

TriState Capital Holdings, Inc.  
Form S-1/A  
April 24, 2013  
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As Filed with the Securities and Exchange Commission on April 23, 2013

Registration No. 333-187681

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**PRE-EFFECTIVE AMENDMENT NO. 2**

**TO**

**FORM S-1**

**REGISTRATION STATEMENT**

**UNDER THE SECURITIES ACT OF 1933**

**TRISTATE CAPITAL HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Pennsylvania**  
(State or other jurisdiction of  
incorporation or organization)

**6022**  
(Primary Standard Industrial Classification Code  
Number)

**20-4929029**  
(I.R.S. Employer  
Identification Number)

**One Oxford Centre**  
**301 Grant Street, Suite 2700**  
**Pittsburgh, Pennsylvania 15219**  
**(412) 304-0304**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**James F. Getz**

**Chairman, President and Chief Executive Officer**

**TriState Capital Holdings, Inc.**

**One Oxford Centre**

**301 Grant Street, Suite 2700**

**Pittsburgh, Pennsylvania 15219**

**(412) 304-0304**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer	..	Accelerated filer	..
Non-accelerated filer	x	Smaller reporting company	..

**The Registrant hereby amends this Registration Statement on such date as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholder may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED APRIL 23, 2013**

**PROSPECTUS**

**5,700,000 Shares**

**COMMON STOCK**

This prospectus relates to the initial public offering of TriState Capital Holdings, Inc.'s common stock. We are offering 5,500,000 shares of our common stock. The selling shareholder identified in this prospectus is offering 200,000 shares of our common stock. We will not receive any proceeds from sales by the selling shareholder.

Prior to this offering, there has been no established public market for our common stock. We currently estimate that the public offering price per share of our common stock will be between \$10.50 and \$12.50 per share. We have applied to list our common stock on the NASDAQ Global Select Market under the symbol TSC.

**See Risk Factors, beginning on page 16, for a discussion of certain risks that you should consider before making an investment decision to purchase our common stock.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**We are an emerging growth company under the federal securities laws and will be subject to reduced public company reporting requirements.**

**The shares of our common stock that you purchase in this offering will not be savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discount <sup>(1)</sup>	\$	\$
Proceeds to us, before expenses	\$	\$
Proceeds to selling shareholder, before expenses	\$	\$

(1) See *Underwriting* for additional information regarding the underwriting discount and certain expenses payable to the underwriters by us. We have granted the underwriters an option to purchase up to an additional 855,000 shares of our common stock at the initial public offering price less the underwriting discount, within 30 days from the date of this prospectus, to cover over allotments, if any.

The underwriters expect to deliver the shares of our common stock against payment on our about , 2013, subject to customary closing conditions.

*Joint Book-Running Managers*

**Stephens Inc.**

**Keefe, Bruyette & Woods**

**Baird**

*A Stifel Company  
Co-Manager*

**Macquarie Capital**  
Prospectus dated , 2013

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**Successful Track Record of Growth**

**Total Assets**

**(\$ in Millions)**

**Total Revenue <sup>(1)</sup>**

**(\$ in Millions)**

**Pre-Tax, Pre-Provision Net Revenue <sup>(1)</sup>**

**(\$ in Millions)**

*(1) Total revenue and pre-tax, pre-provision net revenue are non-GAAP financial measures. See Selected Historical Consolidated Financial Data Non-GAAP Financial Measures for a reconciliation of these measures to their most directly comparable GAAP measures.*

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**ABOUT THIS PROSPECTUS**

We, the selling shareholder and the underwriters have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We, the selling shareholder and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We, the selling shareholder and the underwriters are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our securities or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.



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**PROSPECTUS SUMMARY**

*This summary highlights selected information contained elsewhere in this prospectus and may not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus, including the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations, together with our consolidated financial statements and the related notes, before making an investment decision. Unless the context indicates otherwise, references in this prospectus to we, our, us, the Company and TriState Capital refer to TriState Capital Holdings, Inc., a Pennsylvania corporation and its consolidated subsidiary. References in this prospectus to TriState Capital Bank and the Bank refer to TriState Capital Bank, a Pennsylvania state banking corporation and our wholly owned consolidated subsidiary.*

**Overview**

TriState Capital Holdings, Inc. is a bank holding company headquartered in Pittsburgh, Pennsylvania. Through our wholly owned bank subsidiary, TriState Capital Bank, we serve middle market businesses in our primary markets throughout the states of Pennsylvania, Ohio, New Jersey and New York. We also serve high net worth individuals on a national basis through our private banking channel. We market and distribute all of our products and services through a scalable branchless banking model, which creates significant operating leverage throughout our business as we continue to grow.

Our success has been built upon the vision and focus of our executive management team to establish the premier regional business bank for middle market companies by combining the sophisticated banking products of a large financial institution with the personalized service of a community bank. Our management team and board of directors have extensive commercial banking and wealth management experience as well as valuable business relationships in the markets we serve. Our branchless banking model involves centralized deposit operations, underwriting, portfolio management, credit administration, compliance, and risk management, among other administrative functions at our headquarters, while our representative offices are used to market our loan and deposit products and services. We believe significant growth and enhanced profitability will be achieved as we further leverage the relationships of our sales force and our scalable infrastructure.

We are one of the fastest growing banks formed in 2007 and have maintained strong asset quality. We achieved our loan and deposit growth without mergers or acquisitions. Our significant organic loan growth is the result of our sales and distribution culture, niche lending focus and our disciplined approach to risk management. As of December 31, 2012, our diversified loan portfolio was composed of approximately 53.2% commercial and industrial loans, approximately 28.8% commercial real estate loans and approximately 18.0% private banking-personal loans.

We have demonstrated our ability to grow our customer deposit base rapidly by adapting our product and service offerings and marketing activities, rather than incurring the investment in branch offices and higher fixed operating costs inherent in traditional branch-based banking models. We also believe our deposit channels provide us with stable and diversified funding, as well as low all-in funding costs and greater scalability than traditional branch networks.

**Our Growth and Performance**

As of December 31, 2012, on a consolidated basis, we had total assets of \$2.1 billion, total loans of \$1.6 billion, total deposits of \$1.8 billion and shareholders' equity of \$217.7 million. According to SNL Financial, of the 167 banks established in 2007, as of December 31, 2012 TriState Capital Bank was the largest in terms of total assets based solely on organic growth. Our total loans grew 16.7% for the year ended December 31, 2012. In growing our organization, we have continually maintained our emphasis on risk management and asset quality. Our ratio of nonperforming assets to total assets was 1.10% as of December 31, 2012, and our ratio of net loan charge-offs to average loans was 0.43% for the year ended December 31, 2012. We achieved this growth, strong asset quality ratios and profitability during a time that included a severe national recession and slow economic growth.

