred if the borrowings were paid off on the measurement date.

Securities sold under agreements to repurchase—The carrying amount approximates fair value due to maturities of less than ninety days.

Term Loan—The carrying amount approximates fair value. value given the variable interest rate and repricing of interest.

Bank Term Funding Program—The carrying amount approximates fair value given the short-term nature of the instrument.

Line of credit—The carrying amount approximates fair value. value given the variable interest rate and repricing of interest.

Subordinated notes—The fair value is based on available market prices.

Junior subordinated debentures—The fair value of junior subordinated debentures, in the form of trust preferred securities, is determined using rates currently available to the Company for debt with similar terms and remaining maturities.

Accrued interest receivable and payable—The carrying amount approximates fair value.

Commitments to extend credit and letters of credit—The fair values of these off-balance sheet commitments to extend credit and commercial and letters of credit are not considered practicable to estimate because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The estimated fair values of financial instruments not carried at fair value and levels within the fair value hierarchy are as follows:

	September 30,	December 31,	March 31,	December 31,

	Fair Value Hierarchy Level	2023 Carrying Amount	2023 Estimated Fair Value	2022 Carrying Amount	2022 Estimated Fair Value	Fair Value Hierarchy Level	2024 Carrying Amount	2024 Estimated Fair Value	2023 Carrying Amount	2023 Estimated Fair Value
Financial assets										
Cash and due from banks	1	$ 71,248	$ 71,248	$ 62,274	$ 62,274	1	$ 58,640	$ 58,640	$ 60,431	$ 60,431
Interest bearing deposits with other banks	2	357,640	357,640	117,079	117,079	2	578,197	578,197	165,705	165,705
Securities held-to-maturity	2	1,157	1,133	2,705	2,672	2	1,156	1,149	1,157	1,149
Restricted stock	2	30,505	30,505	28,202	28,202	2	22,793	22,793	16,304	16,304
Loans held for sale	3	7,299	7,299	47,823	40,657	3	23,568	23,983	18,005	19,136
Loans and lease receivables, net (less impaired loans at fair value)	3	6,419,531	6,349,769	5,262,447	5,259,991	3	6,612,199	6,371,967	6,496,367	6,326,413
Accrued interest receivable	3	39,844	39,844	29,815	29,815	3	43,728	43,728	43,922	43,922
Financial liabilities										
Non-interest-bearing deposits	2	1,959,855	1,959,855	2,138,645	2,138,645	2	1,851,727	1,851,727	1,905,876	1,905,876
Interest-bearing deposits	2	4,993,835	4,982,974	3,556,476	3,554,318	2	5,498,475	5,493,494	5,271,123	5,268,926
Accrued interest payable	2	20,376	20,376	4,494	4,494	2	21,713	21,713	22,233	22,233
Federal Home Loan Bank advances	2	640,000	640,000	625,000	625,000	2	470,000	470,000	325,000	325,000
Securities sold under repurchase agreement	2	38,233	38,233	15,399	15,399	2	34,506	34,506	40,607	40,607
Term Loan	2	20,000	20,000	—	—	2	16,667	16,667	18,333	18,333
Bank Term Funding Program						2	200,000	200,000	—	—

Line of credit	2	15,000	15,000	—	—	2	—	—	11,250	11,250
Subordinated notes	2	73,822	72,870	73,691	70,925	2	73,909	72,194	73,866	76,063
Junior subordinated debentures	3	70,336	72,491	37,338	40,131	3	70,567	73,772	70,452	72,701

36

40

BYLINE BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Table dollars in thousands, except share and per share data) (Unaudited)

Note 16—Derivative Instruments and Hedge Activities

As required by ASC 815, the Company records all derivatives on the Condensed Consolidated Statements of Financial Condition at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. The Company records derivative assets and derivative liabilities on the Condensed Consolidated Statements of Financial Condition within accrued interest receivable and other assets and accrued interest payable and other liabilities, respectively. The following tables present the fair value of the Company's derivative financial instruments and classification on the Condensed Consolidated Statements of Financial Condition as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023			December 31, 2022			March 31, 2024			December 31, 2023		
		Fair Value			Fair Value			Fair Value			Fair Value	
	Notional Amount	Other Assets	Other Liabilities	Notional Amount	Other Assets	Other Liabilities	Notional Amount	Other Assets	Other Liabilities	Notional Amount	Other Assets	Other Liabilities
Derivatives designated as hedging instruments												
Interest rate swaps designated as cash flow hedges	$ 650,000	$ 47,488	$ (1,633)	$ 550,000	$ 47,249	$ —	$ 650,000	$ 37,976	$ (582)	$ 650,000	$ 37,475	$ —
Derivatives not designated as hedging instruments												

(Table dollars in thousands, except share and per share data) (Unaudited)

Other interest rate derivatives	703,876	29,514	(29,008)	545,346	18,093	(17,817)	691,612	22,124	(21,949)	706,126	19,447	(19,345)
Other credit derivatives	1,198	—	—	6,678	—	—	3,545	3	—	3,602	1	—
Total derivatives	$ 1,355,074	$ 77,002	$ (30,641)	$ 1,102,024	$ 65,342	$ (17,817)	$ 1,345,157	$ 60,103	$ (22,531)	$ 1,359,728	$ 56,923	$ (19,345)

As of the effective time of the transaction reported in Note 3—Acquisition of a Business, Byline acquired and assumed two types of derivative instruments. Interest rate swap agreements previously designated as cash flow hedges of certain junior subordinated debentures issued to capital trusts had notional amounts of $42.0 million and had a fair value of $3.5 million included in accrued interest receivable and other assets. In July 2023, the Company terminated the interest rate swap agreements resulting that resulted in a net gain of $6,000. Other interest rate swap agreements not designated as hedging instruments had notional amounts of $67.7 million and fair values of $6.2 million reported in accrued interest receivable and other assets and accrued interest payable and other liabilities.

Interest rate swaps designated as cash flow hedges—Cash flow hedges of interest payments associated with certain financial instruments had notional amounts totaling $650.0 million as of September 30, 2023 March 31, 2024 and December 31, 2023, and $550.0 million at December 31, 2022. respectively. The Company assesses the effectiveness of each hedging relationship by comparing the changes in fair value of the derivatives hedging instrument with the fair value of the designated hedged transactions. As of September 30, 2023 March 31, 2024, the cash flow hedges aggregating $650.0 million in notional amounts are comprised of $450.0 million pay-fixed interest rate swaps associated with certain deposits and other borrowings, and $200.0 million receive-fixed interest rate swaps associated with certain variable rate loans.

As of September 30, 2023 March 31, 2024, pay-fixed interest rate swaps are comprised of six effective hedges. Receive-fixed interest rate swaps totaling $200.0 million are comprised of two three effective hedges totaling $100.0 150.0 million, and two one $50.0 million forward-starting swaps that are is effective in March and August of 2024.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the unrealized gain or loss on the derivatives is recorded in accumulated other comprehensive income (loss) and subsequently reclassified into interest income or expense in the same period during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest income or expense as interest payments are made on the hedged instruments. Interest recorded on these swap transactions included $4.6 4.8 million and $327,000 2.0 million of interest income recorded during the three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively, and is reported as a component of interest expense on deposits and other borrowings. Interest recorded on these swap transactions was $10.4 million and $8,000 interest income during the nine months ended September 30, 2023, and 2022, respectively. As of September 30, 2023 March 31, 2024, the Company estimates $18.6 16.9 million of the net unrealized gain to be reclassified as a net decrease to interest expense during the next twelve months.

Accumulated other comprehensive income also includes the amortization of the remaining balance related to terminated interest rate swaps designated as cash flow hedges, which are over the original life of the cash flow hedge. In March 2023, the Company terminated interest rate swaps designated as cash flow hedges totaling $100.0 million, of which $50.0 million became effective in May 2023 and $50.0 million became effective in June 2023. The transaction resulted in a gain of

(Table dollars in thousands, except share and per share data) (Unaudited)

$4.2 million, net of tax, which was the clean value at termination date and began amortizing as a decrease to interest expense on the effective dates. The remaining unamortized balance was $3.9 3.5 million and $15,000 3.7 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following table reflects the cash flow hedges as of September 30, 2023 March 31, 2024:

Notional amounts	$ 650,000	$ 650,000
Derivative assets fair value	47,488	37,976
Derivative liabilities fair value	1,633	582
Weighted average remaining maturity	3.2 years	2.7 Years

Receive rates are determined at the time the swaps become effective. As of September 30, 2023 March 31, 2024, the weighted average pay rates of the six effective pay-fixed hedges for $450.0 million were 1.04% and the weighted average receive rates were 5.32%. As of September 30, 2023 March 31, 2024, the weighted average pay rates of the receive-fixed interest rate swaps of $100.0 150.0 million were 8.50% and the weighted average receive rates were 7.44 7.31%.

The following table reflects the net gains (losses) recorded in accumulated other comprehensive income (loss) and the Condensed Consolidated Statements of Operations relating to the cash flow derivative instruments for the nine three months ended:

	September 30, 2023			September 30, 2022		
	Amount of Gain Recognized in AOCI	Amount of Gain Reclassified from AOCI to Income as a Decrease to Interest Expense	Amount of Gain (Loss) Recognized in Other Non-Interest Income	Amount of Gain Recognized in OCI	Amount of Gain Reclassified from OCI to Income as a Decrease to Interest Expense	Amount of Gain (Loss) Recognized in Other Non-Interest Income
Interest rate swaps	$ 13,357	$ 10,381	$ —	$ 45,088	$ 8	$ —

	March 31, 2024	March 31, 2023

	Amount of Gain Recognized in AOCI	Amount of Net Gain Reclassified from AOCI to Income as an Increase to Net Interest Income	Amount of Gain (Loss) Recognized in Other Non-Interest Income	Amount of Gain Recognized in OCI	Amount of Gain Reclassified from OCI to Income as a Decrease to Interest Expense	Amount of Gain (Loss) Recognized in Other Non-Interest Income
Interest rate swaps	$ 4,531	$ 4,836	$ —	$ 194	$ 1,956	$ —

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements and/or the Company has not elected to apply hedge accounting. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings.

Other interest rate derivatives—The total combined notional amount was $703.9 691.6 million as of September 30, 2023 March 31, 2024 with maturities ranging from March August 2024 to March 2033. The fair values of the interest rate derivative agreements are reflected in other assets and other liabilities with corresponding gains or losses reflected in non-interest income. During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, there were $115,000 4,000 and $394,000 472,000 of net transaction fees, included in other non-interest income, related to these derivative instruments. During the nine months ended September 30, 2023 and 2022, there were $587,000 and $2.0 million of net transaction fees, respectively, included in other non-interest income, related to these derivative instruments.

These instruments are inherently subject to market risk and credit risk. Market risk is associated with changes in interest rates and credit risk relates to the Company's risk of loss when the counterparty to a derivative contract fails to perform according to the terms of the agreement. Market and credit risks are managed and monitored as part of the Company's overall asset-liability management process. The credit risk related to derivatives entered into with certain qualified borrowers is managed through the Company's loan underwriting process. The Company's loan underwriting process also approves the Bank's swap counterparty used to mirror the borrowers' swap. The Company has a bilateral agreement with each swap counterparty that provides that fluctuations in derivative values are to be fully collateralized with either cash or securities.

The following table reflects other interest rate derivatives as of September 30, 2023 March 31, 2024:

Notional amounts	$ 703,876	$ 691,612
Derivative assets fair value	29,514	22,124
Derivative liabilities fair value	29,008	21,949
Weighted average pay rates	4.28 %	4.29 %
Weighted average receive rates	6.55 %	6.16 %
Weighted average remaining maturity	4.9 years	4.4 Years

Other derivatives— The Company has entered into risk participation agreements with counterparty banks to assume a portion of the credit risk related to borrower transactions. As of March 31, 2024 and December 31, 2023, for each period, the total notional amount of risk participated in was $1.2 million and the notional amount of risk participated out was $2.3 million and $2.4 million, respectively. The credit risk related to these other derivatives is managed through the Company's loan underwriting process. The total notional amount was $1.2 million and

(Table dollars in thousands, except share and per share data) (Unaudited)

$6.7 million as of September 30, 2023 and December 31, 2022, respectively. Additionally, the Company enters into foreign currency contracts to manage foreign exchange risk associated with certain customer foreign currency transactions. These transactions were not material to the consolidated financial statements as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The fair values of the credit derivatives is reflected in

---

accrued interest receivable and other assets and accrued interest payable and other liabilities with corresponding gains or losses reflected in non-interest income or other comprehensive income.

The Company has agreements with its derivative counterparties that contain a cross-default provision under which if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. The Company also has agreements with certain derivative counterparties that contain a provision where if the Company fails to maintain its status as a well or adequately capitalized institution, then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations resulted in a net asset position.

The following table reflects amounts included in non-interest income in the Condensed Consolidated Statements of Operations relating to derivative instruments that are not designated in a hedging relationship for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Other interest rate derivatives	$ 423	$ 233	$ 230	$ 801	$ (73)	$ (308)
Other credit derivatives	—	1	—	6	—	—
Total	$ 423	$ 234	$ 230	$ 807	$ (73)	$ (308)

The Company records interest rate derivatives subject to master netting agreements at their gross value and does not offset derivative asset and liabilities on the Condensed Consolidated Statements of Financial Condition. The table below summarizes the Company's interest rate derivatives and offsetting positions as of: of the periods indicated:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023

	Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value
Gross amounts recognized	$ 77,002	$ (30,641)	$ 65,342	$ (17,817)	$ 60,103	$ (22,531)	$ 56,923	$ (19,345)
Less: Amounts offset in the Condensed Consolidated Statements of Financial Condition	—	—	—	—	—	—	—	—
Net amount presented in the Condensed Consolidated Statements of Financial Condition	$ 77,002	$ (30,641)	$ 65,342	$ (17,817)	$ 60,103	$ (22,531)	$ 56,923	$ (19,345)
Gross amounts not offset in the Condensed Consolidated Statements of Financial Condition								
Offsetting derivative positions	(1,639)	1,639	(43)	43	(880)	880	(925)	925
Collateral posted	(75,363)	—	(64,370)	—	(57,900)	—	(54,930)	—
Net credit exposure	$ —	$ (29,002)	$ 929	$ (17,774)	$ 1,323	$ (21,651)	$ 1,068	$ (18,420)

As of September 30, 2023 March 31, 2024, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $30.6 22.5 million. If the Company had breached any of these provisions at September 30, 2023 March 31, 2024, it could have been required to settle its obligations under the agreements at their

termination value less offsetting positions of $1.6 880,000 million.. For purposes of this disclosure, the amount of posted collateral by the Company and counterparties is limited to the amount offsetting the derivative asset and derivative liability.

Note 17 – Share-Based Compensation

In June 2017, the Company's Board of Directors adopted, and the Company's stockholder approved, the 2017 Omnibus Incentive Compensation Plan (the “Omnibus Plan”). The Omnibus Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights and other equity-based, equity-related or cash-based awards. A total of 2,600,000 shares of our common stock have been reserved for issuance under the Omnibus Plan. As of September 30, 2023 March 31, 2024, there were 1,180,903 826,874 shares available for future grants under the Omnibus Plan.

(Table dollars in thousands, except share and per share data) (Unaudited)

The Company primarily grants time-based restricted share awards that vest over a one to four year period, subject to continued employment. The Company also grants performance-based restricted share awards. The number of shares which may be earned under the award is dependent upon the Company's return on average assets, weighted equally over a three-year period and measured against a peer group consisting of publicly-traded bank holding companies. Results will be measured cumulatively at the end of the three years. Any earned shares will vest on the third anniversary of the grant date.

During 2023, 2024, the Company granted 299,197 347,492 shares of restricted common stock, par value $0.01 per share. Of this total, 6,113 restricted shares will vest in one year, 206,414 268,595 restricted shares will vest ratably overthree years on each anniversary of the grant date and 35,288 12,861 restricted shares will cliff vest on the third anniversary of the grant date, all subject to continued employment. In addition, 51,382 performance-based shares were granted. The number of performance-based shares which may be earned under the award is dependent upon the Company's total stockholder return and return on average assets, weighted equally, over a three-year period ending December 31, 2025, measured against the KBW Regional Bank Index. Results will be measured cumulatively at the end of the three years and any earned shares will vest on the third anniversary of the grant date.

The following table discloses the changes in restricted shares for the nine months ended September 30, 2023: 39

	Omnibus Plan	
	Number of Shares	Weighted Average Grant Date Fair Value
Beginning balance, January 1, 2023	581,337	$ 22.93
Granted	299,197	24.42
Incremental performance shares vested	1,826	
Vested	(191,277)	21.44
Forfeited	(15,861)	23.96
Ending balance outstanding at September 30, 2023	675,222	$ 23.97

A total of 191,277 restricted shares vested during the nine months ended September 30, 2023. A total of 243,603 restricted shares vested during the year ended December 31, 2022. The fair value of restricted shares that vested during the nine months ended September 30, 2023 was $4.6 million. The fair value of restricted shares that vested during the year ended December 31, 2022 was $5.9 million.

The Company recognizes share-based compensation based on the estimated fair value of the restricted stock at the grant date. The fair value of the total stock return performance-based awards granted in 2023 were calculated based on a Monte Carlo simulation, using expected volatilities between 38.11% and 39.80%, a risk-free rate of 4.42%, and a simulation term of 2.85 years. Based on the equal weighing of total stock return and return on average assets, the grant date fair value of the performance based awards was $25.20 per share. Share-based compensation expense is included in non-interest expense in the Condensed Consolidated Statements of Operations.

(Table dollars in thousands, except share and per share data) (Unaudited)

shares will cliff vest on the third anniversary of the grant date, all subject to continued employment. In addition, 66,036 performance-based restricted shares were included in the 2024 grant. The number of performance-based shares which may be earned under the award is dependent upon the Company's total stockholder return and return on average assets, weighted equally, over a three-year period ending December 31, 2026, measured against the KBW Regional Bank Index. Results will be measured cumulatively at the end of the three years and any earned shares will vest on the third anniversary of the grant date.

The following table discloses the changes in restricted shares for the three months ended March 31, 2024:

	Omnibus Plan	
	Number of Shares	Weighted Average Grant Date Fair Value
Beginning balance, January 1, 2024	627,271	$ 24.24
Granted	347,492	20.89
Incremental performance shares issued and vested	13,632	
Vested	(228,195)	22.66
Forfeited	(6,505)	25.88
Ending balance outstanding at March 31, 2024	753,695	$ 23.07

A total of 228,195 restricted shares vested during the three months ended March 31, 2024. A total of 238,638 restricted shares vested during the year ended December 31, 2023. The fair value of restricted shares that vested during the three months ended March 31, 2024 was $4.8 million. The fair value of restricted shares that vested during the year ended December 31, 2023 was $5.7 million.

The Company recognizes share-based compensation based on the estimated fair value of the restricted stock at the grant date. Share-based compensation expense is included in non-interest expense in the Condensed Consolidated Statements of Operations. The fair value of the total stock return performance-based awards granted in 2024 and 2023 were calculated based on a Monte Carlo simulation, using the following assumptions:

	Performance Based Grants	
	2024	2023
Risk-free interest rate	4.47 %	4.42 %
Expected term (years)	2.85 years	2.85 years
Expected stock price volatility	29.28% - 33.68%	38.11% - 39.80%
Weighted average grant date fair value	$ 20.18	$ 25.20

The following table summarizes restricted stock compensation expense for the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Total share-based compensation - restricted stock	$ 4,922	$ 4,016	$ 1,846	$ 1,510
Income tax benefit	1,322	1,139	511	406
Unrecognized compensation expense	11,189	10,479	14,880	14,416
Weighted average remaining amortization period	2.1 years	2.5 years	2.3 Years	2.5 years

The fair value of the unvested restricted stock awards at September 30, 2023 March 31, 2024 was $13.3 16.4 million.

In October 2014, the Company adopted the Byline Bancorp, Inc. Equity Incentive Plan ("BYB Plan"). The maximum number of shares available for grants under this plan was 2,476,122 shares. The Company granted 1,846,968 options to purchase shares under this plan. In June 2017, the Board of Directors terminated the BYB Plan and no future grants can be made under this plan. Options to purchase a total of 554,070 shares remain outstanding under the BYB Plan at March 31, 2024.

The types of stock options granted under the BYB Plan were Time Options and Performance Options. The exercise price of each option is equal to the fair value of the stock as of the date of grant. These option awards have vesting periods ranging from one to five years and have 10-year contractual terms. Stock volatility was computed as the average of the volatilities of peer group companies. All outstanding stock options were fully vested and exercisable at March 31, 2024.

The fair values of the stock options were determined using the Black-Scholes-Merton model for Time Options and a Monte Carlo simulation model for Performance Options.

The following table discloses the activity in shares subject to options and the weighted average exercise prices, in actual dollars, for the three months ended March 31, 2024:

	BYB Plan			
	Number of Shares	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Contractual Term (in Years)
Beginning balance, January 1, 2024	768,564	$ 11.31	$ 9,413	1.5
Exercised	(214,494)	11.18	$ 2,587	
Expired	—			
Ending balance outstanding at March 31, 2024	554,070	$ 11.36	$ 5,738	1.2
Exercisable at March 31, 2024	554,070	$ 11.36	$ 5,738	1.2

A total of 214,494 stock options were exercised during the three months ended March 31, 2024. The exercise was cashless and had a related tax benefit of $690,000 for the three months ended March 31, 2024. No stock options were exercised during the during the year ended December 31, 2023. No stock options vested during the three months ended March 31, 2024 or the year ended December 31, 2023. No stock option compensation expense was recognized for the three months ended March 31, 2024 or the year ended December 31, 2023.

Note 18—Earnings per Share

A reconciliation of the numerators and denominators for earnings per common share computations is presented below. Incremental shares represent outstanding stock options for which the exercise price is less than the average market price of the Company's common stock during the periods presented. Options to purchase 901,086 657,205 and 986,757 930,852 shares of common stock were outstanding as of September 30, 2023 March 31, 2024 and 2022, 2023, respectively. There were 675,222 753,695 and 628,5423 693,104 restricted stock awards outstanding at September 30, 2023 March 31, 2024 and 2022, 2023, respectively. For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, no stock options outstanding were excluded from the calculation of diluted earnings per common share.

(Table dollars in thousands, except share and per share data) (Unaudited)

The following represent the calculation of basic and diluted earnings per share for the periods presented: 41

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	$ 28,222	$ 22,656	$ 78,274	$ 65,250
Less: Dividends on preferred shares	—	—	—	196
Net income available to common stockholders	$ 28,222	$ 22,656	$ 78,274	$ 65,054
Weighted-average common stock outstanding:				
Weighted-average common stock outstanding (basic)	43,025,927	36,851,973	39,027,450	37,012,316
Incremental shares	432,183	519,186	435,402	569,550
Weighted-average common stock outstanding (dilutive)	43,458,110	37,371,159	39,462,852	37,581,866
Basic earnings per common share	$ 0.66	$ 0.61	$ 2.01	$ 1.76
Diluted earnings per common share	$ 0.65	$ 0.61	$ 1.98	$ 1.73

Note 19—Stockholders' Equity

A summary of the Company's preferred and common stock at September 30, 2023 and December 31, 2022 is as follows:

	September 30, 2023	December 31, 2022
Preferred stock		
Par value	$ 0.01	$ 0.01
Shares authorized	25,000,000	25,000,000
Shares issued	—	—
Shares outstanding	—	—
Common stock, voting		
Par value	$ 0.01	$ 0.01
Shares authorized	150,000,000	150,000,000
Shares issued	45,694,456	39,518,702
Shares outstanding	43,719,203	37,492,775
Treasury shares	1,975,253	2,025,927

During 2016, The following represent the Company authorized calculation of basic and issued Series B 7.50% fixed-to-floating non-voting, noncumulative perpetual preferred stock with a liquidation preference of $1,000 diluted earnings per share plus for the amount periods presented:

	Three Months Ended March 31,			
	2024		2023	
Net income	$	30,440	$	23,945
Weighted-average common stock outstanding:				
Weighted-average common stock outstanding (basic)		43,258,087		36,955,085
Incremental shares		469,257		584,827
Weighted-average common stock outstanding (dilutive)		43,727,344		37,539,912
Basic earnings per common share	$	0.70	$	0.65
Diluted earnings per common share	$	0.70	$	0.64

Note 19—Stockholders' Equity

A summary of unpaid dividends, if any, which was redeemable at the Company's option on or after March 31, 2022. Holders of Series B Preferred Stock did not have any rights to convert such preferred and common stock into shares of any other class of capital stock of the Company. Holders of Series B Preferred Stock were entitled to receive a fixed dividend of 7.50% per annum from the original issue date through December 30, 2021. at March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
Preferred stock				
Par value	$	0.01	$	0.01
Shares authorized		25,000,000		25,000,000
Shares issued		—		—
Shares outstanding		—		—
Common stock, voting				
Par value	$	0.01	$	0.01
Shares authorized		150,000,000		150,000,000
Shares issued		45,946,804		45,714,241
Shares outstanding		44,108,387		43,764,056
Treasury shares		1,838,417		1,950,185

On February 15, 2022, the Company gave notice of its intention to redeem all of its outstanding shares of the Series B Preferred Stock (the "Preferred Stock Redemption"). The Preferred Stock Redemption was in accordance with the terms of the Certificate of Designations of the Series B Preferred Stock dated as of June 16, 2017 (the "Certificate of Designation"). On March 31, 2022, the Company redeemed all 10,438 outstanding shares of Series B Preferred Stock. Under the Certificate of Designations, the per share redemption price was the liquidation preference of $1,000 per share plus an amount equal to any declared and unpaid dividends thereon for any prior dividend period and totaled $10.6 million.

