

TriState Capital Holdings, Inc.  
Form S-1  
April 02, 2013  
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As Filed with the Securities and Exchange Commission on April 2, 2013

Registration No. 333-

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

**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)

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**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	..

## CALCULATION OF REGISTRATION FEE

<b>Title of Each Class of Securities to be Registered</b>	<b>Proposed Maximum Aggregate Offering Price<sup>(1)(2)</sup></b>	<b>Amount of Registration Fee</b>
Common stock, no par value per share	\$70,000,000	\$9,548

(1) Includes shares of common stock that the underwriters have the option to purchase pursuant to their over-allotment option.

(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933. This amount represents the proposed maximum aggregate offering price of the securities registered hereunder to be sold by the Registrant and the selling shareholder.

**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     , 2013**

**PROSPECTUS**

**Shares**

**COMMON STOCK**

This prospectus relates to the initial public offering of TriState Capital Holdings, Inc.'s common stock. We are offering                      shares of our common stock. The selling shareholder identified in this prospectus is offering                      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 \$              and \$              per share. We intend to apply to list our common stock on the NASDAQ Global Select Market under the symbol TSC.

**See Risk Factors, beginning on page 14, 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	\$	\$
Proceeds to us, before expenses	\$	\$
Proceeds to selling shareholder, before expenses	\$	\$

We have granted the underwriters an option to purchase up to an additional \_\_\_\_\_ 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 \***

**(\$ in Millions)**

**Pre-Tax, Pre-Provision Net Revenue \***

**(\$ in Millions)**

*\* 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 the comparable prior year period. 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>	2.94%	2.67%	2.61%		
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 February 28, 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. As we broaden our existing referral relationships and add new referral relationships, we expect continued growth in our marketable securities loans.

	As of December 31,			2012 Change from 2011	
	2012	2011	2010	Amount	Percent
	(Dollars in thousands)				
Middle market banking offices:					
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 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 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 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 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 for the same period. In addition,





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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 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.

## **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 14 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.

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 shares of common stock.

By the selling shareholder shares of common stock.

Total  
shares of common stock.

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

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

Common stock outstanding after closing of this offering 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 \$ 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 \$ million (or \$ 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 intend to apply to list our common stock on Nasdaq under the trading symbol TSC.

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### Risk factors

Investing in our common stock involves risks. See *Risk Factors*, beginning on page 14, 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 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 \_\_\_\_\_ 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 Perpetual Convertible Preferred Stock, Series C, or 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 \_\_\_\_\_ % 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 operations 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 operations 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 operations 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>	2.94%	2.67%	2.61%	2.21%	2.16%
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. 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 purchase business



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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 December 31, 2012.

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 December 31, 2012. 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.

	Years Ended December 31,				
	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	\$ 57,360	\$ 47,381	\$ 44,036	\$ 32,298	\$ 14,617
Total non-interest income	6,199	3,908	2,461	8,336	2,210
Less: Net gain on the sale of investment securities, available-for-sale	1,114	1,323		5,255	981
Total Revenue	62,445	49,966	46,497	35,379	15,846
Less: Total non-interest expense	37,865	33,994	33,592	29,092	19,865
Pre-tax, pre-provision net revenue	\$ 24,580	\$ 15,972	\$ 12,905	\$ 6,287	\$ (4,019)
<b>Efficiency ratio:</b>					
Total non-interest expense (numerator)	\$ 37,865	\$ 33,994	\$ 33,592	\$ 29,092	\$ 19,865
Total revenue (denominator)	\$ 62,445	\$ 49,966	\$ 46,497	\$ 35,379	\$ 15,846
Efficiency ratio	60.64%	68.03%	72.25%	82.23%	125.36%
<b>Book value per share with preferred converted to common:</b>					
Common shareholders' equity	\$ 171,713	\$ 160,744	\$ 152,116	\$ 116,103	\$ 125,876
Preferred stock - Series C (convertible)	46,011				
Total common shareholders' equity and preferred stock - Series C	\$ 217,724	\$ 160,744	\$ 152,116	\$ 116,103	\$ 125,876
Preferred shares outstanding	48,780.488				
Conversion factor	100				

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Preferred shares converted to common shares outstanding	4,878,049				
Common shares outstanding	17,444,730	17,444,730	17,353,480	14,592,907	14,592,907
Common shares with preferred shares converted to common	22,322,779	17,444,730	17,353,480	14,592,907	14,592,907
Book value per share with preferred converted to common	\$ 9.75	\$ 9.21	\$ 8.77	\$ 7.96	\$ 8.63

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	Years Ended December 31,				
	2012	2011	2010	2009	2008
	(Dollars in thousands, except share and per share data)				
<b>Tangible book value per share with preferred converted to common:</b>					
Book value per common share	\$ 9.84	\$ 9.21	\$ 8.77	\$ 7.96	\$ 8.63
Less: Effects of intangible assets					
Tangible book value	\$ 9.84	\$ 9.21	\$ 8.77	\$ 7.96	\$ 8.63
Common shares with preferred shares converted to common	22,322,779	17,444,730	17,353,480	14,592,907	14,592,907
Tangible book value per share with preferred converted to common	\$ 9.75	\$ 9.21	\$ 8.77	\$ 7.96	\$ 8.63
<b>Tangible equity to tangible assets:</b>					
Total shareholders' equity	\$ 217,724	\$ 184,452	\$ 175,560	\$ 139,300	\$ 125,876
Less: Intangible assets					
Tangible equity	\$ 217,724	\$ 184,452	\$ 175,560	\$ 139,300	\$ 125,876
Total assets	\$ 2,073,129	\$ 1,833,450	\$ 1,659,752	\$ 1,487,611	\$ 1,279,301
Less: Intangible assets					
Tangible assets	\$ 2,073,129	\$ 1,833,450	\$ 1,659,752	\$ 1,487,611	\$ 1,279,301
Tangible equity to tangible assets	10.50%	10.06%	10.58%	9.36%	9.84%