Our performance and profitability have paralleled our growth while we maintained strong capital levels. We became profitable on a quarterly basis in the fourth quarter of 2009, and we have remained profitable on a quarterly

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basis since then. For the year ended December 31, 2012, our total revenue and pre-tax, pre-provision net revenue grew by 25.0% and 53.9%, respectively, from 2011 and our net income available to common shareholders and diluted earnings per share grew by 60.5% and 42.4%, respectively, from 2011.

As we have realized economies of scale and improved our deposit funding costs and net interest margin, our return on average equity and efficiency ratio improved to 5.24% and 60.64%, respectively, for the year ended December 31, 2012, as compared to 3.97% and 68.03%, respectively, for 2011. We have also positioned our balance sheet and managed our interest rate risk position such that our net interest income should benefit during a rising interest rate environment. The table below sets forth certain of our selected financial data, asset quality data and key ratios.

	As of or for the Year Ended December 31,			2012 Change from 2011	
	2012	2011	2010	Amount	Percent
(Dollars in thousands, except per share data)					
<b>Summary financial data:<sup>(1)</sup></b>					
Total assets	\$ 2,073,129	\$ 1,833,450	\$ 1,659,752	\$ 239,679	13.1%
Total loans <sup>(2)</sup>	1,641,628	1,406,995	1,283,745	234,633	16.7%
Total deposits	1,823,379	1,637,126	1,470,600	186,253	11.4%
Total revenue <sup>(3)</sup>	62,445	49,966	46,497	12,479	25.0%
Pre-tax, pre-provision net revenue <sup>(3)</sup>	24,580	15,972	12,905	8,608	53.9%
Net income (loss) available (attributable) to common shareholders <sup>(4)</sup>	9,147	5,700	13,410	3,447	60.5%
Diluted earnings (loss) per share <sup>(4)</sup>	\$ 0.47	\$ 0.33	\$ 0.83	\$ 0.14	42.4%
<b>Summary asset quality data:<sup>(1)</sup></b>					
Net charge-offs to average loans	0.43%	0.46%	0.31%		
Nonperforming assets to total assets <sup>(6)</sup>	1.10%	0.90%	0.92%		
<b>Key ratios:<sup>(1)</sup></b>					
Net interest margin <sup>(5)</sup>	3.00%	2.72%	2.66%		
Efficiency ratio <sup>(3)</sup>	60.64%	68.03%	72.25%		
Return on average equity <sup>(4)</sup>	5.24%	3.97%	9.68%		
Tier 1 leverage capital ratio	10.35%	10.18%	9.85%		
Tier 1 risk-based capital ratio	10.95%	10.63%	11.48%		
Total risk-based capital ratio	11.88%	11.60%	12.59%		

- (1) We have derived the summary financial data from our audited consolidated statements of financial condition as of December 31, 2012 and 2011 included elsewhere in this prospectus, our audited consolidated statements of financial condition as of December 31, 2010 not included in this prospectus, and our audited consolidated statements of income for the years ended December 31, 2012, 2011 and 2010 included elsewhere in this prospectus. The summary asset quality data and key ratios are unaudited and are derived from the financial statements as of and for the years presented. Average balances have been computed using daily averages. Our historical results may not be indicative of our results for any future period.
- (2) Total loans are net of unearned discounts and deferred fees and costs.
- (3) These measures are not measures recognized under accounting principles generally accepted in the United States, or GAAP, and are therefore considered to be non-GAAP financial measures. See *Selected Historical Consolidated Financial Data Non-GAAP Financial Measures* for a reconciliation of these measures to their most directly comparable GAAP measures.
- (4) Our 2010 results included the reversal of a deferred tax net operating loss carryforward valuation allowance that improved net income available to common shareholders by \$11.2 million and diluted earnings per share by \$0.70. Return on average assets was improved by 0.67% and return on average equity was improved by 7.14%.
- (5) Net interest margin is calculated on a fully taxable equivalent basis.
- (6) Nonperforming assets consist of nonperforming loans and real estate and other property that we have repossessed.

**Our Executive Management Team and Board of Directors**

We have a seasoned and experienced executive management team and board of directors. Each member of our executive management team has over 30 years of financial services experience, including extensive experience in the commercial banking, wealth management, securities and public accounting industries. James F. Getz, our Chairman of the Board, Chief Executive Officer, President and founder, is the former president of Federated Securities Corporation, the sales division of Federated Investors, Inc., where he served for approximately 20 years. Mr. Getz also had 10 years of banking experience in Philadelphia prior to joining Federated. Working closely with Mr. Getz are A. William Schenck III, our Vice Chairman and cofounder, and Mark L. Sullivan, our Vice Chairman, Chief Financial Officer and cofounder. Mr. Schenck is the former executive vice president consumer and small business banking of PNC Financial Services as



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well as the former Secretary of Banking of the Commonwealth of Pennsylvania. He has more than 30 years of experience in the banking and mortgage industries. Mr. Sullivan previously served clients at Price Waterhouse & Co. (now PricewaterhouseCoopers LLP) and Ernst & Young LLP for more than 30 years.

We also benefit from the experience and independence of our board of directors. Six of our current board members serve or have served on boards of public companies. Nine of our twelve directors qualify as independent directors under the listing rules of the NASDAQ Global Select Stock Market, or Nasdaq. In addition, nine of our directors have significant experience building the types of middle market businesses that we serve.

Our directors and executive officers also have a meaningful ownership interest in our organization. Executive management and our board of directors beneficially owned approximately 33.9% of our voting stock as of March 31, 2013. Of this amount, Mr. Getz, our Chairman, Chief Executive Officer and President, beneficially owned approximately 5.4% of our voting stock. Mr. Getz's investment in our common stock is made up almost entirely of shares that he purchased at \$10.00 per share during our 2007 private placement, which was the same price paid by outside investors in that offering. We believe this type of significant insider ownership aligns the interests of our executive management and our board of directors with those of our shareholders.

## **Our Business Strategy**

The genesis of our formation was a belief by our founder and cofounders that the banking needs of middle market businesses in our primary markets and many high net worth individuals were not adequately served by the banking industry. Our founder and cofounders believed that a sales oriented, conservatively managed and scalable *de novo* bank, with highly experienced bankers and without the cost structure of a traditional branch network, could grow and generate attractive returns for shareholders. With this plan, our founder and cofounders were successful in raising gross proceeds of approximately \$104.1 million through the sale of our common stock to charter the Bank and fund our initial growth. Since then, we have raised gross proceeds of approximately \$122.3 million through the sale of additional common and convertible preferred stock through private offerings in 2008, 2010 and 2012 to continue to execute our growth strategy. We also raised gross proceeds of approximately \$23.0 million through our voluntary participation in the Capital Purchase Program of the U.S. Department of the Treasury, or the Department of the Treasury, that was redeemed in September 2012.