For the nine months ended September 30, 2022, we declared and paid dividends on the Series B preferred stock of $196,000.

On December 10, 2020 December 12, 2022, we announced that our Board of Directors approved a stock repurchase program authorizing the purchase of up to an aggregate of 1,250,000 shares of our outstanding common stock, and on July 27, 2021, our Board of Directors authorized an expansion of the stock repurchase stock. The program was in effect from January 1, 2023 until December 31, 2023. No shares were repurchased under this program. Under the extended program, we were authorized to repurchase an additional 1,250,000 shares of our outstanding common stock. This repurchase program expired on December 31, 2022.

On December 12, 2022 December 6, 2023, we announced that our Board of Directors approved a new stock repurchase program authorizing the purchase of up to an aggregate of 1,250,000 shares of our the Company's outstanding common stock. The program is in effect from January 1, 2023 January 1, 2024 until December 31, 2023 December 31, 2024, unless terminated earlier. The shares may, at the discretion of management, be repurchased from time to time in open market purchases as market conditions warrant or in privately negotiated transactions. We are The Company is not obligated to purchase any shares under the program, and the program may be discontinued at any time. The actual timing, number and share price of shares purchased under the repurchase program will be determined by management the Company at its discretion and will depend on a number of factors, including the market price of our the Company's stock, general market and economic conditions and applicable legal requirements. The shares authorized to be repurchased represented approximately 2.9% of the Company's outstanding common stock at December 31, 2023.

We did not purchase any shares under the either stock repurchase program during the three or nine months ended September 30, 2023. We purchased 174,249 shares at a cost of $4.2 million under this program during the three months ended September 30, 2022. We purchased 689,068 shares at a cost of $17.3 million under this program during the nine months ended September 30, 2022. March 31, 2024 or 2023.

Repurchased shares are recorded as treasury shares on the trade date using the treasury stock method, and the cash paid is recorded as treasury stock. Treasury stock acquired is recorded at cost and is carried as a reduction of stockholders' equity in the Condensed Consolidated Statements of Financial Condition.

For each of the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, cash dividends were declared and paid to stockholders of record of our common stock of $0.09 per share. For the nine months ended September 30, 2023 and 2022, cash dividends were declared and paid to stockholders of record of our common stock of $0.27 per share.

On July 1, 2023, we issued 5,932,323 of shares of our common stock in connection with our acquisition of Inland. Please see Note 3—Acquisition of a Business for more information.

On October 24, 2023 April 23, 2024, our Board of Directors declared a cash dividend of $0.09 per share payable on November 21, 2023 May 21, 2024 to stockholders of record of our common stock as of November May 7, 2023 2024.

Note 20—Consolidated Statements of Changes in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss) for the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

(dollars in thousands)	Unrealized Gains on Cash Flow Hedges	Unrealized Losses on Available-for-Sale Securities	Total Accumulated Other Comprehensive Income (Loss)	Unrealized Gains on Cash Flow Hedges	Unrealized Losses on Available-for-Sale Securities	Total Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2022	$ 2,817	$ (11,119)	$ (8,302)			
Other comprehensive income (loss), net of tax	32,850	(149,446)	(116,596)			
Balance, September 30, 2022	$ 35,667	$ (160,565)	$ (124,898)			
Balance, January 1, 2023	$ 34,315	$ (151,865)	$ (117,550)	$ 34,315	$ (151,865)	$ (117,550)
Other comprehensive income (loss), net of tax	2,181	(26,790)	(24,609)	(1,291)	10,699	9,408
Balance, September 30, 2023	$ 36,496	$ (178,655)	$ (142,159)			
Balance, March 31, 2023				$ 33,024	$ (141,166)	$ (108,142)
Balance, January 1, 2024				$ 30,131	$ (130,248)	$ (100,117)
Other comprehensive loss, net of tax				(223)	(6,570)	(6,793)
Balance, March 31, 2024				$ 29,908	$ (136,818)	$ (106,910)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of Byline Bancorp, Inc.'s financial condition and results of operations and should be read in conjunction with our Unaudited Interim Condensed Consolidated Financial Statements and notes thereto included elsewhere in this report. The words "the Company," "we," "Byline," "management," "our" and "us" refer to Byline Bancorp, Inc. and its consolidated subsidiaries, unless we indicate otherwise. In addition to historical information, this discussion contains forward looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from *management's expectations. Factors that could cause such differences are discussed in the sections entitled "Special Note Regarding Forward Looking Statements" and "Risk Factors". Byline assumes no obligation to update any of these forward looking statements.*

Forward-Looking Statements

Statements contained in this report and in other documents we file with or furnish to the Securities and Exchange Commission ("SEC") that are not historical facts may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Any statements about our expectations, beliefs, plans, strategies, predictions, forecasts, objectives or assumptions of future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipates," "believes," "expects," "can," "could," "may," "predicts," "potential," "opportunity," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "seeks," "intends" and similar words or phrases. Accordingly, these statements involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual strategies, actions or results to differ materially from those expressed in such statements, and are not guarantees of future results or other events or performance. Because forward-looking statements are necessarily only estimates of future strategies, actions or results, based on management's current expectations, assumptions and estimates on the date hereof, and there can be no assurance that actual strategies, actions or results will not differ materially from expectations, readers are cautioned not to place undue reliance on such statements.

Our ability to predict results or the actual effects of future plans, strategies or events is inherently uncertain. Factors which could cause actual results or conditions to differ materially from those reflected in forward-looking statements include:

- uncertainty regarding domestic, foreign, and geopolitical developments and the United States and global economic outlook that may impact ma conditions or affect demand for certain banking products and services, and the impact on our customers, which could impair the ability of our borrower repay outstanding loans and leases, impair collateral values and further increase our allowance for credit losses - loans and leases, as well as resu possible asset impairment charges;
- unforeseen credit quality problems or changing economic conditions that could result in charge-offs greater than we have anticipated in our allowance credit losses - loans and leases or changes in the value of our investments;
- commercial real estate market conditions in the Chicago metropolitan area and southern Wisconsin;
- deterioration in the financial condition of our borrowers resulting in significant increases in our loan and lease losses and provisions for those losses other related adverse impacts to our results of operations and financial condition;
- estimates of fair value estimates of certain of our assets and liabilities, which could change in value significantly from period to period;
- competitive pressures in the financial services industry in our market areas relating to both pricing and loan and lease structures, which may impact growth rate;
- demand for loan products and deposit flows;
- unanticipated developments in pending or prospective loan and/or lease transactions or greater-than-expected paydowns or payoffs of existing loans leases;
- inaccurate information and assumptions in our analytical and forecasting models used to manage our balance sheet;
- unanticipated changes in monetary policies of the Federal Reserve or significant adjustments in the pace of, or market expectations for, future interest changes;
- availability of sufficient and cost-effective sources of liquidity, funding, and capital as and when needed;
- our ability to attract, retain or the loss of key personnel or an inability to recruit appropriate talent cost-effectively;
- adverse effects on our information technology systems resulting from failures, human error or cyberattack, including the potential impact of disruption security breaches at our third-party service providers, any of which could result in an information or security breach, the disclosure or misuse of confide or proprietary information, significant legal and financial losses and reputational harm;
- greater-than-anticipated costs to support the growth of our business, including investments in new lines of business, products and services, or technolo process improvements or other infrastructure enhancements, or greater-than-anticipated compliance or regulatory costs and burdens;

- the impact of possible future acquisitions, if any, including the costs and burdens of integration efforts;
- the ability of the Company to receive dividends from Byline Bank;
- legislative or regulatory changes, particularly changes in regulation of financial services companies and/or the products and services offered by finar services companies;
- changes in Small Business Administration ("SBA") and U.S. Department of Agriculture ("USDA") U.S. government guaranteed lending rules, regulatio loan and lease products and funding limits, including specifically the SBA Section 7(a) program, as well as changes in SBA or USDA standard opera procedures or changes to the status of Byline Bank as an SBA Preferred Lender;
- changes in accounting principles, policies and guidelines applicable to bank holding companies and banking generally;
- the impact of a possible change in the federal or state income tax rates on our deferred tax assets and provision for income tax expense;
- our ability to implement our growth strategy, including via acquisitions;
- the possibility that any of the anticipated benefits of acquisitions will not be realized or will not be realized within the expected time period;
- the risk that the integration of acquisition operations will be materially delayed or will be more costly or difficult than expected;
- the effect of mergers on customer relationships and operating results; and
- other risks detailed from time to time in filings we make with the SEC.

These risks and uncertainties should be considered in evaluating any forward-looking statements, and undue reliance should not be placed on such statements. Forward looking statements speak only as of the date they are made. You should also consider the risks, assumptions and uncertainties set forth in the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2022, December 31, 2023 that was filed with the SEC on March 7, 2023 March 4, 2024, as well as those set forth in the reports we file with the SEC. We assume no obligation to update any of these statements in light of new information, future events or otherwise unless required under the federal securities laws.

Overview

Our Business

We are a bank holding company headquartered in Chicago, Illinois, and conduct all our business activities through our subsidiary, Byline Bank, a full service commercial bank, and Byline Bank's subsidiaries. Through Byline Bank, we offer a broad range of banking products and services to small and medium sized businesses, commercial real estate and financial sponsors and to consumers who generally live or work near our branches. We also offer online account opening to consumer and business customers through our website and provide trust and wealth management services to our customers. In addition to our traditional commercial banking business, we provide small ticket equipment leasing solutions through Byline Financial Group, a wholly-owned subsidiary of Byline Bank, headquartered in Bannockburn, Illinois, with sales offices in Illinois, and sales representatives in Illinois, Michigan, New Jersey, and New York. We participate in U.S. government guaranteed lending programs and originate U.S. government guaranteed loans. Byline Bank is a leading originator of Small Business Administration ("SBA") SBA loans and was the fifth most active SBA lender in the country and was the second most active 7(a) and 504 lender in Illinois for the fiscal year quarter ended September 30, 2023 March 31, 2024.

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of interest income on loans and lease receivables, including accretion income on loans, investment securities and other short-term investments, and interest expense on interest-bearing liabilities, consisting primarily of deposits and borrowings. Our results of operations are also dependent upon our generation of non-interest income, consisting primarily of income from fees and service charges on deposits, loan servicing revenue, wealth management and trust income, ATM and interchange fees, and net gains on sales of investment securities and loans. Other factors contributing to our results of operations include our provision for credit losses, provision for income taxes, and non-interest expenses, such as salaries and employee benefits, occupancy and equipment expenses, and other miscellaneous operating costs.

We reported consolidated net income of $28.2 million $30.4 million, or $0.70 per basic and $78.3 million diluted common share, for the three and nine months ended September 30, 2023 March 31, 2024, compared to net income of $22.7 million $23.9 million, or $0.65 per basic and $65.2 million $0.64 per diluted common share, for the three and nine months ended September 30, 2022 March 31, 2023, an increase of $5.6 million and $13.0 million, respectively, for each comparable period. $6.5 million. The increase in net income was attributable to a $23.6 million and $55.1 million $9.8 million increase in net interest income. The increase in net interest income during the three and nine months ended September 30, 2023 March 31, 2024 was primarily driven by higher yields on loans and leases, and organic growth in the loan and lease portfolio. portfolio, as well as from the Inland acquisition.

Dividends declared and paid on preferred shares were $196,000 for the nine months ended September 30, 2022. Dividends declared on common shares were $3.9 million and $3.4 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Dividends paid on common shares were $4.1 million $3.9 million and $3.3 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Dividends declared on common shares were $10.7 million and $10.2 million for the nine months ended September 30, 2023 and 2022, respectively.

Dividends paid on common shares were $10.7 million and $10.1 million for the nine months ended September 30, 2023 and 2022, respectively.

For the three months ended September 30, 2023 and 2022, net income available to common stockholders was $28.2 million, or $0.66 per basic and $0.65 per diluted common share, and $22.7 million, or $0.61 per basic and diluted common share, respectively. For the nine months ended September 30, 2023 and 2022, net income available to common stockholders was $78.3 million, or $2.01 per basic and $1.98 per diluted common share, and $65.1 million, or $1.76 per basic and $1.73 per diluted common share, 2023, respectively.

Our results of operations for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 yielded an annual return on average assets of 1.30% 1.36% and 1.26% 1.32% and a return on average stockholders' equity of 12.11% 12.26% and 11.74% respectively. Our results of operations for the nine months ended September 30, 2023 and 2022 yielded an annual return on average assets of 1.34% and 1.26% and a return on average stockholders' equity of 12.48% and 10.96%, 12.38% respectively.

As of September 30, 2023 March 31, 2024, we had consolidated total assets of $8.9 billion $9.4 billion, total gross loans and leases outstanding of $6.6 billion $6.8 billion, total deposits of $7.0 billion $7.4 billion, and total stockholders' equity of $919.9 million $1.0 billion.

Inland Bancorp, Inc. Acquisition

On July 1, 2023, we completed our acquisition of Inland Bancorp, Inc., ("Inland") under the terms of a definitive merger agreement. As a result of the merger, Inland's wholly owned bank subsidiary, Inland Bank and Trust, was merged with and into Byline Bank. Refer to Note 3—Acquisition of a Business of our Unaudited Interim Condensed Financial Statements as of September 30, 2023 March 31, 2024, which is included in this report, for additional information.

Critical Accounting Policies and Significant Estimates

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and to general practices within the Banking industry. To prepare financial statements and interim financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments affect the amounts reported in the financial statements and accompanying notes; and notes, which are based on information available as of the date of the financial statements. As this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the financial statements. In particular, management has identified several accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are critical in understanding our financial statements.

These critical accounting policies and estimates include (i) acquisition-related fair value computations, (ii) determination of the carrying value of loans and leases, (iii) determining the provision and allowance for credit losses, (iv) (ii) the valuation of intangible assets such as goodwill, servicing assets and core deposit intangibles, (v) assessment of impairment, (iii) fair value estimations, and (iv) the determination and assessment of fair value impairment for financial instruments and (vi) the valuation of or recognition of deferred tax assets and liabilities. other intangible assets.

The following is a discussion of the critical accounting policies and significant estimates that require us to make complex and subjective judgments. Additional information about these policies can be found in Note 1 of our audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, that we filed with the SEC on March 7, 2023 March 4, 2024.

Business Combinations

We account for business combinations under the acquisition method of accounting in accordance with ASC 805. We recognize the fair value of the assets acquired and liabilities assumed as of the date of acquisition, with any excess of the fair value of consideration provided over the fair value of the identifiable net tangible and intangible assets acquired recorded as goodwill. Transaction costs are expensed as incurred. Application of the acquisition method requires extensive use of accounting estimates and judgments to determine the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date.

In accordance with ASC 805, the acquiring company retains the right to make appropriate adjustments to the assets and liabilities of the acquired entity for information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period ends as of the earlier of (i) one year from the acquisition date or (ii) the date when the acquirer receives the information necessary to complete the business combination accounting.

Carrying Value of Loans and Leases

Our accounting methods for loans and leases differ depending on whether they are new or acquired loans and leases; and for acquired loans, whether the loans were acquired at a discount as a result of credit deterioration since the date of origination.

Originated Loans and Leases

We account for originated loans and leases and purchased loans and leases not acquired through business combinations as originated loans and leases. Newly originated loans that management has the intent and ability to hold for the foreseeable future are reported at their outstanding principal balances net of any allowance for credit losses, unamortized deferred fees and costs, and unamortized premiums or discounts. The net amount of nonrefundable loan origination fees and certain direct costs associated with the loan origination process are

---

deferred and amortized to interest income over the contractual lives of the new loans using methods that approximate the level yield method. Discounts and premiums are amortized or accreted to interest income over the estimated term of the new loans using methods that approximate the effective yield method. Interest income on new loans is accrued based on the unpaid principal balance outstanding. Additionally, once an acquired loan reaches its contractual maturity date, it is re-underwritten, and if renewed, it is classified as an originated loan.

Purchased credit deteriorated loans and leases

Purchased credit deteriorated ("PCD") loans are loans that have experienced more than insignificant credit deterioration since origination. PCD loans are recorded at the amount paid. An allowance for credit losses is determined using the same methodology as other loans held for investment. The initial allowance for credit losses determined on a collective basis is allocated to individual loans. The difference between the loan's purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through credit loss expense.

Acquired non-credit-deteriorated loans and leases

For acquired non-credit-deteriorated loans and leases, the difference between the fair value and unpaid principal balance of the loan at the acquisition date is amortized or accreted to interest income over the life of the loan. While credit discounts are included in the determination of the fair value for non-credit-deteriorated loans, since these discounts are expected to be accreted over the life of the loans, they cannot be used to offset the allowance for credit losses that must be recorded at the acquisition date. As a result, an allowance for credit losses is determined at the acquisition date using the same methodology as other loans held for investment and is recognized as a provision for credit losses in the consolidated statements of operations. Any subsequent deterioration (improvement) in credit quality is recognized by recording a provision (recapture) for credit losses.

Provision and allowance Allowance for credit losses

The provision for credit losses reflects the amount required to maintain the allowance for credit losses ("ACL" ("ACL") represents management's estimate of current expected credit losses over the life of a financial asset carried at amortized cost at an appropriate level based upon management's evaluation of the adequacy of collectively and individually evaluated loss reserves.

The ACL is maintained at a level that management believes is appropriate to provide for current expected credit losses as of the dates of the Consolidated Statements of Financial Condition, and we have established methodologies for the determination of its adequacy. The methodologies are set forth in a formal policy and take into consideration relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. We increase our ACL by recording provisions for current expected credit losses against our income and decrease by charge-offs, net of recoveries.

The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. While management uses available information to recognize losses on loans and leases, changes in economic or other conditions may necessitate revision of the estimate in future periods.

The ACL is maintained at a level management believes is sufficient to provide for current expected credit losses based upon an ongoing review of the loan and lease portfolios by portfolio category, which includes consideration of actual loss experience, peer loss experience, changes in the size and risk profile of the portfolio, identification of individual problem loan and lease situations that may affect a borrower's ability to repay, reasonable and supportable forecasts, and evaluation of prevailing economic conditions. We use risk ratings as credit indicators to classify loans and leases into pools and to estimate loss rates for each of the loan and lease pools. Additional information about these policies can be found in Note 5 of our Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2023, included in this report.

For each portfolio, management estimates expected credit losses over the life of each loan and lease utilizing lifetime or cumulative loss rate methodology, which identifies macroeconomic factors and asset-specific characteristics that are correlated with credit loss experience including loan age, loan type, and leverage. The lifetime loss rate is applied to the amortized cost of the loan or lease. This methodology builds on default and loss probabilities by utilizing pool-specific historical loss rates to calculate expected credit losses. These pool-specific historical loss rates may be adjusted for a forecast of certain macroeconomic variables, and other factors such as differences in underwriting standards, or portfolio mix. Each time we measure expected credit losses, management assesses the relevancy of historical loss information and considers any necessary adjustments to address any differences in asset-specific characteristics.

methodology. The lifetime loss rates are estimated by analyzing a combination of internal and external data related to historical performance of each loan and lease pool over a complete economic cycle. Loss rates are based on historical averages for each loan and lease pool, adjusted to reflect the impact of a forward-looking forecast of certain macroeconomic variables, such as primarily unemployment rates, gross domestic product, or commercial property values, which management considers to be both reasonable and supportable. Various economic scenarios are considered and weighted to arrive at the forecast that most reflects management's expectation of future conditions. After a one-year forecast period, a one-year reversion period adjusts loss experience to the historical average on a straight-line basis.

Management also considers qualitative risk factor adjustments that are intended to capture internal and external trends not reflected in historical loss history. Each risk factor is assigned an allowance level based on management's judgment as to the expected impact of each risk factor on each loan and lease portfolio and is monitored quarterly. All acquired loans and leases and originated loans and leases of $500,000 or greater with an internal risk rating of substandard or below, or on nonaccrual as well as loans classified as Troubled Debt Restructurings, status are reviewed individually evaluated for impairment on a quarterly basis.

The Company also maintains an allowance for credit losses on off-balance sheet credit exposures for unfunded loan commitments. This allowance is reflected as a component of other liabilities that represents management's current estimate of expected losses in the unfunded loan commitments. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life based on management's consideration of past events, current conditions, and reasonable and supportable economic forecasts. Management tracks the level and trends in unused commitments and takes into consideration the same factors as those considered for purposes of the allowance for credit losses on outstanding loans. The Company also evaluates its held-to-maturity debt securities for current expected credit losses.

Goodwill and Other Intangible Assets

Goodwill. Goodwill represents the excess of the purchase consideration over the fair value of net assets acquired in connection with our recapitalization and acquisitions using the acquisition method of accounting. Goodwill is not amortized but is periodically evaluated for impairment under the provisions of ASC Topic 350, Intangibles—Goodwill and Other ("ASC 350").

Impairment testing is performed using either a qualitative or quantitative approach at the reporting unit level. Our goodwill is allocated to Byline Bank, which is our only applicable reporting unit for the purposes of testing goodwill for impairment. We have selected

---

November 30 as the date to perform the annual goodwill impairment test. Additionally, we perform a goodwill impairment evaluation on an interim basis when events or circumstances indicate impairment potentially exists.

Servicing Assets. Servicing Other intangible assets are recognized separately when they are acquired through sales of loans or when the rights to service loans are purchased. When loans are sold with servicing rights retained, servicing assets are recorded at fair value in accordance with ASC Topic 860, Transfers and Servicing ("ASC 860"). Fair value is based on market prices for comparable servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The fair value of servicing rights is highly sensitive to changes in underlying assumptions. Changes in secondary market premiums and prepayment speed assumptions have the most significant impact on the fair value of servicing rights. See Note 6 and Note 15 of our Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2023, included in this report, for additional information.

Core Deposit Intangible Assets. Other intangible assets primarily consist of core deposit intangible assets. assets and customer relationship intangible. In valuing core deposit intangibles, intangible assets, we consider variables such as deposit servicing costs, attrition rates and market discount rates. Core deposit intangibles Intangible assets are reviewed annually, or more frequently when events or changes in circumstances occur that indicate that their carrying values may not be recoverable. If the recoverable amount of the core deposit intangibles intangible asset is determined to be less than its carrying value, we would then measure the amount of impairment based on an estimate of the fair value at that time. We also evaluate whether the events or circumstances have occurred that warrant a revision to the remaining useful lives of intangible assets. In cases where a revision is deemed appropriate, the remaining carrying amounts of the intangible assets are amortized over the revised remaining useful life. Core deposit intangibles are currently amortized over an approximate ten-year period.

Customer Relationship Intangible. Other intangible assets also include our period and customer relationship intangible asset. In valuing our customer relationship intangibles, we consider variables such as assets under administration, attrition rates, and fee structure. Customer relationship intangibles are currently amortized over a 12-year twelve-year period.

Fair value of Financial Instruments

ASC Topic 820, Fair Value Measurement defines fair value as the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date.

The degree of management judgment involved in determining the fair value of assets and liabilities is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that trade actively and have quoted market prices or observable market parameters, there is minimal subjectivity involved in measuring fair value. When observable market prices and parameters are not available, management judgment is necessary to estimate fair value. In addition, changes in market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. Therefore, when market data is not available, we would use valuation techniques requiring more management judgment to estimate the appropriate fair value measurement.

