



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

LEGAL DIVISION

January 29, 2018

Mr. James W. Morrissey
Vedder Price P.C.
222 North LaSalle Street, Suite 2400
Chicago, Illinois 60601

Dear Mr. Morrissey:

This is in response to your letter, dated January 19, 2018, and received on January 22, to the Federal Reserve Bank of Chicago requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for Byline Bancorp, Inc. (“Byline”), Chicago, Illinois, a bank holding company, to acquire First Evanston Bancorp, Inc. (“First Evanston”), a bank holding company, and thereby indirectly acquire First Evanston’s subsidiary state member bank, First Bank & Trust (“First Bank”), both of Evanston, Illinois.

The purpose of the proposed transaction is to facilitate the merger of First Bank with and into Byline’s subsidiary state nonmember bank, Byline Bank, Chicago, Illinois. The transaction would occur as follows: (1) First Evanston would merge with and into Wildcat Acquisition Corporation, a wholly-owned subsidiary of Byline formed for the sole purpose of facilitating the transaction, with First Evanston as the resulting entity; (2) First Evanston would merge with and into Byline, with Byline as the resulting entity; and (3) First Bank would merge with and into Byline Bank, with Byline Bank as the resulting entity (“Bank Merger”). You have indicated that the transaction steps would occur simultaneously and that Byline would not operate First Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before the merger or consolidation of bank holding companies and before a bank holding company may acquire direct or indirect ownership or control of more than 5 percent of the voting shares of a bank.² Through the transaction described above, Byline would merge with First Evanston and acquire control of First Bank.

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

Accordingly, Byline would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a bank holding company seeking to merge with another bank holding company or acquire control of a bank need not obtain the Board's prior approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act ("the Bank Merger Act")³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and Byline has provided all necessary information.

The proposed Bank Merger requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.⁵ In acting on the merger proposal, the FDIC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by Byline Bank and First Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.⁶ These criteria are substantially similar to the criteria the Board would consider under section 3 of the BHC Act.⁷

Additionally, at no time would First Bank operate as a separate subsidiary bank of Byline. Following the transaction, the separate corporate existence of First Bank would cease, and Byline Bank would continue to operate as a state nonmember bank. Under these circumstances, review of the transaction under section 3 of the BHC Act would be duplicative of the review under the Bank Merger Act.

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). Byline has filed a Bank Merger Act application with the FDIC requesting prior approval of the Bank Merger and has provided the Board with a copy of the application.

⁶ 12 U.S.C. §§ 1828(c)(5) & (11), 2902(3)(E), 2903(a)(2).

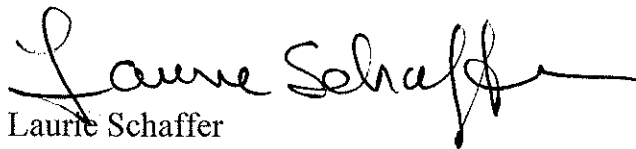
⁷ 12 U.S.C. § 1842(c); 12 CFR 225.13. First Bank is located only in Illinois, the home state of Byline. See 12 U.S.C. § 1841(o)(4). The acquisition, therefore, is not considered an interstate acquisition for purposes of section 3(d) of the BHC Act. See 12 U.S.C. § 1842(d).

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring Byline to file a formal application under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require the filing of a formal application by Byline in connection with the transaction described above. This opinion is subject to the receipt by Byline, Byline Bank, First Evanston, and First Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed in connection with those approvals.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Derald Seid at (202) 452-2246, or Kirin Walsh at (202) 452-3058, of the Legal Division staff.

Sincerely,

A handwritten signature in black ink that reads "Laurie Schaffer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Laurie Schaffer
Associate General Counsel

cc: Federal Deposit Insurance Corporation