Our founder's and cofounders' vision and our business strategies have guided our efforts since we began operations in 2007 and contributed to our success. The following are the key components of our business strategies:

***Our Sales and Distribution Culture.*** We focus on efficient and profitable sales and distribution of middle market business and private banking products and services, while maintaining a low-risk and diversified balance sheet. Each of our 35 middle market and private banking relationship managers concentrates on marketing our specific product and service offerings within his or her target markets. Our relationship managers have significant experience in the banking and financial services industries and are focused on customer service. We monitor gross profit contribution, loan and deposit growth and asset quality by market and by relationship manager. Our compensation program is designed to incentivize our market presidents and relationship managers to prudently grow their loans, deposits and profitability, while maintaining strong asset quality.

***Disciplined Risk Management.*** We place a strong emphasis on effective risk management as an integral component of our organizational culture. We use our risk management infrastructure to monitor existing operations, support decision-making and improve the success rate of new initiatives. To maintain strong asset quality, we employ centralized and thorough loan underwriting, a diversified loan portfolio, highly experienced credit analysts and portfolio managers and a conservative investment securities portfolio. Our relationship managers have no individual signing authority and, except for a narrowly defined category of loans secured solely by cash or marketable securities, each new loan request must be approved by our senior loan committee. In addition, we have focused on growing loans originated through our private banking channel. We believe these loans have lower credit risk because they are typically personally guaranteed by high net worth borrowers and/or are secured by readily liquid collateral, such as marketable securities.

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**Lending Strategy.** We generate loans through our middle market banking and private banking channels. These channels provide risk diversification and offer significant growth opportunities.

*Middle Market Banking Channel.* As of January 15, 2013, there were more than 125,000 middle market businesses (defined as businesses with revenues between \$5.0 million and \$300.0 million) located within our primary markets. To capitalize on this opportunity, each of our representative offices is led by a market president who has over 25 years of banking experience, including significant experience in his or her relevant geographic market. Our market presidents understand the specialized lending needs of the middle market businesses in their area. They are supported by highly experienced relationship managers with a reputation for success in targeting middle market business customers and maintaining strong credit quality within their loan portfolios.

*Private Banking Channel.* We also provide loan products and services nationally to high net worth individuals which we source through referral relationships with independent broker-dealers, wealth managers, family offices, trust companies and other financial intermediaries, and to executives and other high net worth individuals. Our private banking products include loans secured by marketable securities and other asset-based loans. Our relationship managers have cultivated referral arrangements with more than 50 financial intermediaries. Under these arrangements, the financial intermediaries are able to refer their clients to us for responsive and sophisticated banking services. We believe many of our referral relationships also create cross-selling opportunities with respect to our deposit products.

As shown in the table below, we have achieved loan growth through each of our banking channels. Our middle market banking channel generated \$84.9 million of loan growth, or 7.5%, for the year ended December 31, 2012. Within our middle market channel, our commercial and industrial loans grew by \$110.3 million, or 17.1%, while our commercial real estate loans declined by \$25.4 million, or 5.3%, for the year ended December 31, 2012.

As of December 31, 2012, loans sourced through our private banking channel represented 26.4% of our total loans, including personal and commercial, and such loans grew by \$150.2 million, or 52.6%, for the year ended December 31, 2012. In addition, as of December 31, 2012, \$223.9 million of our private banking channel loans were secured by marketable securities, which represented an increase of \$115.3 million, or 106.2%, for the year ended December 31, 2012. We expect continued strong loan and deposit growth in this channel, in part, because we added 11 new loan referral relationships during the year ended December 31, 2012, and 16 during 2011. We have also experienced continued growth in the number of customers resulting from our existing referral relationships. For example, one of our largest private banking referral relationships resulted in approximately 11 loan customers as of December 31, 2010, 57 loan customers as of December 31, 2011, and 123 loan customers as of December 31, 2012. As we deepen our existing referral relationships and add new referral relationships, we expect continued growth in our marketable securities loans.

	2012	As of December 31, 2011	2010	2012 Change from 2011 Amount	Percent
	(Dollars in thousands)				
<b>Middle market banking offices:</b>					
Western Pennsylvania	\$ 367,752	\$ 342,135	\$ 318,637	\$ 25,617	7.5%
Eastern Pennsylvania	404,637	371,163	318,505	33,474	9.0%
Ohio	264,320	248,564	247,672	15,756	6.3%
New Jersey	171,057	165,004	165,059	6,053	3.7%
New York <sup>(1)</sup>	4,000	N/A	N/A	4,000	N/A
Total middle market banking channel loans	1,211,766	1,126,866	1,049,873	84,900	7.5%
Total private banking channel loans	435,580	285,352	240,073	150,228	52.6%
Total loans, before deferred loan fees	\$ 1,647,346	\$ 1,412,218	\$ 1,289,946	\$ 235,128	16.6%

(1) Our New York representative office opened for business in August 2012.



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**Deposit Funding Strategy.** Since inception, we have focused on creating and growing diversified, stable, and low all-in cost deposit channels, both in our primary markets and across the United States, without operating a traditional branch network. As of December 31, 2012, we consider more than 90.0% of our total deposits to be sourced from direct customer relationships. We believe our sources of deposits continue to provide excellent opportunities for growth. Our sources of deposits include:

deposits of high net worth individuals and business customers from our private banking channel, including family offices, trust companies and wealth management firms;

deposits of businesses and municipalities located within our primary markets; and

deposit accounts from financial institutions.

We take a multi-layered approach to our deposit growth strategy. We believe our relationship managers are an integral part of this approach and, accordingly, we have enhanced the incentives for our relationship managers to increase the deposits associated with their relationships. We have four relationship managers who are specifically dedicated to deposit generation and treasury management, and we plan to add additional such professionals as appropriate to support our growth. Additionally, we believe that our financial performance and products and services that are targeted to our markets enhance our deposit growth.