See Note 15 of our Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2023 March 31, 2024, included in this report, for a complete discussion of our use of fair value of financial assets and liabilities and their related measurement practices.

Income Taxes

We use the asset and liability method to account for income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the income tax basis of our assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. Our annual tax rate is based on our income, statutory tax rates and available tax planning opportunities. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss carryforwards. We review our deferred tax positions quarterly for changes that may impact realizability. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. We use short and long-range business forecasts to provide additional information for its evaluation of the recoverability of deferred tax assets. It is our policy to recognize interest and penalties associated with uncertain tax positions, if applicable, as components of non-interest expense.

A deferred tax valuation allowance is established to reduce the net carrying amount of deferred tax assets if it is determined to be more likely than not that all or some of the deferred tax asset will not be realized. See Note 11 of the notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022, for further information on income taxes.

Recently Issued Accounting Pronouncements

Refer to Note 2 of our Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2023 March 31, 2024, which is included in this report, for a description of recent accounting pronouncements, including the effective dates of adoption and anticipated effects on our results of operations and financial condition.

Primary Factors Used to Evaluate Our Business

As a financial institution, we manage and evaluate various aspects of both our results of operations and our financial condition. We evaluate the levels and trends of the line items included in our consolidated financial statements as well as various financial ratios that are commonly used in our industry. We analyze these ratios and financial trends against our own historical performance, our budgeted performance, and the final condition and performance of comparable financial institutions in our region. Comparison of our financial performance against other financial institutions is impacted by the accounting for acquired non-credit-deteriorated and purchased credit deteriorated loans.

Results of Operations

Overview

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of interest income on loans and lease receivables, including accretion income on loans, investment securities and other short-term investments, and interest expense on interest-bearing liabilities, consisting primarily of deposits and borrowings. Our results of operations are also dependent upon our generation of non-interest income, consisting primarily of income from fees and service charges on deposits, loan servicing revenue, wealth management and trust income, ATM and interchange fees, and net gains on sales of investment securities and loans. Other factors contributing to our results of operations include our provisions for credit losses, provision for income taxes, and non-interest expenses, such as salaries and employee benefits, occupancy and equipment expenses, and other miscellaneous operating costs.

Selected Financial Data

	As of or for the Three Months Ended September 30,	As of or For the Nine Months Ended September 30,	As of or for the Three Months Ended March 31,

(dollars in thousands, except share and per share data)	2023	2022	2023	2022	2024	2023
Summary of Operations						
Common Share Data						
Basic earnings per common share	$ 0.66	$ 0.61	$ 2.01	$ 1.76	$ 0.70	$ 0.65
Diluted earnings per common share	$ 0.65	$ 0.61	$ 1.98	$ 1.73	$ 0.70	$ 0.64
Adjusted diluted earnings per share(1)(3)	$ 0.77	$ 0.61	$ 2.15	$ 1.73	$ 0.70	$ 0.65
Weighted-average common shares outstanding (basic)	43,025,927	36,851,973	39,027,450	37,012,316	43,258,087	36,955,085
Weighted-average common shares outstanding (diluted)	43,458,110	37,371,159	39,462,852	37,581,866	43,727,344	37,539,912
Common shares outstanding	43,719,203	37,465,902	43,719,203	37,465,902	44,108,387	37,713,427
Cash dividends per common share	$ 0.09	$ 0.09	$ 0.27	$ 0.27	$ 0.09	$ 0.09
Dividend payout ratio on common stock	13.85 %	14.75 %	13.64 %	15.61 %	12.86 %	14.06 %
Book value per common share	$ 21.04	$ 19.95	$ 21.04	$ 19.95	$ 22.88	$ 21.10
Tangible book value per common share(1)	$ 16.35	$ 15.67	$ 16.35	$ 15.67	$ 18.29	$ 16.92
Key Ratios and Performance Metrics (annualized where applicable)						
Net interest margin	4.46 %	4.04 %	4.39 %	3.87 %	4.00 %	4.38 %
Net interest margin, fully taxable equivalent (1)(4)	4.47 %	4.05 %	4.40 %	3.88 %	4.01 %	4.39 %
Average cost of deposits	2.13 %	0.43 %	1.70 %	0.22 %	2.56 %	1.15 %
Efficiency ratio(2)	53.75 %	55.11 %	52.96 %	55.12 %	51.94 %	52.10 %
Adjusted efficiency ratio(1)(2)(3)	47.35 %	55.11 %	49.96 %	55.12 %	51.75 %	51.54 %
Non-interest income to total revenues(1)	11.81 %	14.83 %	14.61 %	19.41 %	15.32 %	16.67 %
Non-interest expense to average assets	2.66 %	2.56 %	2.67 %	2.59 %	2.40 %	2.69 %
Adjusted non-interest expense to average assets(1)(3)	2.35 %	2.56 %	2.53 %	2.59 %	2.39 %	2.67 %
Return on average stockholders' equity	12.11 %	11.59 %	12.48 %	10.96 %	12.26 %	12.38 %

Adjusted return on average stockholders' equity(1)(3)	14.30 %	11.59 %	13.54 %	10.96 %	12.31 %	12.62 %
Return on average assets	1.30 %	1.26 %	1.34 %	1.26 %	1.36 %	1.32 %
Adjusted return on average assets(1)(3)	1.53 %	1.26 %	1.46 %	1.26 %	1.36 %	1.35 %
Pre-tax pre-provision return on average assets(1)	2.16 %	1.93 %	2.23 %	1.93 %	2.10 %	2.32 %
Adjusted pre-tax pre-provision return on average assets(1)(3)	2.46 %	1.93 %	2.38 %	1.93 %	2.11 %	2.35 %
Return on average tangible common stockholders' equity(1)	16.15 %	15.40 %	16.37 %	14.60 %	15.88 %	16.20 %
Adjusted return on average tangible common stockholders' equity(1)(3)	18.95 %	15.40 %	17.72 %	14.60 %	15.95 %	16.49 %
Non-interest-bearing deposits to total deposits	28.18 %	38.17 %	28.18 %	38.17 %	25.19 %	33.58 %
Loans and leases held for sale and loans and leases held for investment to total deposits	95.21 %	94.60 %	95.21 %	94.60 %	92.54 %	95.37 %
Deposits to total liabilities	86.67 %	85.95 %	86.67 %	85.95 %	87.49 %	86.31 %
Deposits per branch	$ 144,869	$ 147,696	$ 144,869	$ 147,696	$ 153,129	$ 152,965
Asset Quality Ratios						
Non-performing loans and leases to total loans and leases held for investment	0.79 %	0.67 %	0.79 %	0.67 %	1.00 %	0.84 %
Non-performing assets to total assets					0.73 %	0.67 %
ACL to total loans and leases held for investment, net before ACL	1.60 %	1.23 %	1.60 %	1.23 %	1.51 %	1.64 %
Net charge-offs to average total loans and leases held for investment, net before ACL - loans and leases	0.33 %	0.15 %	0.25 %	0.15 %	0.37 %	0.09 %
Capital Ratios						
Common equity to total assets	10.29 %	10.27 %	10.29 %	10.27 %	10.72 %	10.57 %

Tangible common equity to tangible assets(1)	8.18 %	8.25 %	8.18 %	8.25 %	8.76 %	8.66 %
Leverage ratio	10.75 %	10.30 %	10.75 %	10.30 %	10.91 %	10.46 %
Common equity tier 1 capital ratio	10.08 %	10.24 %	10.08 %	10.24 %	10.59 %	10.27 %
Tier 1 capital ratio	11.12 %	10.91 %	11.12 %	10.91 %	11.62 %	10.90 %
Total capital ratio	13.17 %	13.02 %	13.17 %	13.02 %	13.66 %	13.19 %

(1) Represents a non-GAAP financial measure. See "Reconciliations of non-GAAP Financial Measures" for a reconciliation of our non-GAAP measures to the most directly comparable GAAP financial measure.

(2) Represents non-interest expense less amortization of intangible assets divided by net interest income and non-interest income.

(3) Calculation excludes impairment charges on assets held for sale and ROU assets. assets, and merger-related expenses.

(4) Represents the remaining net unaccreted discount as a result of applying the fair value acquisition accounting adjustment at the time of the business combination on acquired loans.

(5) Interest income and rates include the effects of a tax equivalent adjustment to adjust tax-exempt investment income on tax-exempt investment securities to a fully taxable basis, assuming a federal income tax rate of 21%.

We reported consolidated net income of $28.2 million $30.4 million for the three months ended September 30, 2023 March 31, 2024 compared to net income of $22.7 million $23.9 million for the three months ended September 30, 2022 March 31, 2023, an increase of $5.6 million $6.5 million. The increase in net income was primarily attributable to a $23.6 million $9.8 million increase in net interest income and a decrease in the provision for credit losses of $3.2 million, offset by an increase in non-interest expense of $11.7 million $5.0 million. Net income available to common stockholders was $0.70 per basic and an increase in per diluted common share, for the provision three months ended March 31, 2024 compared to $0.65 per basic and $0.64 per diluted common share, for credit losses of $4.6 million the three months ended March 31, 2023.

The increase in net interest income during the three months ended September 30, 2023 March 31, 2024 was mainly a result of loans acquired and higher yields partially offset by an increase on loans and leases, organic growth in interest expense the loan and lease portfolio, as well as from the Inland acquisition.. The decrease in provision for credit losses was due to deposits assumed and higher rates on deposits. a smaller allocation for individually assessed loans. The increase in non-interest expense was primarily due to increases in salaries and employee benefits legal, audit and other professional fees, and data processing. The increase in the provision for credit losses was mainly due to acquired non-credit-deteriorated loans resulting from acquisition accounting.

Net income available to common stockholders was $28.2 million, or $0.66 per basic and $0.65 per diluted common share, for the three months ended September 30, 2023 compared to $22.7 million, or $0.61 per basic and diluted common share, for the three months ended September 30, 2022. headcount.

Our annualized return on average assets was 1.30% 1.36% for the three months ended September 30, 2023 March 31, 2024 compared to 1.26% 1.32% for the three months ended September 30, 2022 March 31, 2023. Our annualized return on average stockholders' equity was 12.11% 12.26% for the three months ended September 30, 2023 March 31, 2024 compared to 11.59% 12.38% for the three months ended September 30, 2022 March 31, 2023. Our efficiency ratio was 53.75% 51.94% for the three months ended September 30, 2023 March 31, 2024 compared to 55.11% 52.10% for the three months ended September 30, 2022.

We reported consolidated net income of $78.3 million for the nine months ended September 30, 2023 compared to net income of $65.2 million for the nine months ended September 30, 2022, an increase of $13.0 million. The increase in net income was primarily attributable to a $55.1 million increase in net interest income, offset by a $21.5 million increase in non-interest expense, a $7.5 million increase in the provision for income taxes, a $9.4 million increase in the provision for credit losses, and a $4.2 million decrease in non-interest income.

The increase in net interest income during the nine months ended September 30, 2023 was mainly a result of higher yields on loans and leases and increased average balances. The increase in non-interest expense was mostly due to an increase in salaries and employee benefits, data processing, and legal, audit and other professional fees. The increase in provision for credit losses was mainly attributable to acquired non-credit-deteriorated loans resulting from acquisition accounting, increases in specific reserves on individually evaluated loans, and loan and lease portfolio growth. The increase in provision for income taxes was due to higher income before taxes. The decrease in non-interest income was primarily due to decrease in net gains on sales of loans due to lower volume and average premiums.

Net income available to common stockholders was $78.3 million, or $2.01 per basic and $1.98 per diluted common share, for the nine months ended September 30, 2023 compared to $65.1 million, or $1.76 per basic and $1.73 per diluted common share, for the nine months ended September 30, 2022. Dividends on preferred shares were $196,000 for the nine months ended September 30, 2022.

Our annualized return on average assets was 1.34% for the nine months ended September 30, 2023 compared to 1.26% for the nine months ended September 30, 2022. Our annualized return on average stockholders' equity was 12.48% for the nine months ended September 30, 2023 compared to 10.96% for the nine months ended September 30, 2022. Our efficiency ratio was 52.96% for the nine months ended September 30, 2023 compared to 55.12% for the nine months ended September 30, 2022 March 31, 2023.

Net Interest Income

Net interest income, representing interest income less interest expense, is a significant contributor to our revenues and earnings. We generate interest income from interest and dividends on interest-earning assets, which include loans, leases and investment securities we own. We incur interest expense from interest paid on interest-bearing liabilities, which include interest-bearing deposits, subordinated debt, Federal Home Loan Bank advances, junior subordinated debentures and other borrowings. To evaluate net interest income, we measure and monitor (i) yields on our loans and other interest-earning assets, (ii) the costs of our deposits and other funding sources, (iii) our net interest spread, and (iv) our net interest margin. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is calculated as the annualized net interest income divided by average interest-earning assets. Because non-interest-bearing sources of funds, such as non-interest-bearing deposits and stockholders' equity, also fund interest-earning assets, net interest margin includes the benefit of these non-interest-bearing sources.

We also recognize income from the accretable discounts associated with the purchase of interest-earning assets. Because of our recapitalization and acquisitions, we derive a portion of our interest income from the accretable discounts on purchase credit deteriorated and acquired non-credit-deteriorated loans. The accretion is generally recognized over the life of the loan and is impacted by changes in expected cash flows on the loan. This accretion will continue to have an impact on our net interest income as long as loans acquired with a discount at acquisition represent a meaningful portion of our interest-earning assets. As of September 30, 2023 March 31, 2024, purchased credit deteriorated loans accounted for under ASC Topic 326 represented 3.8% 3.0% of our total loan and lease portfolio compared to 1.4% 3.4% at December 31, 2022 December 31, 2023.

Changes in the market interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and non-interest-bearing liabilities, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. In addition, our interest income includes the accretion of the discounts on our acquired loans, which will also affect our net interest spread, net interest margin and net interest income.

The following tables present, for the periods indicated, information about (i) average balances, the total dollar amount of interest income from interest-earning assets and the resultant average yields; (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (iii) net interest income; (iv) the interest rate spread; and (v) the net interest margin. Yields have been calculated on a pre-tax basis (dollars in thousands).

	Three Months Ended September 30,						Three Months Ended March 31,					
	2023			2022			2024			2023		
	Average Balance(5)	Interest Inc / Exp	Average Yield / Rate	Average Balance(5)	Interest Inc / Exp	Average Yield / Rate	Average Balance(5)	Interest Inc / Exp	Average Yield / Rate	Average Balance(5)	Interest Inc / Exp	Average Yield / Rate
ASSETS												
Cash and cash equivalents	$ 195,019	$ 1,724	3.51 %	$ 77,522	$ 210	1.08 %	$ 339,449	$ 3,828	4.54 %	$ 97,578	$ 442	1.84 %
Loans and leases(1)	6,484,875	125,465	7.68 %	5,218,135	72,824	5.54 %	6,681,488	123,792	7.45 %	5,484,372	92,343	6.83 %
Taxable securities	1,371,979	8,465	2.45 %	1,302,375	6,014	1.83 %	1,422,661	9,822	2.78 %	1,275,377	6,431	2.04 %
Tax-exempt securities(2)	168,805	1,184	2.78 %	162,591	1,083	2.64 %	159,984	1,112	2.80 %	151,817	994	2.65 %
Total interest-earning assets	$ 8,220,678	$ 136,838	6.60 %	$ 6,760,623	$ 80,131	4.70 %	$ 8,603,582	$ 138,554	6.48 %	$ 7,009,144	$ 100,210	5.80 %
Allowance for credit losses - loans and leases	(108,315)			(62,733)			(102,256)			(84,321)		
All other assets	521,982			447,299			529,615			420,328		
TOTAL ASSETS	$ 8,634,345			$ 7,145,189			$ 9,030,941			$ 7,345,151		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Deposits												

Interest checking	$ 579,917	$ 2,208	1.51 %	$ 583,777	$ 1,077	0.73 %	$ 590,406	$ 2,429	1.65 %	$ 606,008	$ 2,494	1.67 %
Money market accounts	2,040,476	16,676	3.24 %	1,391,923	3,358	0.96 %	2,237,324	19,660	3.53 %	1,465,677	7,728	2.14 %
Savings	594,555	228	0.15 %	673,966	247	0.15 %	531,912	197	0.15 %	613,590	227	0.15 %
Time deposits	1,706,531	18,051	4.20 %	687,124	1,289	0.74 %	1,992,357	23,676	4.78 %	966,409	5,849	2.45 %
Total interest-bearing deposits	4,921,479	37,163	3.00 %	3,336,790	5,971	0.71 %	5,351,999	45,962	3.45 %	3,651,684	16,298	1.81 %
Other borrowings	463,561	3,981	3.41 %	607,471	3,232	2.11 %	472,644	3,824	3.25 %	573,433	5,852	4.14 %
Federal funds purchased							—	—	0.00 %	2,778	36	5.30 %
Subordinated notes and debentures	144,171	2,994	8.24 %	110,799	1,825	6.54 %	144,387	2,994	8.34 %	111,101	2,098	7.66 %
Total borrowings	607,732	6,975	4.55 %	718,270	5,057	2.79 %	617,031	6,818	4.44 %	687,312	7,986	4.71 %
Total interest-bearing liabilities	$ 5,529,211	$ 44,138	3.17 %	$ 4,055,060	$ 11,028	1.08 %	$ 5,969,030	$ 52,780	3.56 %	$ 4,338,996	$ 24,284	2.27 %
Non-interest-bearing demand deposits	1,987,996			2,198,095			1,874,322			2,076,613		
Other liabilities	192,860			116,676			188,783			145,253		
Total stockholders' equity	924,278			775,358			998,806			784,289		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,634,345			$ 7,145,189			$ 9,030,941			$ 7,345,151		
Net interest spread(3)			3.43 %			3.62 %			2.92 %			3.53 %
Net interest income, fully taxable equivalent		$ 92,700			$ 69,103			$ 85,774			$ 75,926	
Net interest margin, fully taxable equivalent(2)(4)			4.47 %			4.05 %			4.01 %			4.39 %

Reconciliation to reported net interest income:								
Less: Tax-equivalent adjustment	24 8	0.0 1 %	22 8	0.0 1 %	233	0.01 %	208	0.01 %
Net interest income	92, 45 $ 2		68, 87 $ 5		$ 85,541		$ 75,718	
Net interest margin(4)		4.4 6 %		4.0 4 %		4.00 %		4.38 %
Net loan accretion impact on margin	10, 27 $ 6	0.5 0 %	1,5 $ 59	0.0 9 %	$ 4,284	0.20 %	$ 729	0.04 %

(1) Loan and lease balances are net of deferred origination fees and costs and initial direct costs. Non-accrual loans and leases are included in total loan and lease balances.
(2) Interest income and rates include the effects of a tax equivalent adjustment to adjust tax-exempt investment income on tax-exempt investment securities to a fully taxable basis, assuming a federal inco rate of 21%.
(3) Represents the average rate earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.
(4) Represents net interest income (annualized) divided by total average interest-earning assets.
(5) Average balances are average daily balances.

	For the Nine Months Ended September 30,					
	2023			2022		
	Average Balance(5)	Interest Inc / Exp	Average Yield / Rate	Average Balance(5)	Interest Inc / Exp	Average Yield / Rate
ASSETS						
Cash and cash equivalents	$ 142,890	$ 3,207	3.00 %	$ 72,802	$ 313	0.58 %
Loans and leases(1)	5,838,611	316,942	7.26 %	4,967,769	187,924	5.06 %
Taxable securities	1,299,732	21,220	2.18 %	1,323,838	17,393	1.76 %
Tax-exempt securities(2)	157,338	3,158	2.68 %	166,911	3,338	2.67 %
Total interest-earning assets	$ 7,438,571	$ 344,527	6.19 %	$ 6,531,320	$ 208,968	4.28 %
Allowance for credit losses - loans and leases	(95,234)			(59,526)		
All other assets	455,850			472,115		

TOTAL ASSETS	$ 7,799,187			$ 6,943,909		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits						
Interest checking	$ 575,558	$ 6,877	1.60 %	$ 592,985	$ 1,670	0.38 %
Money market accounts	1,682,311	35,203	2.80 %	1,318,725	5,026	0.51 %
Savings	594,396	675	0.15 %	662,820	406	0.08 %
Time deposits	1,336,584	35,429	3.54 %	658,893	2,084	0.42 %
Total interest-bearing deposits	4,188,849	78,184	2.50 %	3,233,423	9,186	0.38 %
Other borrowings	515,068	14,074	3.65 %	466,194	4,710	1.35 %
Federal funds purchased	916	36	5.30 %	842	14	2.32 %
Subordinated notes and debentures	122,296	7,234	7.91 %	110,648	5,119	6.19 %
Total borrowings	638,280	21,344	4.47 %	577,684	9,843	2.28 %
Total interest-bearing liabilities	$ 4,827,129	$ 99,528	2.76 %	$ 3,811,107	$ 19,029	0.67 %
Non-interest-bearing demand deposits	1,970,724			2,237,002		
Other liabilities	162,542			99,951		
Total stockholders' equity	838,792			795,849		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,799,187			$ 6,943,909		
Net interest spread(3)			3.43 %			3.61 %
Net interest income, fully taxable equivalent		$ 244,999			$ 189,939	
Net interest margin, fully taxable equivalent(2)(4)			4.40 %			3.88 %
Reconciliation to reported net interest income:						
Less: Tax-equivalent adjustment		663	0.01 %		701	0.01 %
Net interest income		$ 244,336			$ 189,238	
Net interest margin(4)			4.39 %			3.87 %
Net loan accretion impact on margin		$ 11,616	0.21 %		$ 4,418	0.09 %

(1) Loan and lease balances are net of deferred origination fees and costs and initial direct costs. Non-accrual loans and leases are included in total loan and lease balances.
(2) Interest income and rates include the effects of a tax equivalent adjustment to adjust tax-exempt investment income on tax-exempt investment securities to a fully taxable basis, assuming a federal inco rate of 21%.
(3) Represents the average rate earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.
(4) Represents net interest income (annualized) divided by total average interest-earning assets.
(5) Average balances are average daily balances.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following table sets forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to (i) effects on interest income attributable to changes in volume (changes in volume multiplied by prior rate) and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). Changes applicable to both volume and rate have been allocated to volume. Yields have been calculated on a pre-tax basis. The table below is a summary of increases and decreases in interest income and interest expense resulting from changes in average balances (volume) and changes in average interest rates (dollars in thousands):

	Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022		
	Increase (Decrease) Due to		
	Volume	Rate	Total
Interest income			
Cash and cash equivalents	$ 1,039	$ 475	$ 1,514
Loans and leases(1)	24,495	28,146	52,641
Taxable securities	416	2,035	2,451
Tax-exempt securities	44	57	101
Total interest income	$ 25,994	$ 30,713	$ 56,707
Interest expense			
Deposits			
Interest checking	$ (17)	$ 1,148	$ 1,131
Money market accounts	5,319	7,999	13,318
Savings	(19)	—	(19)
Time deposits	10,770	5,992	16,762
Total interest-bearing deposits	16,053	15,139	31,192
Other borrowings	(1,236)	1,985	749
Subordinated notes and debentures	693	476	1,169
Total borrowings	(543)	2,461	1,918
Total interest expense	$ 15,510	$ 17,600	$ 33,110
Net interest income, fully taxable equivalent	$ 10,484	$ 13,113	$ 23,597

(1) Includes loans and leases on non-accrual status.

	Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022			Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest income						
Cash and cash equivalents	$ 1,576	$ 1,318	$ 2,894	$ 2,731	$ 655	$ 3,386
Loans and leases(1)	47,274	81,744	129,018	22,995	8,454	31,449
Taxable securities	(332)	4,159	3,827	1,044	2,347	3,391
Tax-exempt securities	(192)	12	(180)	61	57	118
Total interest income	$ 48,326	$ 87,233	$ 135,559	$ 26,831	$ 11,513	$ 38,344
Interest expense						
Deposits						
Interest checking	$ (204)	$ 5,411	$ 5,207	$ (35)	$ (30)	$ (65)

Money market accounts	7,590	22,587	30,177	6,867	5,065	11,932
Savings	(78)	347	269	(30)	—	(30)
Time deposits	17,969	15,376	33,345	12,228	5,599	17,827
Total interest-bearing deposits	25,277	43,721	68,998	19,030	10,634	29,664
Other borrowings	1,333	8,031	9,364	(757)	(1,271)	(2,028)
Federal funds purchased	3	19	22	1	(37)	(36)
Subordinated notes and debentures	693	1,422	2,115	708	188	896
Total borrowings	2,029	9,472	11,501	(48)	(1,120)	(1,168)
Total interest expense	$ 27,306	$ 53,193	$ 80,499	$ 18,982	$ 9,514	$ 28,496
Net interest income, fully taxable equivalent	$ 21,020	$ 34,040	$ 55,060	$ 7,849	$ 1,999	$ 9,848

(1) Includes loans and leases on non-accrual status.