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**RISK FACTORS**

*Investing in our common stock involves a significant degree of risk. You should carefully consider the following risk factors, in addition to the other information contained in this prospectus, before deciding to invest in our common stock. Any of the following risks, as well as risks that we currently do not know or deem immaterial, could have a material adverse effect on our business, financial condition, results of operations, future prospects and cash flows. As a result, the trading price of our common stock could decline, and you could lose all or part of your investment.*

**Risks Relating to our Business**

*We may not be able to adequately measure and limit our credit risk, which could lead to unexpected losses.*

The business of lending is inherently risky, including risks that the principal of or interest on any loan will not be repaid timely or at all or that the value of any collateral supporting the loan will be insufficient to cover our outstanding exposure. These risks may be affected by the strength of the borrower's business sector and local, regional and national market and economic conditions. Our risk management practices, such as monitoring the concentration of our loans within specific industries and our credit approval practices, may not adequately reduce credit risk, and our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. Finally, many of our loans are made to middle market businesses that may be less able to withstand competitive, economic and financial pressures than larger borrowers. A failure to effectively measure and limit the credit risk associated with our loan portfolio could have a material adverse effect on our business, financial condition, results of operations and future prospects.

*Our allowance for loan losses may prove to be insufficient to absorb losses inherent in our loan portfolio, which could have a material adverse effect on our financial condition and results of operations.*

We maintain an allowance for loan losses that represents management's judgment of probable losses and risks inherent in our loan portfolio. The level of the allowance reflects management's continuing evaluation of general economic conditions, diversification and seasoning of the loan portfolio, historic loss experience, identified credit problems, delinquency levels and adequacy of collateral. The determination of the appropriate level of the allowance for loan losses is inherently highly subjective and requires us to make significant estimates of and assumptions regarding current credit risks and future trends, all of which may undergo material changes. Inaccurate management assumptions, continuing deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require us to increase our allowance for loan losses. In addition, our regulators, as an integral part of their periodic examination, review the adequacy of our allowance for loan losses and may direct us to make additions to the allowance based on their judgments about information available to them at the time of their examination. Further, if actual charge-offs in future periods exceed the amounts allocated to the allowance for loan losses, we may need additional provision for loan losses to restore the adequacy of our allowance for loan losses. If we are required to materially increase our level of allowance for loan losses for any reason, such increase could have a material adverse effect on our business, financial condition, results of operations and future prospects.

*A large portion of our loan portfolio is comprised of commercial loans secured by equipment or other collateral, the deterioration in value of which could increase our exposure to future probable losses.*

As of December 31, 2012, approximately \$876.4 million, or approximately 53.2% of our total loans, before deferred loan fees, was comprised of commercial loans to businesses collateralized by general business assets including, among other things, accounts receivable, inventory and equipment. These commercial and industrial loans are typically larger in amount than loans to individuals and, therefore, have the potential for larger losses on a single loan basis. Additionally, asset-based borrowers are often highly leveraged and have

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inconsistent historical earnings. Historically, losses in our commercial and industrial credits have been higher than losses in other segments of our loan portfolio. Significant adverse changes in various industries could cause rapid declines in values and collectability associated with those business assets resulting in inadequate collateral coverage that may expose us to future losses. An increase in specific reserves and charge-offs related to our commercial and industrial loan portfolio could have a materially adverse effect on our business, financial condition, results of operations and future prospects.

***Because many of our customers are commercial enterprises, they may be adversely affected by any decline in general economic conditions in the United States which, in turn, could have a negative impact on our business.***

Many of our customers are commercial enterprises whose business and financial condition are sensitive to changes in the general economy of the United States. Our businesses and operations are, in turn, sensitive to these same general economic conditions. If the U.S. economy does not recover strongly from the recession that lasted from 2007 to 2009 or experiences worsening economic conditions, such as a so-called "double-dip" recession, our growth and profitability could be constrained. In addition, economic conditions in foreign countries, including uncertainty over the stability of the euro currency, could affect the stability of global financial markets, which could hinder the U.S. economic recovery. Weak economic conditions are characterized by deflation, fluctuations in debt and equity capital markets, including a lack of liquidity and depressed prices in the secondary market for mortgage loans, increased delinquencies on mortgage, consumer and commercial loans, residential and commercial real estate price declines and lower home sales and commercial activity. All of these factors are detrimental to the business of our customers and could adversely impact demand for our credit products as well as our credit quality. Our business is also sensitive to monetary and related policies of the U.S. federal government and its agencies. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control and difficult to predict. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***Our commercial real estate loan portfolio exposes us to credit risks that may be greater than the risks related to other types of loans.***

Our loan portfolio includes non-owner-occupied commercial real estate loans for individuals and businesses for various purposes, which are secured by commercial properties, as well as real estate construction and development loans. These loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service. The availability of such income for repayment may be adversely affected by changes in the economy or local market conditions. These loans expose a lender to greater credit risk than loans secured by other types of collateral because the collateral securing these loans are typically more difficult to liquidate. Additionally, non-owner-occupied commercial real estate loans generally involve relatively large balances to single borrowers or related groups of borrowers. Unexpected deterioration in the credit quality of our non-owner-occupied commercial real estate loan portfolio could require us to increase our provision for loan losses, which would reduce our profitability and have a material adverse effect on our business, financial condition, results of operations and future prospects.

***We make loans to businesses backed by private equity firms. These loan relationships may have repayment and other characteristics that are different than those of traditional business loans, which could have an adverse effect on our asset quality and profitability.***

As of December 31, 2012, we had \$377.7 million in term loans to private equity backed businesses, which represented approximately 22.9% of our total loans. These loan relationships may have repayment characteristics that are different than those of our traditional, owner-operated businesses. These term loans often are for purposes of financing private equity groups' acquisitions of companies that become our borrowers. Acquisition-related term loans are generally secured by all business assets, but often have a



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weaker secondary source of repayment resulting in greater reliance upon the cash flow generated by the borrower for repayment, which may be unpredictable. Because private equity groups acquire businesses primarily for financial interests, they may behave differently than our other commercial borrowers. Accordingly, the different repayment characteristics of this segment of our loan portfolio could negatively impact our profitability or asset quality, which could, in turn, have a material adverse effect on our business, financial condition, results of operation and future prospects.