**Wealth Management Strategy.** We are exploring opportunities to invest in or acquire a wealth management business. We believe that such an investment or acquisition would better position us to leverage our management expertise and relationships, obtain access to new customers, further expand our potential sources of deposits and enhance our non-interest income. Our Chairman, Chief Executive Officer and President, along with several members of our board of directors, including James J. Dolan, James E. Minnick and Richard B. Seidel, have significant experience in investing in and operating wealth management companies. James F. Getz, our Chairman of the Board, Chief Executive Officer and President, is the former president of Federated Securities Corporation, the sales division of Federated Investors, Inc. Mr. Dolan was a senior officer of Federated Investors for 19 years, where he was responsible for customer service, technology, marketing, custody, securities processing and transfer agency services. He also was the founder and chief executive officer of Access Data Corp., a technology based mutual fund compliance outsourcing business, and he has served for 20 years on the board of directors of a large asset management company. Mr. Minnick has served as president of Lovell Minnick Partners LLC since 1999. Lovell Minnick Partners is an independent private equity firm that focuses on investing in financial services companies, including wealth management firms, and is our largest shareholder. Prior to his position with Lovell Minnick, Mr. Minnick was the president and chief executive officer of Morgan Grenfell Capital Management. Mr. Seidel has extensive experience in financial services and trust administration. Since 1997, Mr. Seidel has served as the chairman of Girard Partners, Ltd., a registered investment advisory firm that specializes in providing wealth management solutions. He also serves as the chairman of Girard Capital, LLC, a registered broker-dealer, and serves on the board of directors of Wilmington Funds (formerly the MTB Group of Funds), an affiliate of M&T Bank. In addition, he cofounded The Fairfield Group in 1983 and, as president, led it to become a large fund management company. Previously, he spent 17 years at Girard Bank (now Bank of New York Mellon). In 1979, he established a holding company subsidiary named GTC Management and, as president, developed one of the first bank proprietary mutual funds in the country.

## **Our Competitive Strengths**

We believe our success is primarily attributable to the following competitive strengths:

**Experienced Personnel.** In addition to our experienced executive management team and board of directors, we employ highly experienced personnel across our entire organization. Our low overhead costs give us the financial capability to attract and incentivize qualified professionals who desire to work in an entrepreneurial and results-oriented organization. Our middle market banking presidents each have at least 25 years of banking experience and our middle market relationship managers have an average of more than 20 years of banking experience. We believe our bankers have the relationships and customer service focus that, in our business model, will continue to allow them to prudently grow the loan and deposit portfolios they manage.

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***Efficient and Scalable Operating Model.*** We believe our branchless banking model gives us a competitive advantage by eliminating the overhead and intense management requirements of a traditional branch network. Moreover, we believe that we have a scalable platform and organizational infrastructure that position us to grow our revenue more rapidly than our operating expenses. Key attributes of our branchless banking model include: (1) existing relationship manager and staffing levels at our headquarters and representative offices which we believe are adequate to support significant growth; (2) a highly scalable private banking channel through our loan referral relationships; (3) centralized deposit operations, underwriting, portfolio management, credit administration, accounting, finance, risk management, compliance, legal and human resources at our headquarters; (4) qualified external data processing and technology providers; and (5) our ability to replicate our model in new markets with low entry costs, as evidenced by our expansion into New York in August 2012. Relationship managers in our representative offices solicit loan and deposit products and services in their markets and act as liaisons to our headquarters. Consistent with our centralized operations and regulatory requirements, however, we do not disburse or transmit funds, accept loan repayments or contract for deposits or deposit-type liabilities through our representative offices.

We believe the following financial metrics demonstrate the scalability of our business model:

Improvement in our efficiency ratio to 60.64% for the year ended December 31, 2012, compared with 68.03% for 2011 and 72.25% for 2010. We expect our efficiency ratio to continue to improve as we grow;

For the year ended December 31, 2012, our ratio of noninterest expense to average assets was 1.94%, compared to an average of 3.31% for commercial banks with \$1.0 billion to \$3.0 billion in assets, according to SNL Financial; and

As of December 31, 2012, we had 119 full-time equivalent employees compared to an average of 363 employees for commercial banks with \$1.0 billion to \$3.0 billion in assets, according to SNL Financial. During the year ended December 31, 2012, we added 16 net new full-time equivalent employees, including five relationship managers, largely to position ourselves for continued growth. We currently expect to add only seven new employees in 2013, including four new relationship managers.

***Middle Market Lending Specialty.*** We believe we have significant opportunities for continued loan growth due to our expertise in middle market commercial lending. Our market presidents and relationship managers have significant experience in our primary markets, as well as with middle market loan products and businesses. Our middle market bankers gained their expertise through training and experience with various larger banks within our markets and have brought with them a wealth of lending knowledge. We believe this is evidenced by our track record of middle market commercial loan growth and our history of strong asset quality.

***Niche Lending Focus.*** The fastest growing component of our loan portfolio is the loans secured by marketable securities sourced through our private banking channel. These loans are primarily made to individuals, closely held businesses, partnerships or trusts. Our executive and senior management teams and our board of directors have extensive experience in the wealth management and securities industries. This expertise helps us to better understand and anticipate the banking needs of this market, to develop relationships more quickly and to more effectively manage the risk in this segment of our loan portfolio. We have developed a proprietary system for monitoring the account balances and collateral values of marketable securities that secure our private banking channel loans. We believe this system helps us to more effectively mitigate the credit risk associated with these loans. Since inception, we have had no charge-offs related to our loans secured by marketable securities.

***Strong Asset Quality.*** We maintain a firm commitment to preserving the asset quality of our balance sheet, and specifically our loan portfolio. We believe our strong asset quality is largely due to our market presidents and our relationship and portfolio managers' ability to originate, analyze and underwrite new lending opportunities. Our relationship managers have no individual signing authority, and, except for a narrowly defined category of loans secured by cash or marketable securities, each new loan request must be approved by our senior loan committee. Once a new credit is added to the loan portfolio, management monitors the portfolio, utilizing our experienced portfolio managers, for any covenant exceptions or material changes in credit quality indicators on a regular basis. Risk ratings are reviewed on an ongoing basis by both management and an independent third party loan review firm.

We believe our emphasis on risk management and our credit culture has resulted in our ratio of nonperforming assets to total assets of 1.10% as of December 31, 2012 being significantly lower, according to SNL Financial, than the weighted average ratio of 2.67% for U.S. banks with \$1.0 billion to \$3.0 billion in assets as of December 31, 2012. In





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addition, our ratio of net charge-offs to average loans of 0.43% for the year ended December 31, 2012 was significantly lower than the 0.74% weighted average, according to SNL Financial, for the same peer group.