Net interest income for the three months ended September 30, 2023 March 31, 2024 was $92.5 million $85.5 million compared to $68.9 million $75.7 million during the same period in 2022, 2023, an increase of $23.6 million $9.8 million, or 34.2% 13.0%. Interest income increased $56.7 million $38.3 million for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 primarily a result of growth in the loan and lease portfolio, including acquired loans, and higher yields and increased average balances on loans and leases due to acquired loans. interest earning assets. Interest expense increased by $33.1 million $28.5 million for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 mostly due to increases in growth of the average rates paid on deposit portfolio, including assumed deposits, change in deposit mix, and growth of deposits from assumed deposits.

58

Net interest income for the nine months ended September 30, 2023 was $244.3 million compared to $189.2 million during the same period in 2022, an increase of $55.1 million, or 29.1%. Interest income increased $135.6 million for nine months ended September 30, 2023 compared to the same period in 2022 primarily a result of higher yields and increased average balance on loans and leases from acquired loans. Interest expense increased by $80.5 million for the nine months ended September 30, 2023 compared to the same period in 2022 mostly due to increases in the average rates paid on deposits, change in deposit mix, and growth of deposits from assumed interest-bearing deposits.

The net interest margin for the three months ended September 30, 2023 March 31, 2024 was 4.46% 4.00%, an increase a decrease of 42 38 basis points compared to 4.04% 4.38% for the three months ended September 30, 2022 March 31, 2023. The net interest margin for the nine months ended September 30, 2023 and 2022 decrease was 4.39% and 3.87%, respectively. The primary drivers of the increases in each period was the increase yields due primarily attributable to the rising interest rate environment, and the increase in average interest earning assets driven by the acquisition. environment.

Net loan accretion income was $10.3 million $4.3 million for the three months ended September 30, 2023 March 31, 2024 compared to $1.6 million $729,000 for the three months ended September 30, 2022 March 31, 2023, an increase of $8.7 million, or 559.1%. Net loan accretion income was $11.6 million for $3.6 million due to loans acquired in the nine months ended September 30, 2023 compared to $4.4 million for the nine months ended September 30, 2022, an increase of $7.2 million or 162.9%. Inland acquisition. Total net loan accretion on acquired loans contributed 50 20 basis points to the net interest margin for the three months ended September 30, 2023 March 31, 2024 compared to nine four basis points for the three months ended September 30, 2022. Total net loan accretion on acquired loans contributed 21 basis points to the net interest margin for the nine months ended September 30, 2023 compared to nine basis points for the nine months ended September 30, 2022 March 31, 2023. We expected loan accretion income to decline and projected accretion income as of September 30, 2023 March 31, 2024 is summarized as follows:

	Estimated Projected Accretion(1)(2)		Estimated Projected Accretion(1)(2)	
2023	$	3,899		
2024		10,674		
Remainder of 2024			$	6,530
2025		6,240		6,126
2026		4,586		4,469
2027		2,881		2,808
2028				1,599
Thereafter		11,220		13,766
Total	$	39,500	$	35,298

(1) Estimated projected accretion excludes contractual interest income on ASC 326-20 loans. acquired loans and leases.

(2) Projections are undated quarterly, assume no prepayments, and are subject to change.

51

59

Provision for Credit Losses

The provision for credit losses reflects the amount required to maintain the allowance for credit losses ACL at an appropriate level based upon management's evaluation of the adequacy of collectively and individually evaluated loss reserves. The provision for credit losses represents a charge to earnings necessary to establish an allowance for credit losses that, in management's evaluation, is appropriate to provide coverage for current expected credit losses in the loan and lease portfolio. The ACL is increased by the provision for credit losses and is decreased by charge-offs, net of recoveries on prior charge-offs.

The provision for credit losses was $6.6 million for the three months ended March 31, 2204, compared to $9.8 million for the three months ended March 31, 2023, a decrease of $3.2 million and is comprised of a provision for credit losses - loans and leases and a provision for credit losses - unfunded commitments. Provision for credit losses - loans and leases was $7.9 million $6.9 million for the three months ended September 30, 2023 March 31, 2024, compared to $4.2 $9.7 million for the three months ended September 30, 2022 March 31, 2023, an increase a decrease of $3.7 million. Provision for credit losses was $24.0 million and $15.1 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $8.9 million $2.8 million. The increase decrease in provision for credit losses - loans and leases for the comparable periods was driven by acquired non-credit-deteriorated loans resulting from acquisition accounting, an increase in specific reserves related lower allocation to loans individually evaluated for impairment, and loan and lease growth. On July 1, 2023, a $2.7 million provision for credit losses was recorded on acquired non-credit-deteriorated loans related to the Inland transaction. assessed loans. The provision for credit losses - unfunded commitments was $938,000 a recapture of $248,000 and $373,000 a provision of $113,000 for the three and nine months ended September 30, 2023. March 31, 2024 and 2023, respectively

Non-Interest Income

The following table presents the major components of non-interest income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,		QTD 2023 Compared to 2022		YTD 2023 Compared to 2022		Three Months Ended March 31,		QTD 2024 Compared to 2023	
	2023	2022	2023	2022	$ Change	% Change	$ Change	% Change	2024	2023	$ Change	% Change
Fees and service charges on deposits	$ 2,372	$ 2,128	$ 6,725	$ 6,071	$ 244	11.5 %	$ 654	10.8 %	$ 2,427	$ 2,120	$ 307	14.5 %
Loan servicing revenue	3,369	3,422	10,126	10,186	(53)	(1.5)%	(60)	(0.6)%	3,364	3,380	(16)	(0.5)%
Loan servicing asset revaluation	(3,646)	(2,342)	(3,855)	(8,209)	(1,304)	55.6 %	4,354	(53.0)%	(703)	656	(1,359)	(207.2)%
ATM and interchange fees	1,205	1,007	3,380	3,187	198	19.6 %	193	6.1 %	1,075	1,063	12	1.1 %
Net realized gains on securities available-for-sale	—	(2)	—	50	2	100.0 %	(50)	(100.0)%				
Change in fair value of equity securities, net	(313)	(581)	230	(1,313)	268	(46.1)%	1,543	NM	392	350	42	11.9 %

Net gains on sales of loans	6,473	5,580	17,325	26,390	893	16.0%	(9,065)	(34.4)%	5,533	5,148	385	7.5%
Wealth management and trust income	939	995	2,902	2,943	(56)	(5.7)%	(41)	(1.4)%	1,157	924	233	25.2%
Other non-interest income	1,977	1,785	4,979	6,274	192	10.8%	(1,295)	(20.6)%	2,228	1,504	724	48.1%
Total non-interest income	$ 12,376	$ 11,992	$ 41,812	$ 45,579	$ 384	3.2%	$ (3,767)	(8.3)%	$ 15,473	$ 15,145	$ 328	2.2%

Fees and service charges on deposits represent amounts charged to customers for banking services, such as fees on deposit accounts, and include, but are not limited to, maintenance fees, insufficient fund fees, overdraft protection fees, wire transfer fees, and other charges. Fees and service charges on deposits were $2.4 million and $2.1 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Fees and service charges on deposits were $6.7 million and $6.1 million for the nine months ended September 30, 2023 and 2022, respectively. Increases are The increases is primarily due to increases in deposit balances and changes in fee structure. balances.

While portions of the loans that we originate are sold and generate gains on sale revenue, servicing rights for the majority of loans that we sell are retained by us. In exchange for continuing to service loans that have been sold, we receive servicing revenue from a portion of the interest cash flow of the loan. We generated $3.4 million in loan servicing revenue on the sold portion of the U.S. government guaranteed loans for the three months ended September 30, 2023 March 31, 2024 and 2022. We generated $10.1 million 2023. At March 31, 2024 and $10.2 million in loan servicing revenue on the sold portion of the U.S. government guaranteed loans for the nine months ended September 30, 2023 and 2022, respectively. At September 30, 2023 and 2022, 2023, the outstanding balance of guaranteed loans serviced was $1.7 billion.

Loan servicing asset revaluation represents net changes in the fair value of our servicing assets. Loan servicing asset revaluation had a downward adjustment of $3.6 million $703,000 and $2.3 million an upward adjustment $656,000 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, a change of $1.3 million. Loan servicing asset revaluation had a downward adjustment of $3.9 million and $8.2 million for the nine months ended September 30, 2023 and 2022, respectively, a change of $4.4 million $1.4 million. Changes in the revaluations revaluation were mainly due to decreases in discount rates prompted by current market interest rates higher prepayment speeds and premiums, coupled with increased prepayments. a lower average life.

Net gains on sales of loans were $6.5 million $5.5 million for the three months ended September 30, 2023 March 31, 2024 compared to $5.6 million $5.1 million for the three months ended September 30, 2022 March 31, 2023, an increase of $893,000, $385,000, or 16.0% 7.5%, driven mainly by higher volume, partially offset by reduced premiums in the secondary market. premiums. We sold $101.6 million $72.5 million of U.S. government guaranteed loans during the three months ended September 30, 2023 March 31, 2024 compared to $75.4 million $72.2 million during the three months ended September 30, 2022. Net gains on sales of loans were $17.3 million for the nine months ended September 30, 2023 compared to $26.4 million for the nine months ended September 30, 2022, a decrease of $9.1 million or 34.4%, driven by reduced premiums in the secondary market and lower sales of guaranteed loan balances. We sold $253.4 million of U.S. government

guaranteed loans during the nine months ended September 30, 2023 compared to $296.2 million during the nine months ended September 30, 2022 March 31, 2023.

Wealth management and trust income represents fees charged to customers for investment, trust, or wealth management services and are primarily determined by total assets under administration. Wealth management and trust income was $939,000 $1.2 million for the three months ended September 30, 2023 March 31, 2024 compared to $995,000 $924,000 for the three months ended September 30, 2022 March 31, 2023, a decrease an increase of $56,000 $233,000 or 5.6%. Wealth management and trust income was $2.9 million for the nine months ended September 30, 2023 and 2022, a decrease of $41,000 or 1.4% 25.2%. Assets under administration were $742.6 million $654.1 million and $501.2 million $573.7 million as of September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Assets under administration decreased $116.4 million or 15.1% from $770.5 million as of December 31, 2023, due to the loss of accounts.

Other non-interest income was $2.0 million $2.2 million for the three months ended September 30, 2023 March 31, 2024 compared to $1.8 million $1.5 million for the three months ended September 30, 2022 March 31, 2023, an increase of $192,000 $724,000 or 10.8%. Other non-interest income was $5.0 million for the nine months ended September 30, 2023 compared to $6.3 million for the nine months ended September 30, 2022, a decrease of $1.3 million or 20.6% 48.1%. The primary driver increase was primarily driven by net gains on sales of the decrease in the nine month period was decreased interest rate swap fee income. leased equipment and income associated with bank owned life insurance.

Non-Interest Expense

The following table presents the major components of non-interest expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively (dollars in thousands):

Three Months Ended September 30,	Nine Months Ended September 30,	QTD 2023 Compared to 2022	YTD 2023 Compared to 2022	Three Months Ended March 31,	QTD 2024 Compared to 2023

	2023	2022	2023	2022	$ Change	% Change	$ Change	% Change	2024	2023	$ Change	% Change
Salaries and employee benefits	$ 34,969	$ 29,587	$ 95,005	$ 86,243	$ 5,382	18.2%	$ 8,762	10.2%	$ 33,953	$ 30,394	$ 3,559	11.7%
Occupancy and equipment expense, net	5,314	3,919	14,162	13,456	1,395	35.6%	706	5.3%	5,284	4,444	840	18.9%
Impairment charge on assets held for sale	—	—	20	—	—	0.0%	20	100.0%	—	20	(20)	(100.0)%
Loan and lease related expenses	836	530	2,287	581	306	57.4%	1,706	293.6%	685	963	(278)	(28.8)%
Legal, audit and other professional fees	3,805	2,733	10,594	7,153	1,072	39.3%	3,441	48.1%	2,719	3,114	(395)	(12.7)%
Data processing	6,472	3,370	14,527	9,952	3,102	92.0%	4,575	46.0%	4,145	3,783	362	9.6%
Net loss recognized on other real estate owned and other related expenses	111	275	296	487	(164)	(59.6)%	(191)	(39.3)%				

Net gain recognized on other real estate owned and other related expenses									(98)	(103)	5	(4.9)%
Other intangible assets amortization expense	1,551	1,611	4,461	5,075	(60)	(3.7)%	(614)	(12.1)%	1,345	1,455	(110)	(7.6)%
Other non-interest expense	4,833	4,153	14,667	11,559	680	16.4%	3,108	26.9%	5,776	4,730	1,046	22.1%
Total non-interest expense	$ 57,891	$ 46,178	$ 156,019	$ 134,506	$ 11,713	25.4%	$ 21,513	16.0%	$ 53,809	$ 48,800	$ 5,009	10.3%

Salaries and employee benefits, the single largest component of our non-interest expense, totaled $35.0 million $34.0 million for the three months ended September 30, 2023 March 31, 2024 compared to $29.6 million $30.4 million for the three months ended September 30, 2022 March 31, 2023, an increase of $5.4 million $3.6 million, or 18.2%. Salaries and employee benefits totaled $95.0 million for the nine months ended September 30, 2023 compared to $86.2 million for the nine months ended September 30, 2022, an increase of $8.7 million, or 10.2% 11.7%. The increases were primarily a result of merit increases, lower deferred costs, increased incentive compensation and increased compensation association with the acquisition. headcount as a result of our acquisition of Inland. Our staffing increased from 972 971 full-time equivalent employees as of September 30, 2022 March 31, 2023 to 1,065 1,064 as of September 30, 2023 March 31, 2024.

Occupancy and equipment expense, net was $5.3 million for the three months ended September 30, 2023 March 31, 2024 compared to $3.9 million $4.4 million for the three months ended September 30, 2022 March 31, 2023, an increase of $1.4 million $840,000 or 35.6%. Occupancy and equipment expense, net was $14.2 million for the nine months ended September 30, 2023, compared to $13.5 million for the nine months ended September 30, 2022, an increase of $706,000, or 5.2% 18.9%. The increase is primarily due to branches acquired branches, increased maintenance expense, and increased software depreciation expense. as a result of the Inland acquisition.

Loan and lease related expenses were $836,000 $685,000 for the three months ended September 30, 2023 March 31, 2024 compared to $530,000 $963,000 for the three months ended September 30, 2022 March 31, 2023, an increase a decrease of $306,000, $278,000, or 57.7% 28.8%. The increase decrease was primarily driven by higher reimbursable expenses associated with lower government guaranteed loan originations. Loan and lease related expenses were $2.3 million for the nine months ended September 30, 2023 compared to $581,000 for the nine months ended September 30, 2022, an increase of $1.7 million, or 293.6%. The increase was mainly related to growth of the loan and lease portfolio, and the recapture of government guaranteed loan expenses during the first nine months of 2022. expenses.

Legal, audit, and other professional fees were $2.7 million for the three months ended March 31, 2024 compared to $3.1 million for the three months ended March 31, 2023, a decrease of $395,000, or 12.7%. The decrease was principally driven by merger-related expenses incurred during the first quarter of 2023.

Data processing was $4.1 million for the three months ended March 31, 2024, compared to $3.8 million for the three months ended September 30, 2023 compared to $2.7 million for the three months ended September 30, 2022 March 31, 2023, an increase of $1.1 million, $362,000 or 39.2%. Legal, audit, and other professional fees were $10.6 million for the nine months ended September 30, 2023 compared to $7.2 million for the nine months ended September 30, 2022, an increase of $3.4 million or 48.1%. The increase was driven by increased fees for merger-related expenses.

61

Data processing was $6.5 million for the three months ended September 30, 2023, compared to $3.4 million for the three months ended September 30, 2022, an increase of $3.1 million, or 92.0%. Data processing was $14.5 million for the nine months ended September 30, 2023, compared to $10.0 million for the nine months ended September 30, 2022, an increase of $4.6 million or 46.0% 9.6%. The increases were driven by merger-related expenses and increased software licensing costs.

Net loss recognized on other real estate owned and other related expenses was $111,000 for the three months ended September 30, 2023, compared to $275,000 for the three months ended September 30, 2022, a decrease of $164,000, or 59.6%. Net loss recognized on other real estate owned and other related expenses was $296,000 for the nine months ended September 30, 2023 compared to $487,000 for the nine months ended September 30, 2022, a decrease of $191,000, or 39.2%. These changes were primarily due to sales and transfers of certain properties from loans. IT infrastructure expenses.

Other non-interest expense was $4.8 million $5.8 million for the three months ended September 30, 2023 March 31, 2024 compared to $4.2 million $4.7 million for the three months ended September 30, 2022 March 31, 2023, an increase of $680,000 $1.0 million or 16.4%. Other non-interest expense was $14.7 million for the nine months ended September 30, 2023 compared to $11.6 million for the nine months ended September 30, 2022, an increase of $3.1 million or 26.9% 22.1%. These increases were mostly increase was primarily due to increases $1.3 million in regulatory assessments, advertising and promotions, and other general expenses. charges taken for planned branch consolidations that will occur during the second quarter of 2024, which is inclusive of impairment on right-of-use assets.

Our efficiency ratio was 53.75% 51.94% for the three months ended September 30, 2023 March 31, 2024 compared to 55.11% 52.10% for the three months ended September 30, 2022 March 31, 2023. The change in our efficiency ratio for the three months ended September 30, 2023 March 31, 2024 was driven by an increase in our net interest income. income growth. Our adjusted efficiency ratio was 47.35% 51.75% for the three months ended September 30, 2023 March 31, 2024 compared to 55.11% 51.54% for the three months ended September 30, 2022. Our efficiency ratio was 52.96% for the nine months ended September 30, 2023, compared to 55.12% for the nine months ended September 30, 2022. The change in our efficiency ratio was due to higher net interest income. Our adjusted efficiency ratio was 49.96% for the nine months ended September 30, 2023, compared to 55.12% for the nine months ended September 30, 2022 March 31, 2023.

Please refer to the “Reconciliation of Non-GAAP Financial Measures” for a reconciliation of our non-GAAP measures to the most directly comparable GAAP financial measure.

Income Taxes

Our provision for income taxes for the three months ended September 30, 2023 March 31, 2024 totaled $9.9 million $10.1 million compared to $7.9 million $8.3 million for the three months ended September 30, 2022 March 31, 2023, an increase of $2.1 million $1.8 million, or 26.2% 22.0%. The increase in income tax expense was principally due to increases an increase in net income before provision for income taxes. Our effective tax rate was 26.0% 25.0% for the three months ended September 30, 2023 March 31, 2024 and 25.7% for the three months ended September 30, 2022.

Our provision for income taxes for the nine months ended September 30, 2023 totaled $27.4 million compared to $20.0 million for the nine months ended September 30, 2022, an increase of $7.5 million or 37.3%. The increase in income tax expense was principally due to increases in net income before provision for income taxes. Our effective tax rate was 26.0% for the nine months ended September 30, 2023 and 23.4% for the nine months ended September 30, 2022 March 31, 2023.

We expect our effective tax rate for 2023 2024 to be approximately 25-27%.

Financial Condition

Condensed Consolidated Statements of Financial Condition Analysis

Our total assets increased by $1.6 billion $528.5 million, or 21.5% 6.0%, to $9.4 billion at March 31, 2024 compared to $8.9 billion at September 30, 2023 compared to $7.4 billion at December 31, 2022 December 31, 2023. The increase in total assets includes was primarily due to an increase in cash and cash equivalents of $410.7 million, inclusive of $200.0 million in short term investments, an increase of $1.2 billion $93.9 million in loans and leases, or 22.0% 1.4%, from $5.4 billion $6.7 billion at December 31, 2022 December 31, 2023 to $6.6 billion $6.8 billion at September 30, 2023 March 31, 2024. Our originated loan and lease portfolio increased by $497.7 million $133.4 million and our purchased credit deteriorated loans and acquired non-credit-deteriorated loans and leases portfolio increased decreased by $694.4 million $39.5 million. The increase in our originated portfolio was primarily attributed to growth in the commercial and industrial loans, commercial real estate, and leasing financing receivables. portfolio. The increase decrease in our purchased credit deteriorated loans and acquired non-credit-deteriorated loans and leases portfolio was attributed to the Inland acquisition. decreases in commercial and residential real estate resulting from resolutions and charge-offs.

Total liabilities increased by $1.4 million $509.6 million, or 21.6% 6.5%, to $8.0 billion $8.4 billion at September 30, 2023 March 31, 2024 compared to $6.6 billion $7.9 billion at December 31, 2022 December 31, 2023. Total deposits increased by $1.3 billion $173.2 million, or 22.1% 2.4%, driven by growth in time deposits and money market accounts, offset by a decrease in non-interest bearing deposits. Other borrowings increased by $72.8 million $326.0 million, or 11.4% 82.5%, mainly due to an increase in advances under the Bank Term Funding Program of $200.0 million and increased FHLB advances, as well as the new term loan and drawing on our revolving line of credit. advances.

Investment Portfolio

Our investment securities portfolio consists of securities classified as available-for-sale and held-to-maturity. There were no securities classified as trading in our investment portfolio as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023. All available-for sale securities are carried at fair value and may be used for liquidity purposes should management consider it to be in our best interest. Securities

---

available-for-sale consist primarily of residential mortgage-backed securities, commercial mortgage-backed securities and U.S. government agencies securities.

Securities available-for-sale increased by $65.5 million $36.7 million, or 5.6% 2.7%, from $1.2 billion $1.3 billion at December 31, 2022 December 31, 2023 to $1.2 billion $1.4 billion at September 30, 2023 March 31, 2024. The increase was mainly attributed to the Inland acquisition. purchases of securities, net of maturities, calls, and repayments.

At September 30, 2023 March 31, 2024, our held-to-maturity securities portfolio consists of obligations of states, municipalities and political subdivisions. We carry these securities at amortized cost. Securities held-to-maturity were $1.2 million and $2.7 million at September 30, 2023 March 31, 2024, and at December 31, 2022 December 31, 2023, respectively.

We had no securities that had evidence of material credit losses as of September 30, 2023 or December 31, 2022.

The following table summarizes the fair value of the available-for-sale and held-to-maturity securities portfolio as of the dates presented (dollars in thousands):

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale								
U.S. Treasury Notes	$ 105,792	$ 104,029	$ 42,430	$ 40,723	$ 87,147	$ 86,112	$ 116,398	$ 115,434
U.S. Government agencies	147,889	125,115	150,524	130,364	155,659	138,054	147,062	130,695
Obligations of states, municipalities, and political subdivisions	89,370	80,520	68,019	61,876	86,160	81,709	86,022	82,275
Residential mortgage-backed securities								
Agency	750,675	621,976	707,157	595,796	825,180	726,587	786,970	695,803
Non-agency	124,569	96,931	130,654	106,249	136,561	113,709	122,359	100,260
Commercial mortgage-backed securities								
Agency	183,183	139,865	191,172	157,030	197,171	163,546	181,452	147,204
Corporate securities	40,696	34,972	45,302	41,436	40,667	36,752	40,681	36,171
Asset-backed securities	38,220	36,521	43,085	40,957	33,882	32,678	35,857	34,638
Total available-for-sale	**$ 1,480,394**	**$ 1,239,929**	**$ 1,378,343**	**$ 1,174,431**	$ 1,562,427	$ 1,379,147	$ 1,516,801	$ 1,342,480
Held-to-maturity								
Obligations of states, municipalities, and political subdivisions	$ 1,157	$ 1,133	$ 2,705	$ 2,672	$ 1,156	$ 1,149	$ 1,157	$ 1,149

Total held-to-maturity	**$ 1,157**	**$ 1,133**	**$ 2,705**	**$ 2,672**	$ 1,156	$ 1,149	$ 1,157	$ 1,149

Certain securities have fair values less than amortized cost and, therefore, contain unrealized losses. At September 30, 2023 March 31, 2024, we evaluated the securities which that had an unrealized loss for credit losses and determined there were none. There were 361 320 investment securities with unrealized losses at September 30, 2023 March 31, 2024. We anticipate full recovery of amortized cost with respect to these securities by maturity, or sooner in the event of a more favorable market interest rate environment. We do not intend to sell these securities and it is not more likely than not that we will be required to sell them before recovery of their amortized cost basis, which may be at maturity.