***A prolonged downturn in the real estate market, especially in our primary markets, could result in losses and adversely affect our profitability.***

As of December 31, 2012, approximately 37.3% of total loans were comprised of loans with real estate as a primary component of collateral. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. The U.S. recession from 2007 to 2009 has adversely affected real estate market values across the country, including in our primary market areas, and future declines may occur. A further decline in real estate values could further impair the value of our collateral and our ability to sell the collateral upon any foreclosure, which would likely require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the collateral may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the collateral securing a loan to satisfy the debt during a period of reduced real estate values or to increase our allowance for loan losses, our profitability could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***A substantial portion of our loan portfolio is comprised of participation and syndicated transaction interests, which could have an adverse effect on our ability to monitor the lending relationships and lead to an increased risk of loss.***

We achieved a significant portion of our loan growth in our initial years of operation by participating in loans originated by other institutions and by participating in syndicated transactions (including shared national credits) in which other lenders serve as the agent bank. As of December 31, 2012, \$669.8 million, or approximately 40.7% of our total loans, consisted of participations or syndicated transactions in which we are not the lead bank. Our reduced control over the monitoring and management of these relationships, particularly participations in large bank groups, could lead to increased risk of loss, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***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.***

Our growth since inception has been partially attributable to our ability to originate and retain relatively large loans given our asset size. As of December 31, 2012, our average loan size was approximately \$1.7 million. Further, as of December 31, 2012, our 18 largest borrowing relationships ranged from approximately \$10.9 million to \$18.0 million (including unfunded commitments) and averaged approximately \$12.8 million in total commitments and \$7.8 million in principal balance, respectively. Along with other risks inherent in our loans, such as the deterioration of the underlying businesses or property securing these loans, the higher average size of our loans presents a risk to our lending operations. Because we have a large average loan size, if only a few of our largest borrowers become unable to repay their loan obligations as a result of economic or market conditions or personal circumstances, our nonperforming loans and our provision for loan losses could increase significantly, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

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***Our lending limit may restrict our growth and prevent us from effectively implementing our business strategy.***

We are limited in the amount we can loan to a single borrower by the amount of our capital. Generally, under current law, we may lend up to 15.0% of our unimpaired capital and surplus to any one borrower. We have also established an informal, internal limit on loans to one borrower of \$10.0 million. Based upon our current capital levels, the amount we may lend is significantly less than that of many of our competitors and may discourage potential borrowers who have credit needs in excess of our lending limit from doing business with us. We accommodate larger loans by selling participations in those loans to other financial institutions, but this strategy may not always be available. If we are unable to compete effectively for loans from our target customers, we may not be able to effectively implement our business strategy, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***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 success depends in large part on the performance of our key personnel, as well as on our ability to attract, motivate and retain highly qualified senior and middle management and other skilled employees. Competition for employees is intense, and the process of locating key personnel with the combination of skills and attributes required to execute our business plan may be lengthy. We currently do not have any employment or non-compete agreements with any of our executive officers or key employees. We may not be successful in retaining our key employees, and the unexpected loss of services of one or more of our key personnel could have a material adverse effect on our business because of their skills, knowledge of our primary markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel. If the services of any of our key personnel should become unavailable for any reason, we may not be able to identify and hire qualified persons on terms acceptable to us, or at all, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***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.***

Our business has grown rapidly. Although rapid business growth can be a favorable business condition, financial institutions that grow rapidly can experience significant difficulties as a result of rapid growth. Failure to build infrastructure sufficient to support rapid growth and suffering loan losses in excess of reserves for such losses, as well as other risks associated with rapidly growing financial institutions, could materially impact our operations.

We may not be able to sustain our historical rate of growth or continue to grow our business at all. Because of the uncertainty in the general economy and the recent government intervention in the credit markets, it may be difficult for us to repeat our recent earnings growth as we continue to expand. Failure to grow or failure to manage our growth effectively could have a material adverse effect on our business, future prospects, financial condition or results of operations, and could adversely affect our ability to successfully implement our business strategy.

***We have a limited operating history and a limited profit history, which makes it difficult to predict our future prospects and financial performance.***

We have only been operating since January 2007. Due to our limited operating history, it may be difficult to evaluate our business prospects and future financial performance. We may not be able to maintain our profitability. Further, our future operating results depend upon a number of factors, including our ability to manage our growth, retain our customer base and to successfully identify and respond to emerging trends in our primary markets.

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Our business plan differs from that of many *de novo* financial institutions in that we have always served middle market businesses in our primary markets and high net worth individuals on a national basis. Operating with this type of broad-based, non-traditional business plan since inception required large initial expenditures. For the period of 2007 through 2009, our operations resulted in an accumulated deficit of approximately \$34.4 million. We became profitable on a quarterly basis in the fourth quarter of 2009 and have remained profitable since then. Although we believe our future profitability depends on our ability to continue to execute our business strategy, our strategy may not result in our operations being consistently profitable.