**Market Reputation.** We believe that our market reputation has become and will remain a competitive advantage within our primary markets and for our private banking channel. We are now entering our seventh year of operations, and we believe that we have established a reputation as a sophisticated lender and customer-focused financial institution. We believe that, in recent years, some of the larger financial institution competitors in our primary markets have been distracted by legacy asset quality problems and challenging product lines associated with national economic conditions. These types of problems have not had the same impact on us given the timing of our formation, our limited exposure to higher risk loan products such as land development loans and our relatively strong asset quality. Accordingly, we have been able to focus more of our attention on building strong business and personal relationships and addressing the particular needs of our customers. We expect to continue to take advantage of the strong relationships and reputation that have been forged by our senior management team and our relationship managers.

**Recent Developments**

The following tables contain selected preliminary unaudited financial information regarding our performance and financial position as of and for the periods indicated.

	<b>For the Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	(unaudited)	
	(Dollars in thousands, except share and per share data)	
<b>Statements of income data:</b>		
Net interest income	\$ 14,344	\$ 13,221
Provision for loan losses	2,132	1,231
Net interest income after provision	12,212	11,990
Noninterest income	1,788	1,024
Noninterest expense	9,628	8,762
Income before income tax	4,372	4,252
Income tax expense	1,517	1,466
Net income	2,855	2,786
Preferred dividends and amortization of Series A discount		382
Net income available to common shareholders	\$ 2,855	\$ 2,404
<b>Other statements of income data:</b>		
Total revenue <sup>(1)</sup>	\$ 15,348	\$ 14,245
Pre-tax, pre-provision net revenue <sup>(1)</sup>	5,720	5,483
Average diluted common shares outstanding	22,541,141	17,421,309
Diluted earnings per share	\$ 0.13	\$ 0.14
<b>Annualized performance ratios:</b>		
Return on average assets	0.56%	0.61%
Return on average equity	5.26%	5.97%
Net interest margin <sup>(2)</sup>	2.86%	2.92%
Efficiency ratio <sup>(1)</sup>	62.73%	61.51%
Noninterest expense to average assets	1.87%	1.90%
Net charge-offs to average total loans	0.60%	0.25%



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	<b>As of March 31, 2013</b>	<b>As of December 31, 2012</b>
	(Dollars in thousands, except share and per share data)	
<b>Balance sheet data:</b>		
Total loans <sup>(3)</sup>	\$ 1,692,117	\$ 1,641,628
Allowance for loan losses	17,580	17,874
Total assets	2,073,240	2,073,129
Total deposits	1,806,885	1,823,379
Total shareholders equity	220,152	217,724
Book value per share with preferred converted to common <sup>(1)</sup>	9.86	9.75
Tangible book value per share with preferred converted to common <sup>(1)</sup>	9.86	9.75
Tangible equity to tangible assets <sup>(1)</sup>	10.62%	10.50%
<b>Asset quality ratios:</b>		
Nonperforming assets to total assets <sup>(4)</sup>	0.84%	1.10%
Nonperforming loans to total loans <sup>(3)(4)</sup>	1.01%	1.37%
Allowance for loan losses to total loans <sup>(3)</sup>	1.04%	1.09%
Allowance for loan losses to nonperforming loans <sup>(4)</sup>	102.56%	79.50%

- (1) These measures are not measures recognized under GAAP and are therefore considered to be non-GAAP financial measures. See *Non-GAAP Financial Measures* for a reconciliation of these measures to their most directly comparable GAAP measures.
- (2) Net interest margin is calculated on a fully taxable equivalent basis.
- (3) Total loans are net of unearned discounts and deferred fees and costs.
- (4) Nonperforming assets consist of nonperforming loans and real estate and other property that we have repossessed. Nonperforming loans consist of nonaccrual loans.

*Operating Data and Performance Measures.* For the three months ended March 31, 2013, our net income available to common shareholders was \$2.9 million compared to \$2.4 million for the same period in 2012, an increase of \$451,000, or 18.8%, primarily due to the impact of (1) a \$1.1 million, or 8.5%, increase in our net interest income, (2) a \$764,000 or 74.6% increase in noninterest income primarily due to a \$784,000 gain on sale of securities in the first quarter of 2013, compared to no securities gains in the same period in 2012, (3) an increase of \$901,000, or 73.2%, in our provision for loan losses, (4) an \$866,000, or 9.9%, increase in our noninterest expense and (5) the elimination of dividends on our Series A and B preferred shares, which we redeemed in September 2012.

Our diluted earnings per share decreased \$0.01, or 7.1%, to \$0.13 for the three months ended March 31, 2013, compared to \$0.14 for the same period in 2012. The dilutive impact of our August 2012 issuance of \$50.0 million in our Series C preferred stock was partially offset by an increase of \$451,000, or 18.8%, in our net income available to common shareholders.

Our annualized return on average assets was 0.56% for the three months ended March 31, 2013, as compared to 0.61% for the same period in 2012. Our annualized return on average equity was 5.26% for the three months ended March 31, 2013, as compared to 5.97% for the same period in 2012. These decreases resulted from the effect of our issuance of \$50.0 million in our Series C preferred stock coupled with an increase of \$232.5 million, or 12.6%, in our average assets and a six basis point decrease in our net interest margin as compared to the same period in 2012.

Our annualized net interest margin was 2.86% for the three months ended March 31, 2013, as compared to 2.92% for the same period in 2012. This decrease was primarily due to the continued low interest rate environment.

For the three months ended March 31, 2013, our efficiency ratio was 62.73% as compared to 61.51% for the same period in 2012, primarily as a result of our noninterest expense growing faster than our total revenue. The slower growth rate of our total revenue was primarily due to the six basis point decrease in our net interest margin compared to the same period in 2012. Our noninterest expense to average assets was 1.87% for the three months ended March 31, 2013, compared to 1.90% for the same period in 2012.

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For the three months ended March 31, 2013, total revenue increased \$1.1 million, or 7.7%, to \$15.3 million from \$14.2 million for the same period in 2012, driven by growth in net interest income primarily as a result of growth in our loan portfolio. Pre-tax, pre-provision net revenue increased \$237,000, or 4.3%, to \$5.7 million for the three months ended March 31, 2013 from \$5.5 million for the same period in 2012, primarily resulting from growth of \$1.1 million, or 8.5%, in net interest income, partially offset by an increase of \$866,000, or 9.9%, in noninterest expense.

*Balance Sheet Activity.* Total assets were \$2.1 billion as of March 31, 2013. Total loans grew by \$50.5 million to \$1.7 billion as of March 31, 2013, an annualized increase of 12.3% from December 31, 2012, primarily as a result of growth in our commercial and industrial and commercial real estate loan portfolios. Total deposits were \$1.8 billion as of March 31, 2013. Tangible book value per share with preferred converted to common increased \$0.11 to \$9.86 as of March 31, 2013, from \$9.75 as of December 31, 2012.