The following table (dollars in thousands) set forth certain information regarding contractual maturities and the weighted average yields of our investment securities as of September 30, 2023 March 31, 2024. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Maturity as of September 30, 2023								Maturity as of March 31, 2024							
Due in One Year or Less		Due from One to Five Years		Due from Five to Ten Years		Due after Ten Years		Due in One Year or Less		Due from One to Five Years		Due from Five to Ten Years		Due after Ten Years	
Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)	Amortized Cost	Weighted Average Yield(1)

Available-for-sale																
U.S. Treasury Notes	$ 63,232	5.38 %	$ 42,560	2.35 %	$ —	0.00 %	$ —	0.00 %	$ 72,421	3.91 %	$ 14,726	3.77 %	$ —	0.00 %	$ —	0.00 %
U.S. government agencies	—	0.00 %	51,375	1.70 %	89,328	1.76 %	7,186	4.00 %	—	0.00 %	70,171	2.54 %	78,352	1.67 %	7,136	4.04 %
Obligations of states, municipalities, and political subdivisions	5,121	2.97 %	20,683	3.08 %	22,400	3.34 %	41,166	2.50 %	2,851	2.99 %	20,326	3.09 %	23,884	3.76 %	39,099	2.47 %
Residential mortgage-backed securities																

Agency	—	0.00 %	30,700	1.65 %	59,886	1.63 %	660,089	2.02 %	—	0.00 %	31,356	1.64 %	52,702	1.61 %	741,122	2.50 %
Non-agency	—	0.00 %	—	0.00 %	—	0.00 %	124,569	2.16 %	—	0.00 %	—	0.00 %	—	0.00 %	136,561	2.58 %
Commercial mortgage-backed securities																
Agency	—	0.00 %	—	0.00 %	13,734	1.64 %	169,449	2.05 %	—	0.00 %	—	0.00 %	14,083	1.67 %	183,088	2.41 %
Corporate securities	—	0.00 %	9,647	5.09 %	31,049	3.70 %	—	0.00 %	—	0.00 %	13,611	4.85 %	27,056	3.78 %	—	0.00 %
Asset-backed securities	—	0.00 %	—	0.00 %	38,220	5.50 %	—	0.00 %	—	0.00 %	—	0.00 %	33,882	5.49 %	—	0.00 %

Total available-for-sale	**$ 68,353**	**5.20 %**	**$ 154,965**	**2.26 %**	**$ 254,617**	**2.66 %**	**$ 1,002,459**	**2.08 %**	$ 75,272	3.87 %	$ 150,190	2.76 %	$ 229,959	2.69 %	$ 1,107,006	2.50 %
Held-to-maturity																
Obligations of states, municipalities, and political subdivisions	$ 550	2.75 %	$ 607	2.75 %	$ —	0.00 %	$ —	0.00 %	$ 1,156	2.75 %	$ —	0.00 %	$ —	0.00 %	$ —	0.00 %
Total held-to-maturity	**$ 550**	**2.75 %**	**$ 607**	**2.75 %**	**$ —**	**0.00 %**	**$ —**	**0.00 %**	$ 1,156	2.75 %	$ —	0.00 %	$ —	0.00 %	$ —	0.00 %

(1) The weighted average yields are based on amortized cost.

Total non-taxable securities classified as obligations of states, municipalities and political subdivisions were $57.8 million $54.0 million at September 30, 2023 March 31, 2024, an increase a decrease of $13.9 million $1.7 million from December 31, 2022 December 31, 2023.

There were no holdings of securities of any one issuer, other than U.S. government-sponsored entities and agencies, with total outstanding balances greater than 10% of our stockholders' equity as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

Restricted Stock

As a member of the Federal Home Loan Bank system, Byline Bank is required to maintain an investment in the capital stock of the FHLB. No market exists for this stock, and it has no quoted market value. The stock is redeemable at par by the FHLB and is, therefore, carried at cost. In addition, Byline Bank owns stock of Bankers' Bank that was acquired as part of a bank acquisition. The stock is redeemable at par and carried at cost. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we held $30.5 million $22.8 million and $28.2 million $16.3 million, respectively, in FHLB and

Bankers' Bank stock. We evaluate impairment of our investment in FHLB and Bankers' Bank based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value. We did not identify any indicators of impairment of FHLB and Bankers' Bank stock as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

64 55

Loan and Lease Portfolio

Lending-related income is the most important component of our net interest income and is the main driver of the results of our operations. Total loans and leases at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were $6.6 billion $6.8 billion and $5.4 billion $6.7 billion, respectively, an increase of $1.2 billion $93.9 million, or 22.0% 1.4%. Originated loans and leases were $5.6 billion $5.9 billion at September 30, 2023 March 31, 2024, an increase of $497.7 million $133.4 million, or 9.7% 2.3%, compared to $5.1 billion $5.8 billion at December 31, 2022 December 31, 2023. Purchased credit deteriorated loans and acquired non-credit-deteriorated loans and leases were $984.9 million $877.8 million at September 30, 2023 March 31, 2024, an increase a decrease of $694.4 million $39.5 million, or 239.0% 4.3%, compared to $290.5 million $917.3 million at December 31, 2022 December 31, 2023. The increase in our originated portfolio was primarily attributed to organic loan and lease growth, and renewals of acquired loans and leases that are now reflected with originated loans. The increase decrease in the purchased credit deteriorated and acquired non-credit-deteriorated loan and lease portfolio was driven by renewals of acquired loans purchased in the Inland acquisition. and leases as well as resolutions and charge-offs.

We strive to maintain a relatively diversified loan portfolio to help reduce the risk inherent in concentration in certain types of collateral. Loans, excluding leases, are typically made to real estate, manufacturing, wholesale, retail and service businesses for working capital needs, business expansions and operations. As of September 30, 2023 March 31, 2024, the loan portfolio included $420.7 million $424.3 million of unguaranteed 7(a) SBA and USDA loans with exposure to the following top three industries: 17.4% 17.3% retail trade, 14.4% 13.2% accommodation and food services, and 11.3% 11.4% manufacturing. The following table shows our allocation of originated, purchase credit deteriorated and acquired non-credit-deteriorated loans and leases as of the dates presented (dollars in thousands):

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Originated loans and leases								
Commercial real estate	$ 1,837,531	27.8 %	$ 1,712,152	31.6 %	$ 1,879,149	27.7 %	$ 1,907,029	28.5 %
Residential real estate	454,456	6.9 %	426,226	7.9 %	488,887	7.2 %	465,133	7.0 %
Construction, land development, and other land	406,334	6.1 %	438,617	8.1 %	416,996	6.2 %	415,162	6.2 %

Commercial and industrial	2,286,058	34.6 %	2,030,616	37.5 %	2,420,952	35.7 %	2,311,563	34.6 %
Installment and other	2,968	0.0 %	1,410	0.0 %	2,855	0.0 %	2,919	0.0 %
Leasing financing receivables	641,032	9.7 %	521,689	9.6 %	691,617	10.2 %	665,239	10.0 %
Total originated loans and leases	$ 5,628,379	85.1 %	$ 5,130,710	94.7 %	$ 5,900,456	87.0 %	$ 5,767,045	86.3 %
Purchased credit deteriorated loans								
Commercial real estate	$ 154,573	2.3 %	$ 45,143	0.8 %	$ 117,460	1.7 %	$ 137,807	2.1 %
Residential real estate	47,485	0.7 %	32,228	0.6 %	39,535	0.6 %	42,510	0.6 %
Construction, land development, and other land	29,587	0.5 %	372	0.0 %	26,418	0.4 %	25,331	0.4 %
Commercial and industrial	21,014	0.3 %	2,192	0.0 %	18,100	0.3 %	19,460	0.3 %
Installment and other	125	0.0 %	140	0.0 %	118	0.0 %	125	0.0 %
Total purchased credit deteriorated loans	$ 252,784	3.8 %	$ 80,075	1.4 %	$ 201,631	3.0 %	$ 225,233	3.4 %
Acquired non-credit-deteriorated loans and leases								
Commercial real estate	$ 296,656	4.5 %	$ 152,193	2.8 %	$ 271,720	4.0 %	$ 275,476	4.1 %
Residential real estate	220,091	3.4 %	31,508	0.6 %	204,589	3.0 %	211,887	3.2 %
Construction, land development, and other land	87,087	1.3 %	—	0.0 %	85,553	1.3 %	86,344	1.3 %
Commercial and industrial	127,253	1.9 %	24,266	0.5 %	113,673	1.7 %	117,538	1.7 %
Installment and other	153	0.0 %	209	0.0 %	166	0.0 %	156	0.0 %
Leasing financing receivables	900	0.0 %	2,297	0.0 %	426	0.0 %	627	0.0 %
Total acquired non-credit-deteriorated loans and leases	$ 732,140	11.1 %	$ 210,473	3.9 %	$ 676,127	10.0 %	$ 692,028	10.3 %
Total loans and leases	$ 6,613,303	100.0 %	$ 5,421,258	100.0 %	$ 6,778,214	100.0 %	$ 6,684,306	100.0 %
Allowance for credit losses - loans and leases	(105,696)		(81,924)		(102,366)		(101,686)	
Total loans and leases, net of allowance for credit losses - loans and leases	$ 6,507,607		$ 5,339,334		$ 6,675,848		$ 6,582,620	

Loans collateralized by real estate comprised 53.4% 52.1% and 52.4% 53.4% of the loan and lease portfolio at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Commercial real estate loans comprised the largest portion of the real estate loan portfolio as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 and totaled $2.3 billion, or 64.8% 64.3% of real estate loans and 34.6% 33.5% of the total loan and lease portfolio at September 30, 2023 March 31, 2024. At December 31, 2022 December 31, 2023, commercial real estate loans totaled $1.9 billion $2.3 billion and comprised 67.3% 65.1% of real estate loans and 35.2% 34.7% of the total loan and lease portfolio. Purchased credit deteriorated commercial real estate loans increased decreased from $45.1 million $137.8 million as of December 31, 2022 December 31, 2023 to $154.6 million $117.5 million as of September 30, 2023 March 31, 2024, an increase a decrease of $109.4 million $20.3 million, or 242.4% 14.8%. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, commercial real estate loans, including both owner-occupied and non-owner occupied, as a percentage of total capital were 301.5% 279.7% and 313.4% 299.6%, respectively. Non-owner occupied commercial real estate loans were $1.0 billion and $736.7 million, or 97.5% 86.8% and 86.6% 95.9% of total capital, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Residential real estate loans totaled $722.0 million $733.0 million at September 30, 2023 March 31, 2024 compared to $490.0 million $719.5 million at December 31, 2022 December 31, 2023, an increase of $232.1 million $13.5 million, or 47.4% 1.9%. The residential real estate loan portfolio comprised 20.4% 20.8% and 17.3% 20.2% of real estate loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and 10.9% and 9.0% 10.8% of total loans and leases at September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023. Purchased credit deteriorated and acquired non-credit-deteriorated residential real estate loans increased decreased from $32.2 million $254.4 million at December 31, 2022 December 31, 2023 to $47.5 million $244.1 million at September 30, 2023 March 31, 2024, an increase a decrease of $15.3 million $10.3 million, or 47.3% 4.0%. Multifamily real estate loans were $396.1 million at $421.3 million and $304.2 million $399.3 million, or 37.2% 36.5% and 35.6% 36.8% of total capital, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Construction, land development, and other land loans totaled $523.0 million $529.0 million at September 30, 2023 March 31, 2024 compared to $439.0 million $526.8 million at December 31, 2022 December 31, 2023, an increase of $84.0 million $2.1 million, or 19.1% 0.4%. The construction, land development and other land loan portfolio comprised 14.8% 15.0% and 15.5% 14.8% of real estate loans at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and 7.9% and 8.1% of the total loan and lease portfolio at September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023. The construction, land development and other land loan portfolio was 49.2% 45.8% and 51.2% 48.3% of total capital, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Our exposure to non-owner occupied commercial real estate office space as of March 31, 2024 was $205.5 million, or 3.0% of our total loan and lease portfolio.

Commercial and industrial loans totaled $2.6 billion at March 31, 2024 and $2.4 billion at September 30, 2023 and December 31, 2022 December 31, 2023, an increase of $377.3 million $104.2 million, or 18.3% 4.3%. The commercial and industrial loan portfolio comprised 36.8% 37.7% and 37.9% 36.6% of the total loan and lease portfolio at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Lease financing receivables comprised 9.7% 10.2% and 10.0% of the loan and lease portfolio at September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively. Total lease financing receivables were $641.9 million $692.0 million and $524.0 million $665.9 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, an increase of $117.9 million $26.2 million, or 22.5% 3.9%.

Loan and Lease Portfolio Maturities and Interest Rate Sensitivity

The following table shows our loan and lease portfolio by scheduled maturity at September 30, 2023 March 31, 2024 (dollars in thousands):

	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years Through Fifteen Years		Due after Fifteen Years			Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years Through Fifteen Years		Due after Fifteen Years		
	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Total
Originated loans and leases																		
Commercial real estate	$ 90,751	$ 203,208	$ 700,621	$ 303,343	$ 271,648	$ 102,512	$ 9,022	$ 156,426	$ 1,837,531	$ 109,110	$ 195,360	$ 760,363	$ 314,260	$ 233,805	$ 106,318	$ 10,103	$ 149,830	$ 1,879,149
Residential real estate	10,285	34,124	131,670	70,078	43,107	101,081	61,315	2,796	454,456	19,160	64,578	163,009	74,723	17,331	87,546	59,798	2,742	488,887

Construction, land development, and other land	2,920	125,213	24,598	215,373	22,904	15,314	12	—	406,334	692	175,702	45,418	174,351	15,957	4,521	355	—	416,996
Commercial and industrial	35,634	411,439	333,181	1,044,061	158,795	253,452	32,460	17,036	2,286,058	34,089	472,033	373,251	1,080,767	151,248	269,175	31,099	9,290	2,420,952
Installment and other	249	—	878	1,633	208	—	—	—	2,968	385	—	642	1,633	195	—	—	—	2,855
Leasing financing receivables	16,826	—	562,643	—	61,563	—	—	—	641,032	20,630	—	618,459	—	52,528	—	—	—	691,617

Total originated loans and leases	$ 156,665	$ 773,984	$ 1,753,591	$ 1,634,488	$ 558,225	$ 472,359	$ 102,809	$ 176,258	$ 5,628,379	$ 184,066	$ 907,673	$ 1,961,142	$ 1,645,734	$ 471,064	$ 467,560	$ 101,355	$ 161,862	$ 5,900,456
Purchased credit deteriorated loans																		
Commercial real estate	$ 39,533	$ 20,718	$ 46,625	$ 27,530	$ 4,662	$ 15,099	$ 133	$ 273	$ 154,573	$ 32,254	$ 7,067	$ 37,898	$ 24,908	$ 4,450	$ 10,629	$ 122	$ 132	$ 117,460
Residential real estate	12,017	766	18,102	589	6,481	420	5,694	3,416	47,485	7,787	119	15,949	575	5,876	407	5,595	3,227	39,535

Construction, land development, and other land	—	29,560	27	—	—	—	—	—	29,587	7	26,403	8	—	—	—	—	—	26,418
Commercial and industrial	537	1,843	8,683	3,055	—	6,896	—	—	21,014	230	741	8,013	2,659	—	6,457	—	—	18,100
Installment and other	—	—	22	—	103	—	—	—	125	4	—	18	—	96	—	—	—	118

Total purchased credit deteriorated loans	$ 52,087	$ 52,887	$ 73,459	$ 31,174	$ 11,246	$ 22,415	$ 5,827	$ 3,689	$ 252,784	$ 40,282	$ 34,330	$ 61,886	$ 28,142	$ 10,422	$ 17,493	$ 5,717	$ 3,359	$ 201,631
Acquired non-credit-deteriorated loans and leases																		
Commercial real estate	$ 17,123	$ 16,321	$ 167,777	$ 35,130	$ 16,401	$ 24,456	$ 2,512	$ 16,936	$ 296,656	$ 30,991	$ 27,239	$ 147,626	$ 18,823	$ 6,528	$ 22,956	$ 2,477	$ 15,080	$ 271,720
Residential real estate	7,386	5,445	47,415	12,642	26,248	10,596	6,468	103,891	220,091	13,113	1,131	40,756	12,140	22,418	9,368	7,150	98,513	204,589

Construction, land development, and other land	92	35,064	14,130	23,578	—	—	14,223	—	87,087	—	17,983	10,616	40,590	—	—	5,111	11,253	85,553
Commercial and industrial	2,359	9,961	32,919	13,089	62,805	4,146	—	1,974	127,253	2,162	7,453	35,269	9,120	57,778	1,891	—	—	113,673
Installment and other	30	—	123	—	—	—	—	—	153	42	—	124	—	—	—	—	—	166
Leasing financing receivables	275	—	625	—	—	—	—	—	900	321	—	105	—	—	—	—	—	426

Total acquired non-credit-deteriorated loans and leases	$ 27,265	$ 66,791	$ 262,989	$ 84,439	$ 105,454	$ 39,198	$ 23,203	$ 122,801	$ 732,140	$ 46,629	$ 53,806	$ 234,496	$ 80,673	$ 86,724	$ 34,215	$ 14,738	$ 124,846	$ 676,127

Total loans and leases	$ 236,017	$ 893,662	$ 2,090,039	$ 1,750,101	$ 674,925	$ 533,972	$ 131,839	$ 302,748	$ 6,613,303	$ 270,977	$ 995,809	$ 2,257,524	$ 1,754,549	$ 568,210	$ 519,268	$ 121,810	$ 290,067	$ 6,778,214

At September 30, 2023 March 31, 2024, 47.4% 47.5% of the loan and lease portfolio bears interest at fixed rates and 52.6% 52.5% at floating rates. The expected life of our loan portfolio will differ from contractual maturities because borrowers may have the right to curtail or prepay their loans with or without penalties. Because a portion of the portfolio is accounted for under ASC 310-30, 326, the carrying value is significantly affected by estimates and it is impracticable to allocate scheduled payments for those loans based on those estimates. Consequently, the tables presented include information limited to contractual maturities of the underlying loans.

Allowance for Credit Losses - Loans and Leases

The ACL is determined by us on a quarterly basis, although we are engaged in monitoring the appropriate level of the allowance on a more frequent basis. The ACL reflects management's estimate of current expected credit losses inherent in the loan and lease portfolios. The computation includes elements of judgment and high levels of subjectivity.

Factors considered by us include, but are not limited to, actual loss experience, peer loss experience, changes in size and risk profile of the portfolio, identification of individual problem loan and lease situations that may affect a borrower's ability to repay, application of a

reasonable and supportable forecast, and evaluation of the prevailing economic conditions. Changes in conditions may necessitate revision of the estimate in future periods.

We assess the ACL based on three categories: (i) originated loans and leases, (ii) acquired non-credit-deteriorated loans and leases, and (iii) purchased credit deteriorated loans.

Total ACL was $105.7 million $102.4 million at September 30, 2023 March 31, 2024 compared to $81.9 million $101.7 million at December 31, 2022 December 31, 2023, an increase of $23.8 million, $680,000, or 29.0% 0.7%. The increase was primarily due to acquired loans and an increase in specific reserves related to loans qualitative adjustments and growth in the loan and lease portfolio, offset by charge-offs on on individually evaluated for impairment. loans.. Total ACL to total loans and leases held for investment, net before ACL, was 1.60% 1.51% and 1.51% 1.52% of total loans and leases at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. As of September 30, 2023 March 31, 2024, approximately $33.4 million $30.1 million of the ACL was allocated to unguaranteed portion of SBA 7(a) and USDA loans.

The following tables present an analysis of the allowance of the loan credit losses - loans and lease losses leases for the periods presented (dollars in thousands):

	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Balance at June 30, 2023	$ 26,377	$ 2,544	$ 1,935	$ 53,640	$ 43	$ 8,126	$ 92,665
Adjustment for acquired PCD loans	8,230	660	97	1,609	—	—	10,596
Balance at December 31, 2023	$ 33,237	$ 3,495	$ 2,906	$ 53,782	$ 36	$ 8,230	$ 101,686

Provision/(recapture) for PCD loans	(2,904)	(2)	217	(543)	—	—	(3,232)	629	(25)	(61)	(347)	—	—	196
Provision/(recapture) for acquired non-credit-deteriorated loans	473	769	694	904	1	(14)	2,827	(44)	3	17	(42)		(2)	(68)
Provision/(recapture) for originated loans	4,045	174	257	2,968	3	823	8,270	239	(126)	68	6,225	(3)	360	6,763
Total provision/(recapture)	$ 1,614	$ 941	$ 1,168	$ 3,329	$ 4	$ 809	$ 7,865	$ 824	$ (148)	$ 24	$ 5,836	$ (3)	$ 358	$ 6,891
Charge-offs for PCD loans	—	—	—	—	—	—	—	(74)	—	—	—	—	—	(74)
Charge-offs for acquired non-credit deteriorated loans	—	—	—	—	—	—	—	—	—	—	(58)	—	—	(58)
Charge-offs for originated loans	(1,360)	(12)	—	(4,200)	(3)	(604)	(6,179)	(2,983)	—	—	(3,561)	—	(373)	(6,917)
Total charge-offs	$ (1,360)	$ (12)	$ —	$ (4,200)	$ (3)	$ (604)	$ (6,179)	$ (3,057)	$ —	$ —	$ (3,619)	$ —	$ (373)	$ (7,049)
Recoveries for PCD loans	—	—	—	—	—	—	—	4	—	—	—	—	—	4

Recoveries for acquired non-credit deteriorated loans	—	—	—		—	—	—	—	—	—	—	—	—	—
Recoveries for originated loans	124	18	—	460	—	147	749	432	1	—	232	—	169	834
Total recoveries	$ 124	$ 18	$ —	$ 460	$ —	$ 147	$ 749	$ 436	$ 1	$ —	$ 232	$ —	$ 169	$ 838
Net (charge-offs) recoveries	(1,236)	6	—	(3,740)	(3)	(457)	(5,430)	(2,621)	1	—	(3,387)	—	(204)	(6,211)
Balance at September 30, 2023	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 4	$ 8,478	$ 105,696							
Balance at March 31, 2024								$ 31,440	$ 3,348	$ 2,930	$ 56,231	$ 33	$ 8,384	$ 102,366
Ending ACL Balances														—
PCD loans	$ 6,059	$ 999	$ 321	$ 1,105	$ 2	$ —	$ 8,486	$ 7,392	$ 877	$ 150	$ 1,722	$ 1	$ —	$ 10,142
Acquired non-credit-deteriorated loans	3,534	865	694	1,588	2	3	6,686	2,026	639	624	1,310	2	1	4,602
Originated loans	25,392	2,287	2,185	52,145	4	8,475	90,524	22,022	1,832	2,156	53,199	30	8,383	87,622

Balance at September 30, 2023	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696							
Balance at March 31, 2024								$ 31,440	$ 3,348	$ 2,930	$ 56,231	$ 33	$ 8,384	$ 102,366
Loans individually evaluated for impairment	$ 13,199	$ —	$ —	$ 15,135	$ —	$ —	$ 28,334	$ 8,905	$ —	$ —	$ 12,772	$ —	$ —	$ 21,677
Loans collectively evaluated for impairment	21,786	4,151	3,200	39,703	44	8,478	77,362	22,535	3,348	2,930	43,459	33	8,384	80,689
Balance at September 30, 2023	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696							
Balance at March 31, 2024								$ 31,440	$ 3,348	$ 2,930	$ 56,231	$ 33	$ 8,384	$ 102,366
Loans and leases ending balance														
Loans individually evaluated for impairment	$ 67,596	$ —	$ —	$ 48,814	$ —	$ —	$ 116,410	$ 40,778	$ 4,658	$ —	$ 39,889	$ —	$ —	$ 85,325