***Lack of seasoning of our loan portfolio could increase risk of credit defaults in the future.***

In part because we have only been in business since 2007 and also as a result of our growth over the past several years, a large portion of loans in our loan portfolio and of our lending relationships are of relatively recent origin. Loans may not begin to show signs of credit deterioration or default until they have been outstanding for some period of time, a process referred to as seasoning. Because a large portion of our portfolio may be considered relatively new, the current level of delinquencies and defaults may not serve as a reliable basis for predicting the health and nature of our loan portfolio, including net charge-offs and the ratio of nonperforming assets, in the future. If delinquencies and defaults increase, we may be required to increase our provision for loan losses, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***Our reliance on brokered deposits could adversely affect our liquidity and results of operations.***

Since our inception, we have relied on both brokered and non-brokered deposits as a source of funds to support our growing loan demand and other liquidity needs. As of December 31, 2012, brokered deposits, which include brokered certificates of deposit and brokered money market deposits, amounted to \$717.8 million, or approximately 39.4% of total deposits, an increase of \$15.4 million, or 2.2%, compared to brokered deposits of \$702.4 million as of December 31, 2011. As a bank regulatory supervisory matter, reliance on brokered deposits as a significant source of funding is discouraged. Brokered deposits may not be as stable as other types of deposits, and, in the future, those depositors may not renew their deposits when they mature, or we may have to pay a higher rate of interest to keep those deposits or may have to replace them with other deposits or with funds from other sources. Additionally, if TriState Capital Bank ceases to be categorized as well capitalized for bank regulatory purposes, it will not be able to accept, renew or rollover brokered deposits without a waiver from the FDIC. As of December 31, 2012, TriState Capital Bank was categorized as well capitalized. Our inability to maintain or replace these brokered deposits as they mature could adversely affect our liquidity and results of operations. Further, paying higher interest rates to maintain or replace these deposits could adversely affect our net interest margin and our results of operations.

***Liquidity risk could impair our ability to fund operations and meet our obligations as they become due.***

Our ability to implement our business strategy will depend on our liquidity and ability to obtain funding for loan originations, working capital and other general purposes. An inability to raise funds through deposits, borrowings and other sources could have a substantial negative effect on our liquidity. Our preferred source of funds consists of customer deposits; however, we rely on other sources such as brokered deposits. Such account and deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff. If customers move money out of bank deposits and into other investments, we may increase our utilization of brokered deposits, Federal Home Loan Bank (FHLB) advances and other wholesale funding sources necessary to fund desired growth levels. Because these funds generally are more sensitive to interest rate changes than our deposits, they are more likely to move to the highest rate available.

In addition, customers may move funds out of our bank if they believe that their deposits are not secure. We have not experienced any significant loss of deposits as a result of the December 31, 2012 expiration of the unlimited insurance coverage for noninterest-bearing transaction accounts that was provided under the

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Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act. In connection with the expiration of this unlimited coverage, a majority of our deposits that had benefitted from the additional insurance were moved into one of the Promontory Interfinancial Network, LLC, or Promontory, reciprocal programs at the end of the fourth quarter of 2012. However, our remaining depositors in non-interest bearing transaction accounts may be more likely to withdraw deposits in excess of FDIC-insured levels.

We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. Any decline in available funding could adversely impact our ability to originate loans, invest in securities, meet our expenses, pay dividends to our shareholders or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse effect on our liquidity, financial condition, results of operations and future prospects.

*Several of our large depositors have relationships with each other, which creates a higher risk that one customer's withdrawal of its deposit could lead to a loss of other deposits from customers within the relationship, which, in turn, could force us to fund our business through more expensive and less stable sources.*

As of December 31, 2012, our ten largest non-brokered depositors accounted for \$172.7 million in deposits, or approximately 9.5% of our total deposits. Further, our average non-brokered deposit account balance was \$290,000 as of December 31, 2012. Several of our large depositors have business, family or other relationships with each other, which creates a risk that any one customer's withdrawal of its deposit could lead to a loss of other deposits from customers within the relationship.

Withdrawals of deposits by any one of our largest depositors or by one of our related customer groups could force us to rely more heavily on borrowings and other sources of funding for our business and withdrawal demands, adversely affecting our net interest margin and results of operations. We may also be forced, as a result of any withdrawal of deposits, to rely more heavily on other, potentially more expensive and less stable funding sources. Consequently, the occurrence of any of these events could have a material adverse effect on our business, results of operations, financial condition and future prospects.

*We are subject to interest rate risk that could negatively impact our profitability.*

Our profitability, like that of most financial institutions, depends to a large extent on our net interest income, which is the difference between our interest income on interest-earning assets, such as loans and investment securities, and our interest expense on interest-bearing liabilities, such as deposits and borrowings. We attempt to minimize interest rate risk by maintaining a largely floating rate balance sheet combined with longer-term deposits, but conditions could prevent us from successfully implementing this strategy in the future. As of December 31, 2012, approximately 83.0% of our earning assets and approximately 51.5% of our interest bearing liabilities had a variable rate. Our interest sensitivity profile was asset sensitive as of December 31, 2012, meaning that we estimate our net interest income would increase more from rising interest rates than from falling interest rates.

Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and securities and the interest we pay on deposits and borrowings, but such changes could also affect our ability to originate loans and obtain deposits, the fair value of our financial assets and liabilities, and the average duration of our assets. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore net income, could be adversely affected. Our loans are predominantly variable rate loans, with the majority being based on LIBOR. While there is a low probability that interest rates will decline materially from current levels, a continuation of the current levels of historically low interest rates

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could cause the spread between our loan yields and our deposit rates paid to compress our net interest margin and our net income could be adversely affected. Further, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our business, financial condition, results of operations and future prospects.

In addition, an increase in interest rates could also have a negative impact on our results of operations by reducing the ability of borrowers to repay their current loan obligations. These circumstances could not only result in increased loan defaults, foreclosures and charge-offs, but also necessitate further increases to our allowance for loan losses, each of which could have a material adverse effect on our business, results of operations, financial condition and future prospects.

***Our business is concentrated in, and largely dependent upon, the continued growth and welfare of the general geographic markets in which we operate.***

Our commercial banking operations are concentrated in Pennsylvania, New Jersey, New York, and Ohio, with 61.9% of our total loans to borrowers located in these four states as of December 31, 2012. As a result, our financial condition and results of operations and cash flows are affected by changes in the economic conditions of any of those states or the regions of which they are a part. Our success depends to a significant extent upon the business activity, population, income levels, deposits and real estate activity in these markets. Although our customers' business and financial interests may extend well beyond these market areas, adverse conditions that affect these market areas could reduce our growth rate, affect the ability of our customers to repay their loans, affect the value of collateral underlying loans, impact our ability to attract deposits and generally affect our financial conditions and results of operations. Because of our geographic concentration, we may be less able than other regional or national financial institutions to diversify our credit risks across multiple markets.