*Asset Quality.* Nonperforming assets to total assets decreased to 0.84% as of March 31, 2013 from 1.10% as of December 31, 2012. Annualized net charge-offs to average loans for the three month period ended March 31, 2013, were 0.60%, as compared to 0.25% for the same period in 2012. The increase in net charge-offs and decrease in nonperforming assets was primarily due to the sale of one nonperforming loan during the first quarter of 2013.

The allowance for loan losses to total loans decreased to 1.04% as of March 31, 2013 from 1.09% as of December 31, 2012, primarily as a result of the partial charge-off of one nonperforming loan, which was sold in the first quarter of 2013, partially offset by an increase in specific reserves. The allowance for loan losses to nonperforming loans increased from 79.50% to 102.56% during the same period. The provision for loan losses was \$2.1 million for the three months ended March 31, 2013, compared to \$1.2 million for the same period in 2012. The increase in the ratio of allowance for loan losses to nonperforming loans and the increase in the provision for loan losses primarily related to a specific reserve recorded on one nonperforming loan.

*Capital Ratios.* Our tangible equity to tangible assets ratio increased to 10.62% as of March 31, 2013, from 10.50% as of December 31, 2012. We believe that our regulatory capital ratios as of March 31, 2013 remain above our applicable regulatory levels to be categorized as well-capitalized.

## **Our Challenges**

There are a number of risks that should be considered before making an investment in this offering. These risks are discussed more fully in the section entitled *Risk Factors* beginning on page 16 of this prospectus. These risks include but are not limited to the following:

Our business is highly susceptible to credit risk, and we could be adversely affected if we fail to adequately measure and limit our credit risk, or if our allowance for loan losses is insufficient to absorb our losses.

We maintain a commercial loan focus, which increases our credit risk as well as risks associated with borrowers' cash flows, collateral value, economic downturns and geographic concentrations.

Our portfolio contains many large loans, and deterioration in the financial condition of these large loans could have a material adverse impact on our asset quality and profitability.

We rely heavily on our executive management team and other key employees, and we could be adversely affected by the unexpected loss of their services.

Our business has grown rapidly, and we may not be able to maintain our historical rate of growth, which could have a material adverse effect on our ability to successfully implement our business strategy.

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Our deposit base includes brokered deposits, large deposits and depositors who have relationships with each other, all of which create liquidity risk that could impair our ability to fund operations.

We operate in a highly regulated environment, which could restrain our growth and profitability.

### **Additional Information**

Our main office is located at One Oxford Centre, 301 Grant Street, Suite 2700, Pittsburgh, Pennsylvania 15219, and our general telephone number is (412) 304-0304. Our website address is [www.tscbank.com](http://www.tscbank.com). Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website as part of this prospectus.

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**THE OFFERING**

Securities offered

By us 5,500,000 shares of common stock.

By the selling shareholder 200,000 shares of common stock.

Total  
5,700,000 shares of common stock.

Underwriter over-allotment option 855,000 shares of common stock from us.

Securities offered as a percentage of outstanding 20.5%, assuming the underwriters do not exercise their over-allotment option.<sup>(1)</sup>  
shares of common stock

Common stock outstanding after closing of this offering 27,822,779 shares of common stock, assuming the underwriters do not exercise their over-allotment option.<sup>(1)</sup>

Use of proceeds  
Assuming an initial public offering price of \$11.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be \$57.5 million (or \$66.6 million if the underwriters exercise in full their over-allotment option), after deducting estimated underwriting discounts and offering expenses. We intend to use the net proceeds to us from this offering for general corporate purposes, which may include maintaining liquidity at the holding company, providing equity capital to the Bank to fund balance sheet growth or working capital needs, our working capital needs, and funding investments in, or acquisitions of, wealth management businesses. We will not receive any proceeds from the sale of our common stock by the selling shareholder. For additional information, see *Use of Proceeds*.

Dividends  
We do not intend to pay dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our future earnings will be used for working capital, to support our operations and to finance the growth and development of our business. Any future determination to pay dividends on our common stock will be made by our board of directors and will depend upon our financial condition, liquidity, results of operations and other factors that our board of directors deems relevant. For additional information, see *Dividend Policy*.

Listing  
We have applied to list our common stock on Nasdaq under the symbol TSC.

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### Risk factors

Investing in our common stock involves risks. See *Risk Factors*, beginning on page 16, for a discussion of factors that you should carefully consider before making an investment decision.

- (1) References in this section to the number of shares of our common stock outstanding after this offering are based upon 22,322,779 shares of common stock issued and outstanding as of December 31, 2012, assuming the issuance of 4,878,049 shares of our common stock upon conversion of 48,780.488 of the shares of our Perpetual Convertible Preferred Stock, Series C, or our Series C preferred stock, that were outstanding as of December 31, 2012.



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Unless expressly indicated or the context requires otherwise, all information in this prospectus:

assumes the conversion of all 48,780,488 shares of our outstanding Series C preferred stock into 4,878,049 shares of our common stock in connection with our initial public offering;

assumes no exercise by the underwriters of their right to purchase up to an additional 855,000 shares of our common stock to cover over-allotments;

does not attribute to any director, officer, or principal shareholder any purchases of shares of our common stock in this offering, including through the directed share program described in *Underwriting Directed Share Program* ;

does not include as outstanding 2,193,000 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$9.97 per share (of which options to purchase 1,518,500 shares have vested); and

does not include as outstanding 1,807,000 shares of common stock reserved for issuance in connection with stock awards that remain available for issuance under our stock incentive plan.

### **Conversion of Series C Preferred Stock**

As of December 31, 2012, there were 48,780,488 outstanding shares of our Series C preferred stock. On an as-converted basis as of December 31, 2012, these shares represented approximately 21.9% of our outstanding common stock, or approximately 17.5% of our outstanding common stock on a pro forma basis after the closing of this offering. All of the shares of our outstanding Series C preferred stock are collectively held by LM III TriState Holdings LLC and LM III-A TriState Holdings LLC, or the Lovell Minnick funds, which are investment funds managed by Lovell Minnick Partners LLC.

In connection with this offering, the Lovell Minnick funds have agreed, subject to certain terms and conditions including the closing of this offering, to convert all of the outstanding shares of Series C preferred stock into shares of our common stock, with a conversion ratio of 100 shares of common stock for each share of Series C preferred stock, effective immediately prior to the closing of this offering. In connection with this conversion, the Lovell Minnick funds have agreed to, among other things, the following:

The Lovell Minnick funds have waived their preemptive and tag-along rights in connection with this offering;

Certain board representation rights of the Lovell Minnick funds will terminate if the collective ownership of the Lovell Minnick funds falls below 4.9% of our outstanding common stock;

Certain board observer rights of the Lovell Minnick funds will terminate if the collective ownership of the Lovell Minnick funds falls below 4.9% of our outstanding common stock;

The Lovell Minnick funds have waived their piggyback registration rights in connection with this offering;

The right of the Lovell Minnick funds to require that future purchasers of our common stock enter into an agreement to vote their shares in favor of the Lovell Minnick funds designee to our board of directors will be terminated; and

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Agreements with certain of our existing shareholders requiring them to vote their shares in favor of the Lovell Minnick funds designee to our board of directors will be terminated.