Loans collectively evaluated for impairment	2,221,164	722,032	523,008	2,385,511	3,246	641,932	6,496,893	2,227,551	728,353	528,967	2,512,836	3,139	692,043	6,692,889
Total loans and leases at September 30, 2023, gross	$ 2,288,760	$ 722,032	$ 523,008	$ 2,434,325	$ 3,246	$ 641,932	$ 6,613,303							
Total loans and leases at March 31, 2024, gross								$ 2,268,329	$ 733,011	$ 528,967	$ 2,552,725	$ 3,139	$ 692,043	$ 6,778,214
Ratio of net charge-offs to average loans outstanding during the year														
PCD loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Acquired non-credit-deteriorated loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Originated loans	0.07 %	0.00 %	0.00 %	0.23 %	0.00 %	0.03 %	0.33 %	0.16 %	0.00 %	0.00 %	0.20 %	0.00 %	0.01 %	0.37 %
Loans ending balance as a percentage of total loans, gross														
Loans individually evaluated for impairment	1.02 %	0.00 %	0.00 %	0.74 %	0.00 %	0.00 %	1.76 %	0.70 %	0.05 %	0.00 %	0.50 %	0.00 %	0.00 %	1.25 %
Loans collectively evaluated for impairment	33.59 %	10.92 %	7.91 %	36.06 %	0.05 %	9.71 %	98.24 %	32.77 %	10.76 %	7.80 %	37.16 %	0.05 %	10.21 %	98.75 %
Total								**33.47** %	**10.81** %	**7.80** %	**37.66** %	**0.05** %	**10.21** %	**100.00** %

69 60

	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Balance at December 31, 2022	$ 26,062	$ 3,140	$ 3,134	$ 41,888	$ 24	$ 7,676	$ 81,924
Adjustment for acquired PCD loans	8,230	660	97	1,609	—	—	10,596
Provision/(recapture) for PCD loans	(3,322)	(335)	211	(550)	—	—	(3,996)

Provision/(recapture) for acquired non-credit-deteriorated loans	(202)	569	693	359	1	(31)	1,389
Provision/(recapture) for originated loans	8,378	56	(935)	17,484	18	1,650	26,651
Total provision/(recapture)	$ 4,854	$ 290	$ (31)	$ 17,293	$ 19	$ 1,619	$ 24,044
Charge-offs for PCD loans	—	—	—	—	—	—	—
Charge-offs for acquired non-credit deteriorated loans	—	—	—	—	—	—	—
Charge-offs for originated loans	(5,271)	(21)	—	(8,087)	(3)	(1,370)	(14,752)
Total charge-offs	$ (5,271)	$ (21)	$ —	$ (8,087)	$ (3)	$ (1,370)	$ (14,752)
Recoveries for PCD loans	—	—	—	—	—	—	—
Recoveries for acquired non-credit deteriorated loans	—	—	—	—	—	—	—
Recoveries for originated loans	1,111	82	—	2,134	4	553	3,884
Total recoveries	$ 1,111	$ 82	$ —	$ 2,134	$ 4	$ 553	$ 3,884
Net (charge-offs) recoveries	4,160	(61)	—	5,953	(1)	817	10,868
Balance at September 30, 2023	$ 34,986	$ 4,151	$ 3,200	$ 54,837	$ 44	$ 8,478	$ 105,696
Ending ACL Balances							—
PCD loans	$ 6,059	$ 999	$ 321	$ 1,105	$ 2	$ —	$ 8,486
Acquired non-credit-deteriorated loans	3,534	865	694	1,588	2	3	6,686
Originated loans	25,392	2,287	2,185	52,145	40	8,475	90,524
Balance at September 30, 2023	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696
Loans individually evaluated for impairment	$ 13,199	$ —	$ —	$ 15,135	$ —	$ —	$ 28,334
Loans collectively evaluated for impairment	21,786	4,151	3,200	39,703	44	8,478	77,362
Balance at September 30, 2023	$ 34,985	$ 4,151	$ 3,200	$ 54,838	$ 44	$ 8,478	$ 105,696
Loans and leases ending balance							
Loans individually evaluated for impairment	$ 67,596	$ —	$ —	$ 48,814	$ —	$ —	$ 116,410
Loans collectively evaluated for impairment	2,221,164	722,032	523,008	2,385,511	3,246	641,932	6,496,893
Total loans and leases at September 30, 2023, gross	$ 2,288,760	$ 722,032	$ 523,008	$ 2,434,325	$ 3,246	$ 641,932	$ 6,613,303
Ratio of net charge-offs to average loans outstanding during the year							
PCD loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Acquired non-credit-deteriorated loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Originated loans	0.09 %	0.00 %	0.00 %	0.14 %	0.00 %	0.02 %	0.25 %
Loans ending balance as a percentage of total loans, gross							

Loans individually evaluated for impairment	1.02 %	0.00 %	0.00 %	0.74 %	0.00 %	0.00 %	1.76 %
Loans collectively evaluated for impairment	33.59 %	10.92 %	7.91 %	36.06 %	0.05 %	9.71 %	98.24 %

	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Balance at June 30, 2022	$ 19,818	$ 2,489	$ 1,792	$ 34,735	$ 11	$ 3,591	$ 62,436
Provision/(recapture) for acquired impaired loans	79	39	70	(343)	(1)	—	(156)
Provision/(recapture) for acquired non-impaired loans and leases	(409)	(2)	—	(220)	—	(144)	(775)
Provision for originated loans	1,445	167	483	2,603	3	406	5,107
Total provision	$ 1,115	$ 204	$ 553	$ 2,040	$ 2	$ 262	$ 4,176
Charge-offs for acquired impaired loans	—	—	—	(1)	—	—	(1)
Charge-offs for acquired non-impaired loans and leases	—	—	—	—	—	(28)	(28)
Charge-offs for originated loans and leases	(1,102)	(17)	—	(1,183)	(3)	(388)	(2,693)
Total charge-offs	$ (1,102)	$ (17)	$ —	$ (1,184)	$ (3)	$ (416)	$ (2,722)
Recoveries for acquired impaired loans	6	2	—	37	—	—	45
Recoveries for acquired non-impaired loans and leases	—	—	—	—	—	164	164
Recoveries for originated loans and leases	213	3	—	124	—	216	556
Total recoveries	$ 219	$ 5	$ —	$ 161	$ —	$ 380	$ 765
Less: Net charge-offs (recoveries)	883	12	—	1,023	3	36	1,957
Balance at September30, 2022	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655
Acquired impaired loans	$ 1,325	$ 850	$ 98	$ 79	$ 2	$ —	$ 2,354
Acquired non-impaired loans and leases	1,052	48	—	1,127	1	24	2,252
Originated loans and leases	17,673	1,783	2,247	34,546	7	3,793	60,049
Balance at September 30, 2022	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655
Ending ALLL balance							
Acquired impaired loans	$ 1,325	$ 850	$ 98	$ 79	$ 2	$ —	$ 2,354

Acquired non-impaired loans and leases and originated loans individually evaluated for impairment	6,094	—	—	12,584	—	—	18,678
Acquired non-impaired loans and leases and originated loans and leases collectively evaluated for impairment	12,631	1,831	2,247	23,089	8	3,817	43,623
Balance at September 30, 2022	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655
Loans and leases ending balance							
Acquired impaired loans	$ 56,974	$ 37,246	$ 1,144	$ 3,029	$ 153	$ —	$ 98,546
Acquired non-impaired loans and leases and originated loans individually evaluated for impairment	44,977	4,782	5,541	35,979	—	—	91,279
Acquired non-impaired loans and leases and originated loans and leases collectively evaluated for impairment	1,767,043	439,816	450,922	1,930,822	1,215	495,828	5,085,646
Total loans and leases at September 30, 2022, gross	$ 1,868,994	$ 481,844	$ 457,607	$ 1,969,830	$ 1,368	$ 495,828	$ 5,275,471
Ratio of net charge-offs to average loans and leases outstanding during the period (annualized)							
Acquired impaired loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Acquired non-impaired loans and leases	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	(0.01)%	(0.01)%
Originated loans and leases	0.07 %	0.00 %	0.00 %	0.08 %	0.00 %	0.01 %	0.16 %
Loans and leases ending balance as a percentage of total loans and leases, gross							
Acquired impaired loans	1.08 %	0.71 %	0.02 %	0.06 %	0.00 %	0.00 %	1.87 %
Acquired non-impaired loans and leases and originated loans individually evaluated for impairment	0.85 %	0.09 %	0.11 %	0.68 %	0.00 %	0.00 %	1.73 %
Acquired non-impaired loans and leases and originated loans and leases collectively evaluated for impairment	33.50 %	8.33 %	8.55 %	36.60 %	0.02 %	9.40 %	96.40 %

Construction

	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Balance at December 31, 2021	$ 16,918	$ 1,628	$ 522	$ 33,129	$ 9	$ 2,806	$ 55,012
Provision/(recapture) for acquired impaired loans	(458)	(164)	95	(364)	—	—	(891)
Provision/(recapture) for acquired non-impaired loans and leases	(2,298)	23	—	(1,696)	—	(197)	(4,168)
Provision for originated loans	7,221	1,197	1,728	8,410	4	1,578	20,138
Total provision	$ 4,465	$ 1,056	$ 1,823	$ 6,350	$ 4	$ 1,381	$ 15,079
Charge-offs for acquired impaired loans	(34)	—	—	(2)	—	—	(36)
Charge-offs for acquired non-impaired loans and leases	—	—	—	—	—	(28)	(28)
Charge-offs for originated loans and leases	(1,805)	(17)	—	(4,299)	(3)	(1,075)	(7,199)
Total charge-offs	$ (1,839)	$ (17)	$ —	$ (4,301)	$ (3)	$ (1,103)	$ (7,263)
Recoveries for acquired impaired loans	7	8	—	81	—	—	96
Recoveries for acquired non-impaired loans and leases	—	—	—	—	—	201	201
Recoveries for originated loans and leases	499	6	—	493	—	532	1,530
Total recoveries	$ 506	$ 14	$ —	$ 574	$ —	$ 733	$ 1,827
Less: Net charge-offs (recoveries)	1,333	3	—	3,727	3	370	5,436
Balance at September30, 2022	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655
Acquired impaired loans	1,325	850	98	79	2	—	2,354
Acquired non-impaired loans and leases	1,052	48	—	1,127	1	24	2,252
Originated loans and leases	17,673	1,783	2,247	34,546	7	3,793	60,049
Balance at September 30, 2022	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655
Ending ALLL balance							
Acquired impaired loans	$ 1,325	$ 850	$ 98	$ 79	$ 2	$ —	$ 2,354
Acquired non-impaired loans and leases and originated loans individually evaluated for impairment	6,094	—	—	12,584	—	—	18,678

Acquired non-impaired loans

	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total
Acquired non-impaired loans and leases and originated loans and leases collectively evaluated for impairment	12,631	1,831	2,247	23,089	8	3,817	43,623
Balance at September 30, 2022	$ 20,050	$ 2,681	$ 2,345	$ 35,752	$ 10	$ 3,817	$ 64,655
Loans and leases ending balance							
Acquired impaired loans	$ 56,974	$ 37,246	$ 1,144	$ 3,029	$ 153	$ —	$ 98,546
Acquired non-impaired loans and leases and originated loans individually evaluated for impairment	44,977	4,782	5,541	35,979	—	—	91,279
Acquired non-impaired loans and leases and originated loans and leases collectively evaluated for impairment	1,767,043	439,816	450,922	1,930,822	1,215	495,828	5,085,646
Total loans and leases at September 30, 2022, gross	$ 1,868,994	$ 481,844	$ 457,607	$ 1,969,830	$ 1,368	$ 495,828	$ 5,275,471
Ratio of net charge-offs to average loans and leases outstanding during the period (annualized)							
Acquired impaired loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Acquired non-impaired loans and leases	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Originated loans and leases	0.04 %	0.00 %	0.00 %	0.10 %	0.00 %	0.01 %	0.15 %
Loans and leases ending balance as a percentage of total loans and leases, gross							
Acquired impaired loans	1.08 %	0.71 %	0.02 %	0.06 %	0.00 %	0.00 %	1.87 %
Acquired non-impaired loans and leases and originated loans individually evaluated for impairment	0.85 %	0.09 %	0.11 %	0.68 %	0.00 %	0.00 %	1.73 %
Acquired non-impaired loans and leases and originated loans and leases collectively evaluated for impairment	33.50 %	8.33 %	8.55 %	36.60 %	0.02 %	9.40 %	96.40 %

	Commercial Real Estate	Residential Real Estate	Construction, Land Development, and Other Land	Commercial and Industrial	Installment and Other	Lease Financing Receivables	Total

Balance at December 31, 2022	$ 26,061	$ 3,140	$ 3,134	$ 41,889	$ 24	$ 7,676	$ 81,924
Provision/(recapture) for acquired impaired loans	(560)	(278)	(3)	(10)	—	—	(851)
Provision/(recapture) for acquired non-impaired loans and leases	(865)	(158)	(1)	(346)	—	(10)	(1,380)
Provision for originated loans	306	(17)	368	11,159	(2)	129	11,943
Total provision	$ (1,119)	$ (453)	$ 364	$ 10,803	$ (2)	$ 119	$ 9,712
Charge-offs for acquired impaired loans	—	—	—	—	—	—	—
Charge-offs for acquired non-impaired loans and leases	—	—	—	—	—	—	—
Charge-offs for originated loans and leases	(966)	(9)	—	(1,790)	—	(304)	(3,069)
Total charge-offs	$ (966)	$ (9)	$ —	$ (1,790)	$ —	$ (304)	$ (3,069)
Recoveries for acquired impaired loans	—	—	—	—	—	—	—
Recoveries for acquired non-impaired loans and leases	—	—	—	—	—	—	—
Recoveries for originated loans and leases	762	1	—	947	3	185	1,898
Total recoveries	$ 762	$ 1	$ —	$ 947	$ 3	$ 185	$ 1,898
Net (charge-offs) recoveries	(204)	(8)	—	(843)	3	(119)	(1,171)
Balance at March 31, 2023	$ 24,738	$ 2,679	$ 3,498	$ 51,849	$ 25	$ 7,676	$ 90,465
Ending ACL Balances							
PCD loans	591	396	10	36	2	—	1,035
Acquired non-credit-deteriorated loans	2,871	138	—	883	1	24	3,917
Originated loans	21,276	2,145	3,488	50,930	22	7,652	85,513
Balance at March 31, 2023	$ 24,738	$ 2,679	$ 3,498	$ 51,849	$ 25	$ 7,676	$ 90,465
Loans individually evaluated for impairment	$ 6,302	$ —	$ 1,198	$ 14,518	$ —	$ —	$ 22,018
Loans collectively evaluated for impairment	18,436	2,679	2,300	37,331	25	7,676	68,447
Balance at March 31, 2023	$ 24,738	$ 2,679	$ 3,498	$ 51,849	$ 25	$ 7,676	$ 90,465
Loans and leases ending balance							
Loans individually evaluated for impairment	$ 31,622	$ —	$ 5,541	$ 34,245	$ —	$ —	$ 71,408
Loans collectively evaluated for impairment	1,897,762	499,336	441,567	2,049,560	1,822	553,877	5,443,924
Total loans and leases at March 31, 2023, gross	$ 1,929,384	$ 499,336	$ 447,108	$ 2,083,805	$ 1,822	$ 553,877	$ 5,515,332
Ratio of net charge-offs							

to average loans and leases outstanding during the period (annualized)							
PCD loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Acquired non-credit-deteriorated loans	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Originated loans	0.02 %	0.00 %	0.00 %	0.06 %	0.00 %	0.01 %	0.09 %
Loans and leases ending balance as a percentage of total loans and leases, gross							
Loans individually evaluated for impairment	0.57 %	0.00 %	0.10 %	0.62 %	0.00 %	0.00 %	1.29 %
Loans collectively evaluated for impairment	34.41 %	9.05 %	8.01 %	37.16 %	0.03 %	10.05 %	98.71 %
Total	**34.98** %	**9.05** %	**8.11** %	**37.78** %	**0.03** %	**10.05** %	**100.00** %

Non-Performing Assets

Non-performing loans and leases include loans and leases 90 days past due and still accruing and loans and leases accounted for on a non-accrual basis. Non-performing assets consist of non-performing loans and leases plus other real estate owned. Non-performing assets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 totaled $53.7 million $68.7 million and $40.7 million $65.3 million, with the increase driven mainly by increases to non-accrual loans and leases. The U.S. government guaranteed portion of non-performing loans totaled $3.6 million $7.1 million at September 30, 2023 March 31, 2024 and $2.2 million $4.2 million at December 31, 2022 December 31, 2023.

Total OREO decreased from $4.7 million $1.2 million at December 31, 2022 December 31, 2023 to $1.7 million $785,000 at September 30, 2023 March 31, 2024. The $3.0 million $415,000 decrease in OREO resulted mostly from sales.

The following table sets forth the amounts of non-performing loans and leases, non-performing assets, and OREO at the dates indicated (dollars in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Non-performing assets:				
Non-accrual loans and leases(1)(2)	$ 52,070	$ 36,027	$ 67,899	$ 64,107
Past due loans and leases 90 days or more and still accruing interest	—	—	—	—
Total non-performing loans and leases	52,070	36,027	67,899	64,107

Other real estate owned	1,671	4,717	785	1,200
Total non-performing assets	$ 53,741	$ 40,744	$ 68,684	$ 65,307
Total non-performing loans and leases as a percentage of total loans and leases	0.79 %	0.66 %	1.00 %	0.96 %
Total non-accrual loans and leases as a percentage of total loans and leases	0.79 %	0.66 %	1.00 %	0.96 %
Total non-performing assets as a percentage of total assets	0.60 %	0.55 %	0.73 %	0.74 %
Allowance for credit losses - loans and leases, as a percentage of non-performing loans and leases	202.99 %	227.40 %	150.76 %	158.62 %
Allowance for credit losses - loans and leases, as a percentage of non-accrual loans and leases	202.99 %	227.40 %	150.76 %	158.62 %
Non-performing assets guaranteed by U.S. government:				
Non-accrual loans guaranteed	$ 3,588	$ 2,225	$ 7,138	$ 4,154
Past due loans 90 days or more and still accruing interest guaranteed	—	—	—	—
Total non-performing loans guaranteed	$ 3,588	$ 2,225	$ 7,138	$ 4,154
Total non-performing loans and leases not guaranteed as a percentage of total loans and leases	0.73 %	0.62 %	0.90 %	0.90 %
Total non-accrual loans and leases not guaranteed as a percentage of total loans and leases	0.73 %	0.62 %	0.90 %	0.62 %
Total non-performing assets not guaranteed as a percentage of total assets	0.56 %	0.52 %	0.65 %	0.69 %

(1) Includes $757,000 $8,000 and $406,000 of non-accrual loan modifications at September 30, 2023 March 31, 2024 and $1.6 million of non-accrual restructured loans at December 31, 2022 Decem 2023, respectively.

(2) For the nine three months ended September 30, 2023, $3.1 million March 31, 2024 and 2023, $1.6 million and $975,000 in interest income would have been recorded had non-accrual loans been curre

Deposits

Our loan and lease growth is funded primarily through core deposits. We gather deposits primarily through each of our 47 branch locations in the Chicago metropolitan area and one branch in Wauwatosa, Wisconsin. Through our branch network, online, mobile and direct banking channels, we offer a variety of deposit products including demand deposit accounts, interest-bearing products, savings accounts, and certificates of deposit. We offer competitive online, mobile, and direct banking channels. Small businesses are a significant source of low cost deposits as they value convenience, flexibility, and access to local decision makers that are responsive to their needs.

Total deposits at September 30, 2023 March 31, 2024 were $7.0 billion $7.4 billion, representing an increase of $1.3 million $173.2 million, or 22.1% 2.4%, compared to $5.7 billion $7.2 billion at December 31, 2022 December 31, 2023, driven by an increase in time deposits and money market demand accounts. Non-interest-bearing deposits were $2.0 billion $1.9 billion, or 28.2% 25.2% of total deposits, at September 30, 2023 March 31, 2024, a decrease of $178.8 million $54.1 million, or 8.4% 2.8%, compared to $2.1 billion $1.9 billion at December 31, 2022 December 31, 2023, or 37.6% 26.6% of total deposits. Core deposits were 88.6% 85.7% and 92.7% 87.0% of total deposits at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following table shows the average balance amounts and the average contractual rates paid on our deposits for the periods indicated (dollars in thousands):

	For Three Months Ended September 30, 2023		For Three Months Ended September 30, 2022		For Three Months Ended March 31, 2024		For Three Months Ended March 31, 2023	
	Average Balance	**Average Rate**	**Average Balance**	**Average Rate**	**Average Balance**	**Average Rate**	**Average Balance**	**Average Rate**
Non-interest-bearing demand deposits	$ 1,987,996	0.00 %	$ 2,198,095	0.00 %	$ 1,874,322	0.00 %	$ 2,076,613	0.00 %
Interest checking	579,917	1.51 %	583,777	0.73 %	590,406	1.65 %	606,008	1.67 %
Money market accounts	2,040,476	3.24 %	1,391,923	0.96 %	2,237,324	3.53 %	1,465,677	2.14 %
Savings	594,555	0.15 %	673,966	0.15 %	531,912	0.15 %	613,590	0.15 %
Time deposits (below $100,000)	923,074	4.37 %	338,510	0.85 %	982,090	4.84 %	529,078	2.64 %
Time deposits ($100,000 and above)	783,457	4.00 %	348,614	0.64 %	1,010,267	4.72 %	437,331	2.24 %
Total	$ 6,909,475	2.13 %	$ 5,534,885	0.43 %	$ 7,226,321	2.56 %	$ 5,728,297	1.15 %

	For the Nine Months Ended September 30, 2023		For the Nine Months Ended September 30, 2022	
	Average Balance	**Average Rate**	**Average Balance**	**Average Rate**
Non-interest-bearing demand deposits	$ 1,970,724	0.00 %	$ 2,237,002	0.00 %
Interest checking	575,558	1.60 %	592,985	0.38 %
Money market accounts	1,682,311	2.80 %	1,318,725	0.51 %
Savings	594,396	0.15 %	662,820	0.08 %
Time deposits (below $100,000)	751,241	3.77 %	286,879	0.45 %
Time deposits ($100,000 and above)	585,343	3.25 %	372,014	0.40 %
Total	$ 6,159,573	1.70 %	$ 5,470,425	0.22 %

Our average cost of deposits was 2.13%2.56% during the three months ended September 30, 2023March 31, 2024, compared to 0.43%1.15% for the three months ended September 30, 2022. Our average cost of deposits was 1.70% during the nine months ended September 30, 2023 compared to 0.22%

during the nine months ended September 30, 2022 March 31, 2023. This increase was principally attributed to higher rates on interest-bearing deposits as a result of the rising interest rate environment, an increase in interest bearing deposits and corresponding decrease in non-interest bearing deposits both related to deposit flows and the impact of the Inland acquisition. The ratio of our average non-interest bearing deposits to total average deposits was 28.8% 25.9% during the three months ended September 30, 2023 March 31, 2024, compared to 39.7% 36.3% during the three months ended September 30, 2022. The ratio of our average non-interest bearing deposits to total average deposits was 32.0% during the nine months ended September 30, 2023 compared to 40.9% during the nine months ended September 30, 2022 March 31, 2023. We had $549.1 million $436.3 million in brokered time deposits at September 30, 2023 March 31, 2024 and $251.5 million $480.0 million at December 31, 2022 December 31, 2023, which represented 7.9% 5.9% and 4.4% 6.7% of total deposits, respectively. The increase decrease in brokered deposits was due to increases in funding requirements. other sources of funding. Our loan and lease to deposit ratio was 95.2% 92.54% at September 30, 2023 March 31, 2024 compared to 96.0% 93.39% at December 31, 2022 December 31, 2023.

The following table shows time deposits and other time deposits of $250,000 or more by time remaining until maturity as of September 30, 2023 March 31, 2024 (dollars in thousands):

	Less than $250,000	$250,000 or Greater	Total	Uninsured Portion
Three months or less	$ 482,053	$ 102,859	$ 584,912	$ 39,859
Over three months through six months	530,265	77,399	607,664	20,149
Over six months through 12 months	381,935	111,006	492,941	36,256
Over 12 months	52,800	19,422	72,222	9,171
Total	$ 1,447,053	$ 310,686	$ 1,757,739	$ 105,435

	Less than $250,000	$250,000 or Greater	Total	Uninsured Portion
Three months or less	$ 396,340	$ 103,894	$ 500,234	$ 36,144
Over three months through six months	574,975	164,784	739,759	53,284
Over six months through 12 months	518,783	135,457	654,240	50,957
Over 12 months	104,192	24,199	128,391	8,949
Total	$ 1,594,290	$ 428,334	$ 2,022,624	$ 149,334

Total estimated uninsured deposits, were $1.8 billion $2.1 billion and $1.6 billion $1.9 billion as of September 30, 2023 March 31, 2024 and December 31, 2022, and represented 26.1% and 28.2% of total deposits, respectively. December 31, 2023.