***We face significant competitive pressures that could impair our growth, decrease our profitability or reduce our market share.***

We operate in the highly competitive banking industry and face significant competition for customers from bank and non-bank competitors, particularly regional and nationwide institutions, in originating loans, attracting deposits and providing other financial services. Our competitors are generally larger and may have significantly more resources, greater name recognition, and more extensive and established branch networks or geographic footprints than we do. Because of their scale, many of these competitors can be more aggressive than we can on loan and deposit pricing. In addition, many of our non-bank competitors have fewer regulatory constraints and may have lower cost structures. We expect competition to continue to intensify due to financial institution consolidation; legislative, regulatory and technological changes; and the emergence of alternative banking sources.

Our ability to compete successfully will depend on a number of factors, including, among other things:

our ability to build and maintain long-term customer relationships while ensuring high ethical standards and safe and sound banking practices;

the scope, relevance and pricing of products and services that we offer;

customer satisfaction with our products and services;

industry and general economic trends; and

our ability to keep pace with technological advances and to invest in new technology.

Increased competition could require us to increase the rates we pay on deposits or lower the rates we offer on loans, which could reduce our profitability. Our failure to compete effectively in our primary markets could cause us to lose market share and could have a material adverse effect on our business, financial condition, results of operations and future prospects.



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### ***Our ability to maintain our reputation is critical to the success of our business.***

Our business plan emphasizes relationship banking. We have benefitted from strong relationships with and among our customers, and also from our relationships with financial intermediaries. As a result, our reputation is one of the most valuable components of our business.

Our growth over the past several years has depended on attracting new customers from competing financial institutions and increasing our market share, primarily by the involvement in our primary markets and word-of-mouth advertising, rather than on growth in the market for banking services in our primary markets. As such, we strive to enhance our reputation by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve and delivering superior service to our customers. If our reputation is negatively affected by the actions of our employees or otherwise, our existing relationships may be damaged. We could lose some of our existing customers, including groups of large customers who have relationships with each other, and we may not be successful in attracting new customers. Any of these developments could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***Deterioration in the fiscal position of the U.S. federal government and downgrades in U.S. Treasury and federal agency securities could adversely affect us and our banking operations.***

The long-term outlook for the fiscal position of the U.S. federal government is uncertain, as illustrated by the 2011 downgrade by certain rating agencies of the credit rating of the U.S. government and federal agencies. In addition to causing economic and financial market disruptions, any future downgrade, failure to raise the U.S. statutory debt limit, or deterioration in the fiscal outlook of the U.S. federal government, could, among other things, materially adversely affect the market value of the U.S. and other government and governmental agency securities that we hold, the availability of those securities as collateral for borrowing, and our ability to access capital markets on favorable terms. It also could increase interest rates and disrupt payment systems, money markets, and long-term or short-term fixed income markets, adversely affecting the cost and availability of funding, which could negatively affect our profitability. The adverse consequences of any downgrade could also extend to those to whom we extend credit and could adversely affect their ability to repay their loans. In addition, any resulting decline in the financial markets could affect the value of marketable securities that serve as collateral for our loans, which would, in turn, adversely affect our credit quality and could impede the growth that we expect to achieve within this segment of our loan portfolio. Any of these developments could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***The fair value of our investment securities can fluctuate due to factors outside of our control.***

As of December 31, 2012, the fair value of our investment securities portfolio was approximately \$191.2 million, which included a net unrealized gain of approximately \$2.6 million. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on our business, results of operations, financial condition and future prospects. The process for determining whether impairment of a security is other-than-temporary often requires complex, subjective judgments about whether there has been a significant deterioration in the financial condition of the issuer, whether management has the intent or ability to hold a security for a period of time sufficient to allow for any anticipated recovery in fair value, the future financial performance and liquidity of the issuer and any collateral underlying the security, and other relevant factors.

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### ***Our financial results depend on management's selection of accounting methods and certain assumptions and estimates.***

Our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with GAAP and with general practices within the financial services industry. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of related revenues and expenses. Certain accounting policies inherently are based to a greater extent on estimates, assumptions and judgments of management and, as such, have a greater possibility of producing results that could be materially different than originally reported. They require management to make subjective or complex judgments, estimates or assumptions, and changes in those estimates or assumptions could have a significant impact on our consolidated financial statements. These critical accounting policies include the allowance for loan losses, accounting for income taxes, the determination of fair value for financial instruments and accounting for stock-based compensation. Because of the uncertainty of estimates involved in these matters, we may be required to significantly increase the allowance for loan losses or sustain loan losses that are significantly higher than the reserve provided, significantly increase our accrued tax liability or otherwise incur charges that could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***By engaging in derivative transactions, we are exposed to additional credit and market risk.***

We use interest rate swaps to help manage our interest rate risk from recorded financial assets and liabilities when they can be demonstrated to effectively hedge a designated asset or liability and the asset or liability exposes us to interest rate risk or risks inherent in customer related derivatives. We use other derivative financial instruments to help manage other economic risks, such as liquidity and credit risk, including exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are used to manage differences in the amount, timing, and duration of our known or expected cash receipts principally related to our fixed rate loan assets. We also have derivatives that result from a service we provide to certain qualifying customers approved through our credit process, and therefore, are not used to manage interest rate risk in our assets or liabilities. Hedging interest rate risk is a complex process, requiring sophisticated models and routine monitoring, and is not a perfect science. As a result of interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation will generally be offset by income or loss on the derivative instruments that are linked to the hedged assets and liabilities. By engaging in derivative transactions, we are exposed to credit and market risk. If the counterparty fails to perform, credit risk exists to the extent of the fair value gain in the derivative. Market risk exists to the extent that interest rates change in ways that are significantly different from what we expected when we entered into the derivative transaction. The existence of credit and market risk associated with our derivative instruments could adversely affect our net interest income and, therefore, could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***We may be adversely affected by the soundness of other financial institutions.***