For additional information regarding our Series C preferred stock and the effect of its conversion in connection with this offering, see *Description of Capital Stock Series C Preferred Stock*.

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You should read the selected historical consolidated financial and operating data set forth below in conjunction with the sections titled *Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Capitalization*, as well as the consolidated financial statements and the related notes included elsewhere in this prospectus. We have derived the selected statements of income data for the years ended December 31, 2012, 2011 and 2010 and the selected balance sheet data as of December 31, 2012 and 2011 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the selected statements of income data for the years ended December 31, 2009 and 2008 and the selected balance sheet data as of December 31, 2010, 2009 and 2008 from our audited consolidated financial statements not included in this prospectus. The performance, asset quality and capital ratios are unaudited and derived from the audited financial statements as of and for the years presented. Average balances have been computed using daily averages. Our historical results may not be indicative of our results for any future period.

	Years Ended December 31,				
	2012	2011	2010	2009	2008
	(Dollars in thousands, except share and per share data)				
<b>Statements of income data:</b>					
Interest income	\$ 71,034	\$ 65,367	\$ 64,688	\$ 57,284	\$ 34,027
Interest expense	13,674	17,986	20,652	24,986	19,410
Net interest income	57,360	47,381	44,036	32,298	14,617
Provision for loan losses	8,185	5,339	5,251	23,841	11,118
Net interest income after provision	49,175	42,042	38,785	8,457	3,499
Noninterest income	6,199	3,908	2,461	8,336	2,210
Noninterest expense	37,865	33,994	33,592	29,092	19,865
Income (loss) before income tax	17,509	11,956	7,654	(12,299)	(14,156)
Income tax expense (benefit)	6,837	4,738	(7,574)		
Net income (loss)	10,672	7,218	15,228	(12,299)	(14,156)
Preferred dividends and amortization of Series A discount <sup>(1)</sup>	1,525	1,518	1,818	782	
Net income (loss) available (attributable) to common shareholders <sup>(2)</sup>	\$ 9,147	\$ 5,700	\$ 13,410	\$ (13,081)	\$ (14,156)
<b>Per share data:</b>					
Earnings (loss) per share <sup>(2)</sup>					
Basic	\$ 0.47	\$ 0.33	\$ 0.83	\$ (0.90)	\$ (1.25)
Diluted	0.47	0.33	0.83	(0.90)	(1.25)
Book value per common share	9.84	9.21	8.77	7.96	8.63
Book value per share with preferred converted to common <sup>(3)</sup>	9.75	9.21	8.77	7.96	8.63
Tangible book value per share with preferred converted to common <sup>(3)</sup>	9.75	9.21	8.77	7.96	8.63
Common shares outstanding	17,444,730	17,444,730	17,353,480	14,592,907	14,592,907
Common shares outstanding with preferred converted to common <sup>(3)</sup>	22,322,779	17,444,730	17,353,480	14,592,907	14,592,907
Average common shares outstanding					
Basic	17,394,491	17,380,185	16,113,440	14,592,907	11,313,726
Diluted	19,351,009	17,392,969	16,113,440	14,592,907	11,313,726
<b>Annualized performance ratios:</b>					
Return on average assets <sup>(2)</sup>	0.55%	0.41%	0.91%	(0.86%)	(2.13%)
Return on average common equity <sup>(2)</sup>	6.35%	4.56%	11.36%	(10.42%)	(14.26%)
Return on average equity <sup>(2)</sup>	5.24%	3.97%	9.68%	(8.83%)	(14.26%)
Net interest margin <sup>(4)</sup>	3.00%	2.72%	2.66%	2.26%	2.22%
Efficiency ratio <sup>(3)</sup>	60.64%	68.03%	72.25%	82.23%	125.36%
Noninterest expense to average assets	1.94%	1.92%	2.01%	2.03%	2.98%
<b>Asset quality ratios:</b>					
Nonperforming assets to total assets <sup>(5)</sup>	1.10%	0.90%	0.92%	0.74%	0.51%
Nonperforming loans to total loans <sup>(5)(6)</sup>	1.37%	1.17%	1.19%	0.85%	0.70%
Allowance for loan losses to total loans <sup>(6)</sup>	1.09%	1.16%	1.33%	1.22%	1.24%

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Allowance for loan losses to nonperforming loans <sup>(5)</sup>	79.50%	99.53%	112.41%	143.22%	178.82%
Provision for loan losses to average total loans	0.53%	0.40%	0.42%	2.11%	2.15%
Net charge-offs to average total loans	0.43%	0.46%	0.31%	1.75%	0.00%

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	Years Ended December 31,				
	2012	2011	2010	2009	2008
	(Dollars in thousands, except share and per share data)				
<b>Balance sheet data:</b>					
Investment securities available-for-sale	\$ 191,187	\$ 163,392	\$ 143,837	\$ 47,699	\$ 90,184
Total loans <sup>(6)</sup>	1,641,628	1,406,995	1,283,745	1,294,005	935,194
Allowance for loan losses	17,874	16,350	17,111	15,764	11,623
Total assets	2,073,129	1,833,450	1,659,752	1,487,611	1,279,301
Total deposits	1,823,379	1,637,126	1,470,600	1,337,554	1,129,343
Preferred stock Series A and B		23,708	23,444	23,197	
Preferred stock Series C (convertible <sup>(7)</sup> )	46,011				
Common shareholders' equity	171,713	160,744	152,116	116,103	125,876
Total shareholders' equity	217,724	184,452	175,560	139,300	125,876
<b>Capital ratios:</b>					
Total shareholders' equity to assets	10.50%	10.06%	10.58%	9.36%	9.84%
Tangible equity to tangible assets <sup>(3)</sup>	10.50%	10.06%	10.58%	9.36%	9.84%
Tier 1 leverage capital ratio	10.35%	10.18%	9.85%	8.85%	12.33%
Tier 1 risk-based capital ratio	10.95%	10.63%	11.48%	9.75%	11.94%
Total risk-based capital ratio	11.88%	11.60%	12.59%	10.85%	13.02%

- (1) Increase in 2012 was primarily due to the acceleration of the discount on our Series A preferred stock upon redemption.
- (2) Our 2010 results included the reversal of a deferred tax net operating loss carryforward valuation allowance that improved net income available to common shareholders by \$11.2 million and diluted earnings per share by \$0.70. Return on average assets was improved by 0.67% and return on average equity was improved by 7.14%.
- (3) These measures are not measures recognized under GAAP and are therefore considered to be non-GAAP financial measures. See *Non-GAAP Financial Measures* for a reconciliation of these measures to their most directly comparable GAAP measures.
- (4) Net interest margin is calculated on a fully taxable equivalent basis.
- (5) Nonperforming assets consist of nonperforming loans and real estate and other property that we have repossessed. Nonperforming loans consist of nonaccrual loans.
- (6) Total loans are net of unearned discounts and deferred fees and costs.
- (7) Shares of our Series C preferred stock will convert to shares of our common stock immediately prior to the closing of this offering.