Short Term and Long Term Borrowings

In addition to deposits, we also utilize FHLB advances as a supplementary funding source to finance our operations. The Bank's advances from the FHLB are collateralized by commercial, residential and multi-family real estate loans and securities. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had an available borrowing capacity from the FHLB of $2.0 billion $2.6 billion and $2.8 billion, respectively, subject to the availability of collateral.

At September 30, 2023 March 31, 2024, the Company had $640.0 million $470.0 million of FHLB advances outstanding with a maturities ranging from November 2023 April 2024 to December 2023. June 2024. The company also had $20.0 million a $200.0 million advance taken as part of the Bank Term Funding Program ("BTFP") and a $16.7 million term loan outstanding maturing in May 2026, 2026.

On January 17, 2024, the Company entered into a Letter Agreement with the Federal Reserve Bank ("FRB") of Chicago that allows the Bank to access the BTFP. On January 22, 2024, the Company opened an advance of $200.0 million from the FRB as part of the BTFP. Under the terms of the BTFP, the bank pledges securities to FBR Chicago as collateral for available advances. The advance carries a fixed interest rate of 4.91%, and matures on January 22, 2025. Advances under the BTFP are prepayable at any time without a $15.0 million revolving line of credit drawn, maturing in May 2024. prepayment penalty.

The Company has the capacity to borrow funds from the discount window of the Federal Reserve System. There were no borrowings outstanding under the Federal Reserve Bank discount window line as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The Company pledges loans as collateral for any borrowings under the Federal Reserve Bank discount window.

The following table sets forth certain information regarding our short-term borrowings at the dates and for the periods indicated (dollars in thousands):

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Federal Reserve Bank discount window borrowing:				
Average balance outstanding	$ —	$ —	$ —	$ —
Maximum outstanding at any month-end period during the year	—	—	—	—
Balance outstanding at end of period	—	—	—	—
Weighted average interest rate during period	N/A	N/A	N/A	N/A
Weighted average interest rate at end of period	N/A	N/A	N/A	N/A
Federal Home Loan Bank advances:				
Average balance outstanding	$ 471,811	$ 424,324	$ 259,176	$ 551,501
Maximum outstanding at any month-end period during the year	675,000	735,000	470,000	625,000
Balance outstanding at end of period	640,000	600,000	470,000	625,000
Weighted average interest rate during period	3.67 %	1.43 %	1.92 %	4.25 %
Weighted average interest rate at end of period	5.51 %	3.07 %	5.47 %	4.91 %
Federal funds purchased:				
Average balance outstanding	$ 916	$ 842	$ —	$ 2,778
Maximum outstanding at any month-end period during the year	—	45,000	—	—
Balance outstanding at end of period	—	—	—	—
Weighted average interest rate during period	5.30 %	2.32 %	N/A	5.30 %
Weighted average interest rate at end of period	0.00 %	0.00 %	N/A	N/A
Term Loan				
Bank Term Funding Program:				
Average balance outstanding			$ 153,846	$ —
Maximum outstanding at any month-end period during the year			200,000	—
Balance outstanding at end of period			200,000	—
Weighted average interest rate during period			4.92 %	N/A

Weighted average interest rate at end of period			4.91 %	N/A
Term Loan:				
Average balance outstanding	$ 6,593	$ —	$ 16,685	$ —
Maximum outstanding at any month-end period during the year	20,000	—	16,667	—
Balance outstanding at end of period	20,000	—	16,667	—
Weighted average interest rate during period	7.53 %	N/A	7.77 %	N/A
Weighted average interest rate at end of period	7.62 %	N/A	7.62 %	N/A
Revolving Line of Credit:				
Average balance outstanding	$ 4,945	$ —	$ 5,316	$ —
Maximum outstanding at any month-end period during the year	15,000	—	7,500	—
Balance outstanding at end of period	15,000	—	—	—
Weighted average interest rate during period	7.88 %	N/A	8.33 %	N/A
Weighted average interest rate at end of period	7.38 %	N/A	N/A	N/A

Customer Repurchase Agreements (Sweeps)

Securities sold under agreements to repurchase represent a demand deposit product offered to customers that sweep balances in excess of the FDIC insurance limit into overnight repurchase agreements. We pledge securities as collateral for the repurchase agreements. Securities sold under agreements to repurchase increased decreased by $22.8 million $6.1 million, from $15.4 million $40.6 million at December 31, 2022 December 31, 2023 to $38.2 million $34.5 million at September 30, 2023 March 31, 2024.

Liquidity

We manage liquidity based upon factors that include the amount of core deposits as a percentage of total deposits, the level of diversification of our funding sources, the amount of non-deposit funding used to fund assets, the availability of unused funding sources, off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold and the re-pricing characteristics and maturities of our assets when compared to the re-pricing characteristics of our liabilities, the ability to securitize and sell certain pools of assets and other factors.

Our liquidity needs are primarily met by cash and investment securities positions, growth in deposits, cash flow from amortizing loan portfolios, and borrowings from the FHLB. For additional information regarding our operating, investing, and financing cash flows, see Consolidated Statements of Cash Flows in our Unaudited Interim Condensed Consolidated Financial Statements included elsewhere in this report.

As of September 30, 2023 March 31, 2024, Byline Bank had maximum borrowing capacity advance potential from the FHLB of $2.6 billion $3.1 billion and $734.8 million $868.8 million from the Federal Reserve Bank ("FRB"). FRB. As of September 30, 2023 March 31, 2024, Byline Bank had open FHLB advances of $640.0 million $470.0 million and open letters of credit of $19.7 million, leaving us with $13.5 million. Based on collateral and securities pledged, our available aggregate borrowing capacity of $1.0 billion based on collateral pledged. at March 31, 2024 was $1.4 billion. In addition, Byline Bank had uncommitted federal funds lines available of $135.0 million and $734.8 million available under the FRB discount window line at September 30, 2023 March 31, 2024.

As of December 31, 2022 December 31, 2023, Byline Bank had maximum borrowing capacity from the FHLB of $2.5 billion $3.1 billion and $804.6 million $866.5 million from the FRB. As of December 31, 2022 December 31, 2023, Byline Bank had open advances of $625.0 million $325.0 million and open letters of credit of $13.5 million, leaving us with $19.7 million. Based on collateral and securities pledged, our available aggregate borrowing capacity of $1.0 billion based on collateral pledged. at December 31, 2023 was $1.6 billion. In addition, Byline Bank had an uncommitted federal funds line available of $135.0 million and $804.6 million available under the FRB discount window line at December 31, 2022 December 31, 2023.

On October 13, 2016, the Company entered into a $30.0 million revolving credit agreement with a correspondent bank. Through subsequent amendments, the revolving credit agreement was reduced to $15.0 million. The amended revolving line of credit bears interest at either SOFR plus 195 205 basis points or Prime Rate minus 75 basis points, not to be less than 2.00%, based on the Company's election, which is required to be communicated at least three business days prior to the commencement of an interest period. If the Company fails to provide timely notification, the interest rate will be Prime Rate minus 75 basis points. On May 26, 2023, the Company amended the agreement with the lender, which provides for: i) the renewal of the revolving line-of-credit facility of up to $15.0 million, extending its maturity date to May 26, 2024; and ii) a new term loan facility in the principal amount of up to $20.0 million with a maturity date of May 26, 2026, each subject to the existing Negative Pledge Agreement dated October 11, 2018, as amended.

At September 30, 2023 March 31, 2024, the variable term loan had an interest rate of 7.62% and an outstanding balance of $16.7 million. At September 30, 2023 December 31, 2023, the variable term loan had an interest rate of 7.64% and an outstanding balance of $18.3 million. At March 31, 2024, the line of credit had a $15.0 million no outstanding balance. At December 31, 2023, the line of credit had a $11.3 million outstanding balance and an interest rate of 7.38%. At December 31, 2022, the line of credit had no outstanding balance. 7.39%

There are regulatory limitations that affect the ability of Byline Bank to pay dividends to the Company. See Note 21 of our Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for additional information. Management believes that such limitations will not impact our ability to meet our ongoing short-term cash obligations.

We expect that our cash and liquidity resources will be generated by the operations of Byline Bank, which we expect to be sufficient to satisfy our liquidity and capital requirements for at least the next twelve months.

During October 2023, Byline Bank pledged additional loan collateral from the merger of Inland Bank. Collateral was added to both the Federal Reserve Bank discount window and Federal Home Loan Bank of Chicago with borrowing capacity increasing by $146.8 million and $131.5 million, respectively. At November 1, 2023, our total borrowing capacity was $2.0 billion.

Capital Resources

Stockholders' equity at September 30, 2023 March 31, 2024 was $919.9 million $1.0 billion compared to $765.8 million $990.2 million at December 31, 2022 December 31, 2023, an increase of $154.1 million $18.9 million, or 20.1% 1.9%. The increase was primarily driven by an increase in retained earnings, and Inland acquisition, offset by a decrease an increase in accumulated other comprehensive loss during the nine three months ended September 30, 2023 March 31, 2024, reflecting the unrealized losses in our available-for-sale securities portfolio of $178.8 million $136.8 million compared to $151.9 million $130.2 million as of December 31, 2023.

The Company and Byline Bank are subject to various regulatory capital requirements administered by federal banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by federal banking regulators that, if undertaken, could have a direct material effect on our financial statements.

Under applicable bank regulatory capital requirements, each of the Company and Byline Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Byline Bank must also meet certain specific capital guidelines under the prompt corrective action framework. The capital amounts and classification are subject to qualitative judgments by the federal banking regulators about components, risk weightings and other factors. Quantitative measures established by regulation to ensure capital adequacy require the Company and Byline Bank to maintain minimum

amounts and ratios of CET1 capital, Tier 1 capital and total capital to risk-weighted assets and of Tier 1 capital to average consolidated assets, (referred to as the "leverage ratio"), as defined under these capital requirements.

As of September 30, 2023March 31, 2024, Byline Bank exceeded all applicable regulatory capital requirements and was considered "well-capitalized." There have been no conditions or events since September 30, 2023March 31, 2024 that management believes have changed Byline Bank's classifications.

The regulatory capital ratios for the Company and Byline Bank to meet the minimum capital adequacy standards and for Byline Bank to be considered well capitalized under the prompt corrective action framework and the Company's and Byline Bank's actual capital amounts and ratios are set forth in the following tables as of the periods indicated (dollars in thousands):

	Actual		Minimum Capital Required		Required to be Considered Well Capitalized		Actual		Minimum Capital Required		Required to be Considered Well Capitalized	
September 30, 2023	Amount	Ratio	Amount	Ratio	Amount	Ratio						
March 31, 2024							Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk weighted assets:												
Company	$ 1,096,646	13.17 %	$ 666,327	8.00 %	N/A	N/A	$ 1,153,483	13.66 %	$ 675,398	8.00 %	N/A	N/A
Bank	1,063,902	12.81 %	664,655	8.00 %	$ 830,819	10.00 %	1,113,131	13.22 %	673,490	8.00 %	$ 841,862	10.00 %
Tier 1 capital to risk weighted assets:												
Company	$ 926,577	11.12 %	$ 499,745	6.00 %	N/A	N/A	$ 981,085	11.62 %	$ 506,548	6.00 %	N/A	N/A

Bank	968,833	11.66%	498,491	6.00%	$ 664,655	8.00%	1,015,732	12.07%	505,117	6.00%	$ 673,490	8.00%
Common Equity Tier 1 (CET1) to risk weighted assets:												
Company	$ 839,577	10.08%	$ 374,809	4.50%	N/A	N/A	$ 894,085	10.59%	$ 379,911	4.50%	N/A	N/A
Bank	968,833	11.66%	373,868	4.50%	$ 540,032	6.50%	1,015,732	12.07%	378,838	4.50%	$ 547,210	6.50%
Tier 1 capital to average assets:												
Company	$ 926,577	10.75%	$ 344,746	4.00%	N/A	N/A	$ 981,085	10.91%	$ 359,579	4.00%	N/A	N/A
Bank	968,833	11.25%	344,526	4.00%	$ 430,657	5.00%	1,015,732	11.31%	359,280	4.00%	$ 449,100	5.00%

	Actual		**Minimum Capital Required**		**Required to be Considered Well Capitalized**		**Actual**		**Minimum Capital Required**		**Required to be Considered Well Capitalized**	
December 31, 2022	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**						
December 31, 2023							**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital to risk weighted assets:												
Company	$ 900,806	13.00%	$ 554,436	8.00%	N/A	N/A	$ 1,123,568	13.38%	$ 671,576	8.00%	N/A	N/A
Bank	852,047	12.34%	552,507	8.00%	$ 690,633	10.00%	1,085,915	12.97%	669,904	8.00%	$ 837,380	10.00%
Tier 1 capital to risk weighted assets:												
Company	$ 751,887	10.85%	$ 415,827	6.00%	N/A	N/A	$ 956,027	11.39%	$ 503,682	6.00%	N/A	N/A

Bank	778,128	11.27%	414,380	6.00%	$ 552,507	8.00%	993,375	11.86%	502,428	6.00%	$ 669,904	8.00%
Common Equity Tier 1 (CET1) to risk weighted assets:												
Company	$ 706,887	10.20%	$ 311,870	4.50%	N/A	N/A	$ 869,027	10.35%	$ 377,762	4.50%	N/A	N/A
Bank	778,128	11.27%	310,785	4.50%	$ 448,912	6.50%	993,375	11.86%	376,821	4.50%	$ 544,297	6.50%
Tier 1 capital to average assets:												
Company	$ 751,887	10.29%	$ 292,258	4.00%	N/A	N/A	$ 956,027	10.86%	$ 352,089	4.00%	N/A	N/A
Bank	778,128	10.67%	291,741	4.00%	$ 364,676	5.00%	993,375	11.30%	351,735	4.00%	$ 439,669	5.00%

The ratios above reflect the Company's election to opt into the regulators' joint CECL transition provision, which allows the Company to phase in the capital impact of the adoption of CECL over the next three years beginning January 1, 2022. Accordingly, capital ratios as of September 30, 2023 March 31, 2024 reflect 75% of the CECL impact and December 31, 2023 reflect 50% of the CECL impact and December 31, 2022 reflect 25% of the CECL impact.

The Company and Byline Bank must maintain a capital conservation buffer consisting of CET1 capital greater than 2.5% of risk-weighted assets above the required minimum risk-based capital levels in order to avoid limitations on paying dividends, repurchasing shares, and paying discretionary bonuses. The conservation buffers for the Company and Byline Bank exceed the minimum capital requirement as of September 30, 2023 March 31, 2024.

Provisions of state and federal banking regulations may limit, by statute, the amount of dividends that may be paid to the Company by Byline Bank without prior approval of Byline Bank's regulatory agencies. The Company is economically dependent on the cash dividends received from Byline Bank. These dividends represent the primary cash flow from operating activities used to service obligations. For the nine three months ended September 30, 2023 March 31, 2024 the Company received $23.5 million $11.5 million in cash dividends from Byline Bank, in order to pay the required interest on its outstanding subordinated note, junior subordinated debentures in connection with its trust preferred securities interest, principal and interest payments related to its term note and revolving line of credit, and to fund other Company-related activities. For the year ended December 31, 2022 December 31, 2023, the Company received $24.0 million $35.0 million in cash dividends from Byline Bank, in order to pay the required interest on its outstanding subordinated note and junior subordinated debentures in connection with its trust preferred securities interest, redemption principal and interest on its term loan and revolving line of the Series B preferred stock outstanding, credit, and to fund other Company-related activities.

On March 31, 2022 December 12, 2022, we announced that our Board of Directors approved a stock repurchase program authorizing the Company redeemed all 10,438 outstanding purchase of up to an aggregate of 1,250,000 shares of its 7.5% fixed-to-floating noncumulative perpetual preferred stock, Series B. our outstanding common stock. The redemption totaled $10.6 million, including the quarterly dividend payment. program was in effect from January 1, 2023 until December 31, 2023. No shares were repurchased under this program.

On December 12, 2022 December 6, 2023, we announced that our Board of Directors approved a new stock repurchase program authorizing the purchase of up to an aggregate of 1,250,000 shares of our the Company's outstanding common stock. The program is in will be effect from January 1, 2023 January 1, 2024 until December 31, 2023 December 31, 2024, unless terminated earlier. We did The shares may, at the discretion of management, be repurchased from time to time in open market purchases as market conditions warrant or in privately negotiated transactions. The Company is not obligated to purchase any shares under the stock program, and the program may be discontinued at any time. The actual timing, number and share price of shares purchased under the repurchase program during will be determined by the three Company at its discretion and nine months ended September 30, 2023 will depend on a number of factors, including the market price of the Company's stock, general market and economic conditions and applicable legal requirements. The shares authorized to be repurchased represented approximately 2.9% of the Company's outstanding common stock at December 31, 2023. We purchased 174,249 No shares at a cost of $4.2 million were repurchased under our previously authorized stock repurchase this program during the three months ended September 30, 2022, and repurchased 689,068 shares at a cost of $17.3 million during the nine months ended September 30, 2022 March 31, 2024.

On October 24, 2023 April 23, 2024, the Company's our Board of Directors declared a cash dividend of $0.09 per share payable on November 21, 2023, May 21, 2024 to stockholders of record of the Company's our common stock as of November 7, 2023 May 7, 2024.

Off-Balance Sheet Items and Other Financing Arrangements

We are a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Condensed Consolidated Statements of Financial Condition. The contractual or notional amounts of those instruments reflect the extent of involvement we have in particular classes of financial instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Byline Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral is primarily obtained in the form of commercial and residential real estate (including income producing commercial properties).

Letters of credit are conditional commitments issued by Byline Bank to guarantee the performance of a customer to a third-party. Those guarantees are primarily issued to support public and private borrowing arrangements, bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Commitments to make loans are generally made for periods of 90 days or less. The fixed rate loan commitments have interest rates ranging from 1.00% to 18.00% 15.00% and maturities up to 2053. 2052. Variable rate loan commitments have interest rates ranging from 3.00% 4.00% to 18.00% and maturities up to 2049. 2053.

Our exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as for funded instruments. We do not anticipate any material losses as a result of the commitments and standby letters of credit.

We enter into interest rate swaps that are used to manage differences in the amount, timing, and duration of our known or expected cash receipts and its known or expected cash payments principally related to certain variable rate loans, money market accounts and variable rate borrowings. We also enter into interest rate swaps with certain qualified borrowers to facilitate the borrowers' risk management strategies and concurrently entered into mirror-image derivatives with a third party counterparty.

78

We recognize derivative financial instruments at fair value regardless of the purpose or intent for holding the instrument. We record derivative assets and derivative liabilities on the Condensed Consolidated Statements of Financial Condition within accrued interest receivable and other assets, and accrued interest payable and other liabilities, respectively. Because the derivative assets and liabilities recorded on the balance sheet at September 30, 2023 March 31, 2024 do not represent the amounts that may ultimately be paid under these contracts, these assets and liabilities are listed in the table below (dollars in thousands):

	September 30, 2023			March 31, 2024		
		Fair Value			Fair Value	
	Notional	Asset	Liability	Notional	Asset	Liability
Interest rate swaps designated as cash flow hedges	$ 650,000	$ 47,488	$ (1,633)	$ 650,000	$ 37,976	$ (582)
Other interest rate derivatives	703,876	29,514	(29,008)	691,612	22,124	(21,949)
Other credit derivatives	1,198	—	—	3,545	3	—

See Note 16 of our Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2023 March 31, 2024, included in this report, and Note 21 of our Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for additional information on derivatives.

67

GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

Some of the financial measures included in our "Selected Financial Data" are not measures of financial performance in accordance with GAAP. Our management uses the non-GAAP financial measures set forth below in its analysis of our performance:

- "Adjusted net income" and "adjusted diluted earnings per share" exclude certain significant items, which include impairment charges on assets he sale and right-of-use assets, and merger-related expenses, adjusted for applicable income tax. Management believes the significant items ar indicative of or useful to measure the Company's operating performance on an ongoing basis.
- "Net interest income, fully taxable-equivalent" and "net interest margin, fully taxable-equivalent" are adjusted to reflect tax-exempt interest income equivalent before-tax basis using tax rates effective as of the end of the period. Management believes the metric provides useful comparable inforn to investors and that these measures may be useful for peer comparison.
- "Total revenue" is the combination of net interest income and non-interest income. Management believes the metric is an important measure Company's operating performance on an ongoing basis.
- "Adjusted non-interest expense" is non-interest expense excluding certain significant items, which include impairment charges on assets held for sal right-of-use assets, and merger-related expenses.
- "Adjusted efficiency ratio" is adjusted non-interest expense less amortization of intangible assets divided by net interest income and non-interest inc

Management believes the metric is an important measure of the Company's operating performance on an ongoing basis.

- "Adjusted non-interest expense to average assets" is adjusted non-interest expense divided by average assets. Management believes the metric important measure of the Company's operating performance on an ongoing basis.
- "Adjusted return on average stockholders' equity" is adjusted net income divided by average stockholders' equity. Management believes the metric important measure of the Company's operating performance on an ongoing basis.
- "Adjusted return on average assets" is adjusted net income divided by average assets. Management believes the metric is an important measure Company's operating performance on an ongoing basis.
- "Non-interest income to total revenues" is non-interest income divided by net interest income plus non-interest income. Management believes tha standard practice in the industry to present non-interest income as a percentage of total revenue. Accordingly, management believes providing measures may be useful for peer comparison.
- "Pre-tax pre-provision net income" is pre-tax income plus the provision for credit losses. Management believes this metric demonstrates income excl the tax provision or benefit and the provision for credit losses, and enables investors and others to assess the Company's ability to generate cap cover credit losses through a credit cycle.
- "Adjusted pre-tax pre-provision net income" is pre-tax pre-provision net income excluding certain significant items, which include impairment charg assets held for sale and right-of-use assets, and merger-related expenses. Management believes the metric is an important measure of the Comp operating performance on an ongoing basis.
- "Pre-tax pre-provision return on average assets" is pre-tax income plus the provision for credit losses, divided by average assets. Management be this ratio demonstrates profitability excluding the tax provision or benefit and excludes the provision for credit losses. "Adjusted pre-tax pre-pro return on average assets" excludes certain significant items, which include impairment charges on assets held for sale. sale and right-of-use assets merger-related expenses.
- "Tangible common equity" is defined as total stockholders' equity reduced by preferred stock and goodwill and other intangible assets. Management not consider servicing assets as an intangible asset for purposes of this calculation.
- "Tangible assets" is defined as total assets reduced by goodwill and other intangible assets. Management does not consider servicing assets intangible asset for purposes of this calculation.

- "Tangible book value per common share" is calculated as tangible common equity, which is stockholders' equity reduced by preferred stock and go and other intangible assets, divided by total shares of common stock outstanding. Management believes this metric is important due to the re changes in the book value per share exclusive of changes in intangible assets.
- "Tangible common equity to tangible assets" is calculated as tangible common equity divided by tangible assets, which is total assets reduced by go and other intangible assets. Management believes this metric is important to investors and analysts interested in relative changes in the ratio o stockholders' equity to total assets, each exclusive of changes in intangible assets.
- "Tangible net income available to common stockholders" is net income available to common stockholders excluding after-tax intangible amortization.
- "Adjusted tangible net income available to common stockholders" is tangible net income available to common stockholders excluding certain signi items. Management believes the metric is an important measure of the Company's operating performance on an ongoing basis.
- "Return on average tangible common stockholders' equity" is tangible net income available to common stockholders divided by average tangible cor stockholders' equity. Management believes the metric is an important measure of the Company's operating performance on an ongoing basis.
- "Adjusted return on average tangible common stockholders' equity" is adjusted tangible net income available to common stockholders divided by av tangible common stockholders' equity. Management believes the metric is an important measure of the Company's operating performance on an on basis.

We believe that these non-GAAP financial measures provide useful information to its management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP; however, we acknowledge that our non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP financial measures that we and other companies use. Management also uses these measures for peer comparison.