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services companies are interrelated as a result of trading, clearing, counterparty, and other relationships. We have exposure to different industries and counterparties, and through transactions with counterparties in the financial services industry, including broker-dealers, commercial banks, investment banks, and other financial intermediaries. In addition, we participate in loans originated by other institutions and we participate in syndicated transactions (including shared national credits) in which other lenders serve as the lead bank. Further, our private banking channel relies on relationships with a number of other financial institutions for referrals. As a result, declines in the financial condition of, or even rumors or questions about, one or more financial institutions, financial service companies or the financial services industry generally, may lead to market-wide liquidity, asset quality or



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other problems and could lead to losses or defaults by us or by other institutions. These problems, losses or defaults could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***We rely on third parties to provide key components of our business infrastructure, and a failure of these parties to perform for any reason could disrupt our operations.***

Third parties provide key components of our business infrastructure such as data processing, internet connections, network access, core application processing, statement production and account analysis. Our business depends on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. Replacing vendors or addressing other issues with our third-party service providers could entail significant delay and expense. If we are unable to efficiently replace ineffective service providers, or if we experience a significant, sustained or repeated, system failure or service denial, it could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***We utilize the information systems of third parties to monitor the value of and control marketable securities that collateralize our loans, and a failure of those systems or third parties could adversely affect our ability to assess and manage the risk in our loan portfolio.***

A significant portion of our loan portfolio is secured by marketable securities that are held by third-party custodians or other financial services or wealth management firms. We utilize the systems of these third parties to provide information to us so that we can quickly and accurately monitor changes in value of the securities that serve as collateral. We also rely on these parties to provide control over marketable securities for purposes of perfecting our security interests and retaining the collateral in the applicable accounts. While we have been careful in selecting the third-parties with which we do business, we do not control their actions, their systems or the information that they provide to us. Any problems caused by these third parties, including as a result of their failure to provide services or information to us for any reason, or their performing services poorly or providing us with incorrect information, could adversely affect our ability to deliver products and services to our customers or could adversely affect our ability to manage, appropriately assess and react to risk in our loan portfolio, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***We could be subject to losses, regulatory action or reputational harm due to fraudulent and negligent acts on the part of loan applicants, our borrowers, our employees and vendors.***

In deciding whether to extend credit or enter into other transactions with clients and counterparties, we may rely on information furnished by or on behalf of clients and counterparties, including financial statements, property appraisals, title information, employment and income documentation, account information and other financial information. We may also rely on representations of clients and counterparties as to the accuracy and completeness of such information and, with respect to financial statements, on reports of independent auditors. Any such misrepresentation or incorrect or incomplete information may not be detected prior to funding a loan or during our ongoing monitoring of outstanding loans. In addition, one or more of our employees or vendors could cause a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our loan documentation, operations or systems. Any of these developments could have a material adverse effect on our business, financial condition, results of operations and future prospects.

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*Unauthorized access, cyber-crime and other threats to data security may require significant resources, harm our reputation, and adversely affect our business.*

We necessarily collect, use and hold personal and financial information concerning individuals and businesses with which we have a banking relationship. Threats to data security, including unauthorized access, and cyber-attacks, rapidly emerge and change, exposing us to additional costs for protection or remediation and competing time constraints to secure our data in accordance with customer expectations and statutory and regulatory privacy and other requirements. It is difficult or impossible to defend against every risk being posed by changing technologies, as well as criminal intent on committing cyber-crime. Increasing sophistication of cyber-criminals and terrorists make keeping up with new threats difficult and could result in a breach. Controls employed by our information technology department and our other employees and vendors could prove inadequate. We could also experience a breach due to intentional or negligent conduct on the part of employees or other internal sources, software bugs or other technical malfunctions, or other causes. As a result of any of these threats, our customer accounts may become vulnerable to account takeover schemes or cyber-fraud. Our systems and those of our third-party vendors may also become vulnerable to damage or disruption due to circumstances beyond our or their control, such as from catastrophic events, power anomalies or outages, natural disasters, network failures, and viruses and malware.

A breach of our security that results in unauthorized access to our data could expose us to a disruption or challenges relating to our daily operations as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs, and reputational damage, any of which could have a material adverse effect on our business, results of operations, financial condition and future prospects.

*Our growth and expansion strategy may involve strategic investments or acquisitions, and we may not be able to overcome risks associated with such transactions.*

Although we plan to continue to grow our business organically, we are exploring opportunities to invest in or acquire a wealth management business that we believe would complement our existing business model. Our acquisition activities could be material to our business and involve a number of risks, including the following:

incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in our attention being diverted from the operation of our existing business;

the lack of history among our management team in working together on acquisitions and related integration activities;

the time, expense and difficulty of integrating the operations and personnel of the combined businesses;

an inability to realize expected synergies;

potential disruption of our ongoing banking business; and

a loss of key employees or key customers following our investment or acquisition.

We may not be successful in overcoming these risks or any other problems encountered in connection with pending or potential investments or acquisitions. Our inability to overcome these risks could have an adverse effect on our ability to implement our business strategy and enhance shareholder value, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and future prospects.

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*The market in which we operate is susceptible to hurricanes and other natural disasters and adverse weather which could result in a disruption of our operations and increases in loan losses.*

A significant portion of our business is generated from markets that have been, and may continue to be, damaged by major hurricanes, floods, tropical storms and other natural disasters and adverse weather. Natural disasters can disrupt our operations, cause widespread property damage, and severely depress the local economies in which we operate. If the economies in our primary markets experience an overall decline as a result of a natural disaster, adverse weather, or other disaster, demand for loans and our other products and services could be reduced. In addition, the rates of delinquencies, foreclosures, bankruptcies and losses on loan portfolios may increase substantially, as uninsured property losses or sustained job interruption or loss may materially impair the ability of borrowers to repay their loans. Moreover, the value of real estate or other collateral that secures the loans could be materially and adversely affected by a disaster. A disaster could, therefore, result in decreased revenue and loan losses that have a material adverse effect on our business, financial condition, results of operations and future prospects.