**Non-GAAP Financial Measures**

The information set forth above contains certain financial information determined by methods other than in accordance with GAAP. These non-GAAP financial measures are total revenue, pre-tax, pre-provision net revenue, efficiency ratio, tangible equity, tangible equity to tangible assets, common shares outstanding with preferred converted to common, book value per share with preferred converted to common and tangible book value per share with preferred converted to common. Although we believe these non-GAAP financial measures provide a greater understanding of our business, these measures are not necessarily comparable to similar measures that may be presented by other companies.

Total revenue is defined as net interest income and non-interest income, excluding gains and losses on sales of investment securities available-for-sale. We believe adjustments made to our operating revenue allow management and investors to better assess our operating revenue by removing the volatility that is associated with certain other items that are unrelated to our core business.

Pre-tax, pre-provision net revenue is defined as net income, without giving effect to loan loss provision and income taxes, and excluding net gain (loss) on sale of investment securities available-for-sale. We believe this measure is important because it allows management and investors to better assess our performance in relation to our core operating revenue, excluding the volatility that is associated with provision for loan losses or other items that are unrelated to our core business.

Efficiency ratio is defined as non-interest expense divided by our total revenue. We believe this measure allows management and investors to better assess our operating expenses in relation to our core operating revenue by removing the volatility that is associated with certain one-time items and other discrete items that are unrelated to our core business.

Tangible equity is defined as shareholders' equity reduced by goodwill, if any. We believe this measure is important to management and investors to better understand and assess changes from period to period in shareholders' equity exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a



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purchase business combination, has the effect of increasing both equity and assets, while not increasing our tangible equity or tangible assets. We had no goodwill as of March 31, 2013.

Tangible equity to tangible assets is defined as the ratio of shareholders' equity reduced by goodwill, divided by total assets reduced by goodwill. We believe this measure is important to many investors who are interested in relative changes from period to period in equity and total assets, each exclusive of changes in intangible assets.

Common shares outstanding with preferred converted to common is defined as shares of our common stock issued and outstanding, inclusive of our issued and outstanding Series C preferred stock. We believe this measure is important to many investors who are interested in changes from period to period in our shares of common stock issued and outstanding giving effect to the conversion of shares of our Series C preferred stock which are convertible at the option of the holder and will convert to common stock immediately prior to the closing of this offering. Convertible shares of preferred stock have the effect of not impacting shares of common stock issued and outstanding until they are converted, at which point they add to the number of shares of common stock issued and outstanding.

Book value per share with preferred converted to common is defined as book value, divided by shares of common stock issued and outstanding with preferred stock converted to common stock. We believe this measure is important to many investors who are interested in changes from period to period in book value per share inclusive of shares of preferred stock that could be converted to shares of common stock. Convertible shares of preferred stock have the effect of not impacting book value per common share, while reducing our book value per share with preferred converted to common.

Tangible book value per share with preferred converted to common is defined as book value, excluding the impact of goodwill, if any, divided by common shares outstanding with preferred converted to common. We believe this measure is important to many investors who are interested in changes from period to period in book value per share exclusive of changes in intangible assets and inclusive of shares of preferred stock that could be converted to shares of common stock. Goodwill is an intangible asset that is recorded in a purchase business combination, and we had no goodwill as of March 31, 2013. Convertible shares of preferred stock have the effect of not impacting tangible book value per common share, while reducing our tangible book value per share with preferred converted to common.

	Three Months Ended March 31,		2012	Years Ended December 31,			
	2013	2012		2011	2010	2009	2008
	(Dollars in thousands, except share and per share data)						
<b>Pre-tax, pre-provision net revenue:</b>							
Net interest income before provision for loan losses	\$ 14,344	\$ 13,221	\$ 57,360	\$ 47,381	\$ 44,036	\$ 32,298	\$ 14,617
Total non-interest income	1,788	1,024	6,199	3,908	2,461	8,336	2,210
Less: Net gain on the sale of investment securities, available-for-sale	784		1,114	1,323		5,255	981
Total Revenue	15,348	14,245	62,445	49,966	46,497	35,379	15,846
Less: Total non-interest expense	9,628	8,762	37,865	33,994	33,592	29,092	19,865
Pre-tax, pre-provision net revenue	\$ 5,720	\$ 5,483	\$ 24,580	\$ 15,972	\$ 12,905	\$ 6,287	\$ (4,019)
<b>Efficiency ratio:</b>							
Total non-interest expense (numerator)	\$ 9,628	\$ 8,762	\$ 37,865	\$ 33,994	\$ 33,592	\$ 29,092	\$ 19,865
Total revenue (denominator)	\$ 15,348	\$ 14,245	\$ 62,445	\$ 49,966	\$ 46,497	\$ 35,379	\$ 15,846
Efficiency ratio	62.73%	61.51%	60.64%	68.03%	72.25%	82.23%	125.36%

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	<b>March 31, 2013</b>	<b>2012</b>	<b>2011</b>	<b>December 31, 2010</b>	<b>2009</b>	<b>2008</b>
	(Dollars in thousands, except share and per share data)					
<b>Book value per share with preferred converted to common:</b>						
Common shareholders' equity	\$ 174,141	\$ 171,713	\$ 160,744	\$ 152,116	\$ 116,103	\$ 125,876
Preferred stock Series C (convertible)	46,011	46,011				
Total common shareholders' equity and preferred stock Series C	\$ 220,152	\$ 217,724	\$ 160,744	\$ 152,116	\$ 116,103	\$ 125,876
Preferred shares outstanding	48,780,488	48,780,488				
Conversion factor	100	100				
Preferred shares converted to common shares outstanding	4,878,049	4,878,049				
Common shares outstanding	17,444,730	17,444,730	17,444,730	17,353,480	14	