Reconciliations of Non-GAAP Financial Measures

(dollars in thousands, except per share data)	As of or For the Three Months Ended September 30, 2023	As of or For the Three Months Ended September 30, 2022	As of or For the Nine Months Ended September 30, 2023	As of or For the Nine Months Ended September 30, 2022	As of or For the Three Months Ended March 31, 2024	As of or For the Three Months Ended March 31, 2023
Net income and earnings per share excluding significant items						
Reported Net Income	$ 28,222	$ 22,656	$ 78,274	$ 65,250	$ 30,440	$ 23,945
Significant items:						
Impairment charges on assets held for sale and ROU asset	394	—	414	—	194	20
Merger-related expense	6,307	—	8,187	—	—	489
Tax benefit	(1,617)	—	(1,903)	—	(52)	(56)
Adjusted Net Income	$ 33,306	$ 22,656	$ 84,972	$ 65,250	$ 30,582	$ 24,398
Reported Diluted Earnings per Share	$ 0.65	$ 0.61	$ 1.98	$ 1.73	$ 0.70	$ 0.64
Significant items:						
Impairment charges on assets held for sale and ROU asset	0.01	—	0.01	—	—	—
Merger-related expense	0.15	—	0.21	—	—	0.01
Tax benefit	(0.04)	—	(0.05)	—	—	—
Adjusted Diluted Earnings per Share	$ 0.77	$ 0.61	$ 2.15	$ 1.73	$ 0.70	$ 0.65

80 69

	As of or For the Three Months Ended September 30	As of or For the Nine Months Ended September 30

(dollars in thousands, except per share data)	September 30, 2023	September 30, 2022	Ended September 30, 2023	Ended September 30, 2022
Adjusted non-interest expense:				
Non-interest expense	$ 57,891	$ 46,178	$ 156,019	$ 134,506
Less: Impairment charges on assets held for sale and ROU asset	394	—	414	—
Less: Merger-related expenses	6,307	—	8,187	—
Adjusted non-interest expense	$ 51,190	$ 46,178	$ 147,418	$ 134,506
Adjusted non-interest expense excluding amortization of intangible assets:				
Adjusted non-interest expense	$ 51,190	$ 46,178	$ 147,418	$ 134,506
Less: Amortization of intangible assets	1,551	1,611	4,461	5,075
Adjusted non-interest expense excluding amortization of intangible assets	$ 49,639	$ 44,567	$ 142,957	$ 129,431
Pre-tax pre-provision net income:				
Pre-tax income	$ 38,134	$ 30,513	$ 105,711	$ 85,232
Add: Provision for credit losses	8,803	4,176	24,418	15,079
Pre-tax pre-provision net income	$ 46,937	$ 34,689	$ 130,129	$ 100,311
Adjusted pre-tax pre-provision net income:				
Pre-tax pre-provision net income	$ 46,937	$ 34,689	$ 130,129	$ 100,311
Impairment charges on assets held for sale and ROU asset	394	—	414	—
Merger-related expenses	6,307	—	8,187	—
Adjusted pre-tax pre-provision net income	$ 53,638	$ 34,689	$ 138,730	$ 100,311
Taxable equivalent net interest income:				
Net interest income	$ 92,452	$ 68,875	$ 244,336	$ 189,238
Add: Tax-equivalent adjustment	248	228	663	701
Net interest income, fully taxable equivalent	$ 92,700	$ 69,103	$ 244,999	$ 189,939
Total revenues:				
Net interest income	$ 92,452	$ 68,875	$ 244,336	$ 189,238
Add: non-interest income	12,376	11,992	41,812	45,579
Total revenues	$ 104,828	$ 80,867	$ 286,148	$ 234,817
Tangible common stockholders' equity:				
Total stockholders' equity	$ 919,945	$ 747,565	$ 919,945	$ 747,565
Less: Preferred stock	—	—	—	—
Less: Goodwill and other intangibles	205,028	160,484	205,028	160,484
Tangible common stockholders' equity	$ 714,917	$ 587,081	$ 714,917	$ 587,081
Tangible assets:				
Total assets	$ 8,943,368	$ 7,277,587	$ 8,943,368	$ 7,277,587
Less: Goodwill and other intangibles	205,028	160,484	205,028	160,484
Tangible assets	$ 8,738,340	$ 7,117,103	$ 8,738,340	$ 7,117,103
Average tangible common stockholders' equity:				
Average total stockholders' equity	$ 924,278	$ 775,358	$ 838,792	$ 795,849
Less: Average preferred stock	—	—	—	3,288
	202,978	161,292	172,806	163,053

Less: Average goodwill and other intangibles	202,978	161,292	172,806	163,053
Average tangible common stockholders' equity	$ 721,300	$ 614,066	$ 665,986	$ 629,508
Average tangible assets:				
Average total assets	$ 8,634,345	$ 7,145,189	$ 7,799,187	$ 6,943,909
Less: Average goodwill and other intangibles	202,978	161,292	172,806	163,053
Average tangible assets	$ 8,431,367	$ 6,983,897	$ 7,626,381	$ 6,780,856
Tangible net income available to common stockholders:				
Net income available to common stockholders	$ 28,222	$ 22,656	$ 78,274	$ 65,054
Add: After-tax intangible asset amortization	1,137	1,174	3,270	3,698
Tangible net income available to common stockholders	$ 29,359	$ 23,830	$ 81,544	$ 68,752
Adjusted tangible net income available to common stockholders:				
Tangible net income available to common stockholders	$ 29,359	$ 23,830	$ 81,544	$ 68,752
Impairment charges on assets held for sale and ROU asset	394	—	414	—
Merger-related expenses	6,307	—	8,187	—
Tax benefit on significant items	(1,617)	—	(1,903)	—
Adjusted tangible net income available to common stockholders	$ 34,443	$ 23,830	$ 88,242	$ 68,752

	As of or For the Three Months Ended March 31,	
(dollars in thousands, except per share data)	**2024**	**2023**
Adjusted non-interest expense:		
Non-interest expense	$ 53,809	$ 48,800
Less: Impairment charges on assets held for sale and ROU asset	194	20
Less: Merger-related expenses	—	489
Adjusted non-interest expense	$ 53,615	$ 48,291
Adjusted non-interest expense excluding amortization of intangible assets:		
Adjusted non-interest expense	$ 53,615	$ 48,291
Less: Amortization of intangible assets	1,345	1,455
Adjusted non-interest expense excluding amortization of intangible assets	$ 52,270	$ 46,836
Pre-tax pre-provision net income:		
Pre-tax income	$ 40,562	$ 32,238
Add: Provision for credit losses	6,643	9,825
Pre-tax pre-provision net income	$ 47,205	$ 42,063
Adjusted pre-tax pre-provision net income:		
Pre-tax pre-provision net income	$ 47,205	$ 42,063
Impairment charges on assets held for sale and ROU asset	194	20
Merger-related expenses	—	489
Adjusted pre-tax pre-provision net income	$ 47,399	$ 42,572
Taxable equivalent net interest income:		
Net interest income	$ 85,541	$ 75,718
Add: Tax-equivalent adjustment	233	208
Net interest income, fully taxable equivalent	$ 85,774	$ 75,926

Total revenues:		
Net interest income	$ 85,541	$ 75,718
Add: non-interest income	15,473	15,145
Total revenues	$ 101,014	$ 90,863
Tangible common stockholders' equity:		
Total stockholders' equity	$ 1,009,049	$ 795,650
Less: Goodwill and other intangibles	202,133	157,432
Tangible common stockholders' equity	$ 806,916	$ 638,218
Tangible assets:		
Total assets	$ 9,410,503	$ 7,530,346
Less: Goodwill and other intangibles	202,133	157,432
Tangible assets	$ 9,208,370	$ 7,372,914
Average tangible common stockholders' equity:		
Average total stockholders' equity	$ 998,806	$ 784,289
Less: Average goodwill and other intangibles	202,773	158,181
Average tangible common stockholders' equity	$ 796,033	$ 626,108
Average tangible assets:		
Average total assets	$ 9,030,941	$ 7,345,151
Less: Average goodwill and other intangibles	202,773	158,181
Average tangible assets	$ 8,828,168	$ 7,186,970
Tangible net income available to common stockholders:		
Net income available to common stockholders	$ 30,440	$ 23,945
Add: After-tax intangible asset amortization	986	1,066
Tangible net income available to common stockholders	$ 31,426	$ 25,011
Adjusted tangible net income available to common stockholders:		
Tangible net income available to common stockholders	$ 31,426	$ 25,011
Impairment charges on assets held for sale and ROU asset	194	20
Merger-related expenses	—	489
Tax benefit on significant items	(52)	(56)
Adjusted tangible net income available to common stockholders	$ 31,568	$ 25,464

(dollars in thousands, except share and per share data)	As of or For the Three Months Ended September 30, 2023	As of or For the Three Months Ended September 30, 2022	As of or For the Nine Months Ended September 30, 2023	As of or For the Nine Months Ended September 30, 2022	As of or For the Three Months Ended March 31, 2024	As of or For the Three Months Ended March 31, 2023
Pre-tax pre-provision return on average assets:						
Pre-tax pre-provision net income	$ 46,937	$ 34,689	$ 130,129	$ 100,311	$ 47,205	$ 42,063
Average total assets	8,634,345	7,145,189	7,799,187	6,943,909	9,030,941	7,345,151
Pre-tax pre-provision return on average assets	2.16 %	1.93 %	2.23 %	1.93 %	2.10 %	2.32 %
Adjusted pre-tax pre-provision return on average assets:						
Adjusted pre-tax pre-provision net income	$ 53,638	$ 34,689	$ 138,730	$ 100,311	$ 47,399	$ 42,572
Average total assets	8,634,345	7,145,189	7,799,187	6,943,909	9,030,941	7,345,151
Adjusted pre-tax pre-provision return on average assets:	2.46 %	1.93 %	2.38 %	1.93 %	2.11 %	2.35 %
Net interest margin, fully taxable equivalent						
Net interest income, fully taxable equivalent	$ 92,700	$ 69,103	$ 244,999	$ 189,939	$ 85,774	$ 75,926
Total average interest-earning assets	8,220,678	6,760,623	7,438,571	6,531,320	8,603,582	7,009,144
Net interest margin, fully taxable equivalent	4.47 %	4.05 %	4.40 %	3.88 %	4.01 %	4.39 %
Non-interest income to total revenues:						

Non-interest income	$ 12,376	$ 11,992	$ 41,812	$ 45,579	$ 15,473	$ 15,145
Total revenues	104,828	80,867	286,148	234,817	101,014	90,863
Non-interest income to total revenues	11.81 %	14.83 %	14.61 %	19.41 %	15.32 %	16.67 %
Adjusted non-interest expense to average assets:						
Adjusted non-interest expense	$ 51,190	$ 46,178	$ 147,418	$ 134,506	$ 53,615	$ 48,291
Average total assets	8,634,345	7,145,189	7,799,187	6,943,909	9,030,941	7,345,151
Adjusted non-interest expense to average assets	2.35 %	2.56 %	2.53 %	2.59 %	2.39 %	2.67 %
Adjusted efficiency ratio:						
Adjusted non-interest expense excluding amortization of intangible assets	$ 49,639	$ 44,567	$ 142,957	$ 129,431	$ 52,270	$ 46,836
Total revenues	104,828	80,867	286,148	234,817	101,014	90,863
Adjusted efficiency ratio	47.35 %	55.11 %	49.96 %	55.12 %	51.75 %	51.54 %
Adjusted return on average assets:						
Adjusted net income	$ 33,306	$ 22,656	$ 84,972	$ 65,250	$ 30,582	$ 24,398
Average total assets	8,634,345	7,145,189	7,799,187	6,943,909	9,030,941	7,345,151
Adjusted return on average assets	1.53 %	1.26 %	1.46 %	1.26 %	1.36 %	1.35 %
Adjusted return on average stockholders' equity:						
Adjusted net income	$ 33,306	$ 22,656	$ 84,972	$ 65,250	$ 30,582	$ 24,398
Average stockholders' equity	924,278	775,358	838,792	795,849	998,806	784,289

Adjusted return on average stockholders' equity	14.30 %	11.59 %	13.54 %	10.96 %	12.31 %	12.62 %
Tangible common equity to tangible assets:						
Tangible common equity	$ 714,917	$ 587,081	$ 714,917	$ 587,081	$ 806,916	$ 638,218
Tangible assets	8,738,340	7,117,103	8,738,340	7,117,103	9,208,370	7,372,914
Tangible common equity to tangible assets	8.18 %	8.25 %	8.18 %	8.25 %	8.76 %	8.66 %
Return on average tangible common stockholders' equity:						
Tangible net income available to common stockholders	$ 29,359	$ 23,830	$ 81,544	$ 68,752	$ 31,426	$ 25,011
Average tangible common stockholders' equity	721,300	614,066	665,986	629,508	796,033	626,108
Return on average tangible common stockholders' equity	16.15 %	15.40 %	16.37 %	14.60 %	15.88 %	16.20 %
Adjusted return on average tangible common stockholders' equity:						
Adjusted tangible net income available to common stockholders	$ 34,443	$ 23,830	$ 88,242	$ 68,752	$ 31,568	$ 25,464
Average tangible common stockholders' equity	721,300	614,066	665,986	629,508	796,033	626,108

Adjusted return on average tangible common stockholders' equity	18.95 %	15.40 %	17.72 %	14.60 %	15.95 %	16.49 %
Tangible book value per share:						
Tangible common equity	$ 714,917	$ 587,081	$ 714,917	$ 587,081	$ 806,916	$ 638,218
Common shares outstanding	43,719,203	37,465,902	43,719,203	37,465,902	44,108,387	37,713,427
Tangible book value per share	$ 16.35	$ 15.67	$ 16.35	$ 15.67	$ 18.29	$ 16.92

82 71

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our primary market risk is interest rate risk, which is defined as the risk of loss of net interest income or net interest margin because of changes in interest rates.

We seek to measure and manage the potential impact of interest rate risk. Interest rate risk occurs when interest-earning assets and interest-bearing liabilities mature or re-price at different times, on a different basis or in unequal amounts. Interest rate risk also arises when our assets, liabilities and off-balance sheet contracts each respond differently to changes in interest rates, including as a result of explicit and implicit provisions in agreements related to such assets and liabilities and in off-balance sheet contracts that alter the applicable interest rate and cash flow characteristics as interest rates change.

We are also exposed to interest rate risk through the retained portion of the U.S. government guaranteed loans we make and the related servicing rights. Our U.S. government guaranteed loan portfolio is comprised primarily of SBA 7(a) loans, virtually all of which are quarterly or monthly adjustable with the prime rate. The SBA portfolio reacts differently in a rising rate environment than our other non-guaranteed portfolios. Generally, when interest rates rise, the prepayments in the SBA portfolio tend to increase.

Our management of interest rate risk is overseen by our Board of Directors and management asset liability committees based on a risk management infrastructure approved by our Board of Directors that outlines outline reporting and measurement requirements. Our risk management infrastructure also requires a periodic review of all key assumptions used, such as identifying appropriate interest rate scenarios, setting loan prepayment rates based on historical analysis, non-interest-bearing and interest-bearing demand deposit lives based on historical analysis and the targeted investment term of capital. The committees closely monitor our interest sensitivity exposure, asset and liability allocation decisions, liquidity and capital positions, and local and national economic conditions and attempts to structure the loan and investment portfolios and funding sources to maximize earnings within acceptable risk tolerances.

We manage the interest rate risk associated with our interest-bearing liabilities by managing the interest rates and tenors associated with our borrowings from the FHLB, and deposits from our customers that we rely on for funding. We manage the interest rate risk associated with our interest-earning assets by managing the interest rates and tenors associated with our investment and loan portfolios, from time to time purchasing and selling investment securities.

We utilize interest rate derivatives to hedge our interest rate exposure on commercial loans when it meets our clients' customers' and Byline Bank's needs. Typically, customer interest rate swaps are for terms of more than five years. As of September 30, 2023 March 31, 2024, we had a notional amount of $1.4 billion $1.3 billion of interest rate derivatives outstanding which include derivatives that are designated as hedging instruments includes customer swaps and derivatives that are not designated as hedging instruments. those on Byline Bank's balance sheet. The overall effectiveness of our hedging strategies is subject to market conditions, the quality of our execution, the accuracy of our valuation assumptions, the associated counterparty credit risk and changes in interest rates.

We do not engage in speculative trading activities relating to interest rates, foreign exchange rates, commodity prices, equities or credit.

Evaluation of Interest Rate Risk

We evaluate interest rate risk through the use a of two different models: net interest income ("NII") simulations and economic value of equity ("EVE") simulations. The simulations provide an estimate of the impact of changes in interest rates on equity and net interest income based on a variety of assumptions. Changes in assumptions may significantly alter the results of our simulations.

We use an NII simulation model to measure and evaluate potential changes in our net interest income. We run various hypothetical interest rate scenarios at least quarterly and compare these results against a scenario with no changes in interest rates. Our net interest income NII simulation model incorporates various assumptions, which we believe are reasonable but which may have a significant impact on results such as: (1) the timing of changes in interest rates, asset prepayment speed assumptions, (2) shifts or rotations in the yield curve, predefined credit spreads for both investment securities and loans, (3) re-pricing characteristics for market-rate-sensitive instruments on and off balance sheet, and (4) differing sensitivities of financial instruments due to differing underlying rate indices, (5) the effect of interest rate limitations in our assets, such as floors and caps, (6) the effect of our interest rate swaps and (7) overall growth and repayment rates and product mix of assets and liabilities. caps. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results but rather as a means to better plan and execute appropriate asset-liability management strategies and manage our interest rate risk.

We use an EVE simulation to analyze the Company's long-term view of interest rate risk as it analyzes the Company's future cash flows. EVE is defined as the present value of the Company's assets, less the present value of its liabilities, adjusted for off-balance sheet items, with the results showing a theoretical change in the economic value of stockholders' equity as interest rates change. Our EVE simulation model incorporates various assumptions, which we believe are reasonable but which may have a significant impact on results such as: (1) asset prepayment speed assumptions, (2) deposit decay rate assumptions, (3) predefined credit spreads for both investment securities and loans (4) re-pricing characteristics for market-rate-sensitive instruments on and off balance sheet, (5) amortization schedule, and (6) discount rates associated with the products on balance sheet.

Potential changes to our net interest income and economic value of equity in hypothetical rising and declining interest rate scenarios calculated as of September 30, 2023 is March 31, 2024 are presented below (dollars in thousands). below.

Basis Point Change in Interest Rates	Estimated Increase/Decrease in Net Interest Income		Estimated Percentage Change in EVE
	Year ending December 31		As of
	2024	2025	December 31, 2023
+300	13.2%	14.7%	(13.4)%
+200	8.8%	9.7%	(9.1)%
+100	4.4%	4.9%	(4.6)%
-100	(2.1)%	(2.8)%	5.0%
-200	(5.3)%	(7.2)%	8.9%
-300	(8.2)%	(10.9)%	11.4%

For the dynamic balance sheet and rate shift scenarios, we assume a balance sheet that reflects management's growth outlook and interest rates follow a forward yield curve curve. The shocks are defined as gradual shifts up and then increase down it by 1/12th of the total change in rates each month for 12 months.

Twelve Months Ending	Immediate Shifts +300 basis points	+200 basis points	+100 basis points	-100 basis points	-200 basis points	-300 basis points
Year 1						
Percentage change	14.5%	10.2%	5.1%	(3.7)%	(8.9)%	(14.0)%
Dollar amount	$ 55,489	$ 38,930	$ 19,577	$ (13,491)	$ (33,177)	$ (52,645)
Year 2						
Percentage change	18.3%	12.6%	6.2%	(5.1)%	(12.2)%	(19.3)%
Dollar amount	$ 76,552	$ 52,814	$ 26,330	$ (20,727)	$ (50,404)	$ (80,154)

For dynamic balance sheet and rate shifts, a gradual shift downward of 100 basis points would result in a 1.3% 1.4% decrease in to net interest income, and a gradual shift upwards of 100 and 200 basis points would result in 2.4% 2.3% and 4.7% 4.5% increases to net interest income, respectively, over the next 12 months.

The Bank's aggregate interest rate risk exposure is monitored and managed within based on the economic outlook and under guidance of board-approved policy limits. The results of this simulation analysis the simulations are hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted including the timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions, depositor behavior changes, and management strategies.

Item 4. Controls and Procedures.

The Company's management, including our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of September 30, 2023 March 31, 2024, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during the quarter ended September 30, 2023 March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

We operate in a highly regulated environment. From time to time we are a party to various litigation matters incidental to the conduct of our business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in the "Risk Factors" section included in our Form 10-K for our fiscal year ended December 31, 2022 December 31, 2023 that was filed with the SEC on March 7, 2023 March 4, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On December 12, 2022 December 6, 2023, we announced that our Board of Directors approved a new stock repurchase program authorizing the purchase of up to an aggregate of 1,250,000 shares of our outstanding common stock. The program will be is in effect from January 1, 2023 January 1, 2024 until December 31, 2023 December 31, 2024 unless terminated earlier. The shares may, at the discretion of management, be repurchased from time to time in open market purchases as market conditions warrant or in privately negotiated transactions. We are not obligated to purchase any shares under the program, and the program may be discontinued at any time. The actual timing, number and share price of shares purchased under the repurchase program will be determined by us at our discretion and will depend on a number of factors, including the market price of our stock, general market and economic conditions and applicable legal requirements.

The table below includes information regarding purchases of our common stock during the quarter ended September 30, 2023 March 31, 2024. We did not purchase any shares of our common stock during the third first quarter of 2023 2024 under our stock repurchase program.

Issuer Purchases of Equity Securities				
				Maximum Number of
	Total	Average	Total Number of Shares	Shares that

	Number of Shares Purchased(1)	Price Paid per Share	Purchased as Part of a Publicly Announced Plan or Program	May Yet Be Purchased Under the Plan or Program
July 1 - July 31, 2023	1,091	$ 22.15	—	1,250,000
August 1 - August 31, 2023	1,548	22.07	—	1,250,000
September 1 - September 30, 2023	—	—	—	1,250,000
Total	2,639	$ 22.10	—	

Issuer Purchases of Equity Securities				
	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Program
January 1 - January 31, 2024	146,308	$ 23.24	—	1,250,000
February 1 - February 29, 2024	78,075	21.02	—	1,250,000
March 1 - March 31, 2024	399	20.67	—	1,250,000
Total	224,782	$ 22.46	—	

(1) All shares acquired during the three months ended September 30, 2023 March 31, 2024 were acquired pursuant to the Company's 2017 Omnibus Incentive Compensation F Under the terms of the compensation plan, we can accept previously owned shares of common stock to be surrendered to satisfy the exercise price of stock options, the settler of restricted stock awards and tax withholding obligations upon vesting and/or exercise.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

EXHIBIT

Number	Description
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-218362) filed on June 19, 2017 and incorporated herein by reference)
3.2	Amended and Restated Bylaws (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-218362) filed on June 19, 2017 and incorporated herein by reference)
4.1	*Certain instruments defining the rights of holders of long-term debt securities of the registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.*
31.1	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, and Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, and Section 302 of the Sarbanes-Oxley Act of 2002
32.1(a)	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Financial information from the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, formatted in Inline XBRL interactive data files pursuant to Rule 405 of Regulation S-T: (i) Condensed Consolidated Statements of Condition; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded with the Inline XBRL document.

(a) This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BYLINE BANCORP, INC.

Date: November 3, 2023 May 3, 2024

By: /s/ Roberto R. Herencia

Roberto R. Herencia

Chief Executive Officer

(Principal Executive Officer)

Date: November 3, 2023 May 3, 2024	By:	/s/ Thomas J. Bell III
		Thomas J. Bell III
		Executive Vice President, Chief Financial Officer and Treasurer
		(Principal Financial Officer)

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934
and Section 302 of the Sarbanes-Oxley Act of 2002

I, Roberto R. Herencia, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Byline Bancorp, Inc. (the "Registrant"):

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 3, 2023 May 3, 2024

/s/ Roberto R. Herencia

Roberto R. Herencia
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934
and Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas J. Bell III, certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Byline Bancorp, Inc. (the "Registrant"):

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report, based on such evaluation; and

d) Disclosed in this Report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 3, 2023 May 3, 2024

/s/ Thomas J. Bell III

Thomas J. Bell III

Executive Vice President and Chief Financial Officer and Treasurer

(Principal Financial Officer)

---

e;width:100%">

EXHIBIT 32.1

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Byline Bancorp, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, the Chief Executive Officer and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Roberto R. Herencia

Roberto R. Herencia
Chief Executive Officer
(Principal Executive Officer)
November May 3, 2023 2024

/s/ Thomas J. Bell III

Thomas J. Bell III
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
November May 3, 2023 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY’S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.