*Our operations and clients are concentrated in large metropolitan areas in the United States, which could be the target of terrorist attacks.*

A significant portion of our operations and our clients, as well as the properties securing our real estate loans outstanding are located in large metropolitan areas in the United States. These areas have been and may continue to be the target of terrorist attacks. A successful, major terrorist attack in one of our primary markets could severely disrupt our operations and the ability of our clients to do business with us, and cause losses to loans secured by properties in these areas. Such an attack could therefore have a material adverse effect on our business, results of operations, financial condition and future prospects.

*We are subject to environmental liability risk associated with our lending activities.*

In the course of our business, we may purchase real estate, or we may foreclose on and take title to real estate. As a result, we could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination or may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Any significant environmental liabilities could cause a material adverse effect on our business, financial condition, results of operations and future prospects.

**Risks Relating to the Regulation of our Industry**

*We operate in a highly regulated environment, which could have a material and adverse impact on our operations and activities, financial condition, results of operations, growth plans and future prospects.*

Banking is highly regulated under federal and state law. We are subject to extensive regulation and supervision that governs almost all aspects of our operations. As a registered bank holding company, we are subject to supervision, regulation and examination by the Federal Reserve. As a commercial bank chartered under the laws of Pennsylvania, TriState Capital Bank is subject to supervision, regulation and examination by the Pennsylvania Department of Banking and Securities and the FDIC.

The primary goals of the bank regulatory scheme are to maintain a safe and sound banking system and to facilitate the conduct of sound monetary policy. This system is intended primarily for the protection of the FDIC's Deposit Insurance Fund and bank depositors, rather than our shareholders and creditors. The banking agencies have broad enforcement power over bank holding companies and banks, including the authority, among other things, to enjoin unsafe or unsound practices, require affirmative action to correct any

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violation or practice, issue administrative orders that can be judicially enforced, direct increases in capital, direct the sale of subsidiaries or other assets, limit dividends and distributions, restrict growth, assess civil monetary penalties, remove officers and directors, and, with respect to banks, terminate our charter, terminate our deposit insurance or place the Bank into conservatorship or receivership. In general, these enforcement actions may be initiated for violations of laws and regulations or unsafe or unsound practices.

Compliance with the myriad laws and regulations applicable to our organization can be difficult and costly. In addition, these laws, regulations and policies are subject to continual review by governmental authorities, and changes to these laws, regulations and policies, including changes in interpretation or implementation of these laws, regulations and policies, could affect us in substantial and unpredictable ways and often impose additional compliance costs. Further, any new laws, rules and regulations, such as the Dodd-Frank Act, could make compliance more difficult or expensive. All of these laws and regulations, and the supervisory framework applicable to our industry, could have a material adverse impact on our operations and activities, financial condition, results of operations, growth plans and future prospects.

### ***We are subject to increased regulatory requirements and supervision due to our de novo status.***

TriState Capital Bank was chartered in 2007. Accordingly, TriState Capital Bank is subject to more stringent regulatory requirements and supervision than banks that have been established for a longer period of time. In 2009, the FDIC extended the period of heightened supervision for newly insured FDIC-supervised institutions from three to seven years. Our seven-year *de novo* period will expire in January 2014. Until that time, TriState Capital Bank will be subject to enhanced supervision and any material change in its business plan will require FDIC approval. These enhanced supervisory requirements could restrain our growth or limit our ability to engage in activities that our outside the scope of our business plan, which in turn could have a material adverse effect on our business, results of operations, financial condition and future prospects.

### ***Federal and state bank regulators periodically examine our business and we may be required to remediate adverse examination findings.***

The Federal Reserve, the FDIC and the Pennsylvania Department of Banking and Securities periodically examine our business, including our compliance with laws and regulations. If, as a result of an examination, a bank regulatory agency were to determine that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin unsafe or unsound practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil monetary penalties against our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate TriState Capital Bank's charter or deposit insurance and place the Bank into receivership or conservatorship. Any regulatory action against us could have a material adverse effect on our business, results of operations, financial condition and future prospects.

### ***The Bank's FDIC deposit insurance premiums and assessments may increase.***

The deposits of TriState Capital Bank are insured by the FDIC up to legal limits and, accordingly, subject it to the payment of FDIC deposit insurance assessments. The Bank's regular assessments are determined by its risk category, which is based on a combination of its financial ratios and supervisory ratings, which, among other things, generally demonstrates its regulatory capital levels and level of supervisory concern. High levels of bank failures since 2007 and increases in the statutory deposit insurance limits have increased costs to the FDIC in resolving bank failures and have put significant pressure on the Deposit Insurance Fund. In order to maintain a strong funding position and restore the reserve ratios of the Deposit Insurance Fund, the FDIC increased deposit insurance assessment rates and charged a special assessment to all FDIC-insured financial

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institutions. Further increases in assessment rates or special assessments may occur in the future, especially if there are significant additional financial institution failures. Any material decline in our examination ratings could also increase our deposit insurance premiums. Any future special assessments, increases in assessment rates or required prepayments in FDIC insurance premiums could reduce our profitability or limit our ability to pursue certain business opportunities, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***The short-term and long-term impact of the newly proposed regulatory capital rules is uncertain.***

On June 7, 2012, the federal banking agencies announced proposed rulemaking for the purpose of strengthening the regulatory capital requirements of all banking organizations in the United States. The proposal is designed to implement the requirements of the agreements reached by the Basel Committee on Banking Supervision. The proposed regulatory capital standards, commonly known as Basel III, were subject to public comment through October 22, 2012. The Basel III proposals were initially expected to begin phasing in on January 1, 2013, but in a statement released on November 9, 2012, the joint federal banking regulatory agencies announced that the implementation of the proposed rules to effect Basel III in the United States was indefinitely delayed. No new time frame for implementation was provided.

Basel III creates a new regulatory capital standard based on tier 1 common equity and increases the minimum leverage and risk-based capital ratios applicable to all banking organizations. Basel III also changes how a number of the regulatory capital components are calculated. We cannot predict whether the proposed rules will be adopted in the form proposed or if they will be modified in any material way during the rulemaking process. Moreover, although we expect that the rulemaking process will result in generally higher regulatory capital standards, it is not certain at this time how any new standards will ultimately be applied to TriState Capital Bank and us. A significant increase in our capital requirement could reduce our growth and profitability and could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.***

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Consumer Financial Protection Bureau, the Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the Community Reinvestment Act or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### ***We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.***

The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports when appropriate. In addition to other bank regulatory agencies, the federal Financial Crimes Enforcement Network of the Department of the Treasury is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the state and federal banking regulators, as well as the U.S. Department of Justice, Consumer Financial Protection Bureau, Drug Enforcement Administration, and Internal Revenue Service. We are also subject to increased scrutiny of compliance with the rules enforced by the Office of

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Foreign Assets Control of the Department of the Treasury regarding, among other things, the prohibition of transacting business with, and the need to freeze assets of, certain persons and organizations identified as a threat to the national security, foreign policy or economy of the United States. If our policies, procedures and systems are deemed deficient, we would be subject to liability, including fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could have a material adverse effect on our business, financial condition, results of operations and future prospects.

### **Risks Relating to an Investment in our Common Stock**

#### ***An active, liquid market for our common stock may not develop or be sustained following this offering.***

Prior to this offering, there has been no established public market for our common stock. We intend to apply to list our common stock on Nasdaq, but our application may not be approved, or if approved we may be unable to meet continued listing standards. In addition, an active, liquid trading market for our common stock may not develop or be sustained following this offering. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace and independent decisions of willing buyers and sellers of our common stock, over which we have no control. Without an active, liquid trading market for our common stock, shareholders may not be able to sell their shares at the volume, prices and times desired. Moreover, the lack of an established market could materially and adversely affect the value of our common stock.

#### ***The market price of our common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.***

The market price of our common stock may be highly volatile, which may make it difficult for you to resell your shares at the volume, prices and times desired. There are many factors that may impact the market price and trading volume of our common stock, including, without limitation:

actual or anticipated fluctuations in our operating results, financial condition or asset quality;

changes in economic or business conditions;

the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;

publication of research reports about us, our competitors, or the financial services industry generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;

operating and stock price performance of companies that investors deemed comparable to us;

additional or anticipated sales of our common stock or other securities by us or our existing shareholders;

additions or departures of key personnel;

perceptions in the marketplace regarding our competitors and/or us;

significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving our competitors or us;

other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services; and

other news, announcements or disclosures (whether by us or others) related to us, our competitors, our core market or the financial services industry.

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The stock market and, in particular, the market for financial institution stocks have experienced substantial fluctuations in recent years, which in many cases have been unrelated to the operating performance and prospects of particular companies. In addition, significant fluctuations in the trading volume in our common stock may cause significant price variations to occur. Increased market volatility may materially and adversely affect the market price of our common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

***The market price of our common stock could decline significantly due to actual or anticipated issuances or sales of our common stock in the future.***

Actual or anticipated issuances or sales of substantial amounts of our common stock following this offering could cause the market price of our common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by shareholders prior to such issuance. All \_\_\_\_\_ of the shares of common stock sold in this offering (or \_\_\_\_\_ shares if the underwriters exercise in full their over-allotment option) will be freely tradable, except that any shares purchased by our affiliates (as that term is defined in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act) may be resold only in compliance with the limitations described under Shares Eligible For Future Sale. The remaining \_\_\_\_\_ outstanding shares of our common stock will be deemed to be restricted securities as that term is defined in Rule 144, and may be resold in the U.S. only if they are registered for resale under the Securities Act or an exemption, such as Rule 144, if available. In addition, certain of our shareholders have registration rights which, if exercised, could adversely impact the market price of our common stock. We also intend to file a registration statement on Form S-8 under the Securities Act to register an aggregate of approximately \_\_\_\_\_ shares of common stock issued or reserved for future issuance under our stock incentive plan. We may issue all of these shares without any action or approval by our shareholders, and these shares, once issued (including upon exercise of outstanding options), will be available for sale into the public market, subject to the restrictions described above, if applicable, for affiliate holders.

***Investors in this offering will experience immediate and substantial dilution.***

If you purchase common stock in this offering, you will pay more for your shares than the amounts paid by existing shareholders for their shares. As a result, you will incur immediate and substantial dilution of \$ \_\_\_\_\_ per share, representing the difference between the initial public offering price of \$ \_\_\_\_\_ per share (the midpoint of the range set forth on the cover page of this prospectus) and our pro forma as adjusted net tangible book value per share after giving effect to the conversion of our Series C preferred stock and this offering. Accordingly, if we were liquidated at our pro forma as adjusted net tangible book value, you would not receive the full amount of your investment.

***Securities analysts may not initiate or continue coverage on our common stock.***

The trading market for our common stock will depend in part on the research and reports that securities analysts publish about us and our business. We do not have any control over these securities analysts, and they may not cover our common stock. If securities analysts do not cover our common stock, the lack of research coverage may adversely affect its market price. If we are covered by securities analysts, and our common stock is the subject of an unfavorable report, the price of our common stock may decline. If one or more of these analysts cease to cover us or fail to publish regular reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our common stock to decline.

***We have significant investors whose individual interests may differ from yours.***

In August 2012, we completed a private placement of our Series C preferred stock in which we raised gross proceeds of approximately \$50.0 million. As a result of this private placement, a significant portion of



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our outstanding equity is currently held by two investment funds managed by Lovell Minnick Partners LLC. Collectively, these funds beneficially owned approximately 21.9% of our outstanding voting stock as of February 28, 2013. All of the shares of our Series C preferred stock will convert into shares of our common stock, with a conversion ratio of 100 shares of common stock for each share of Series C preferred stock, in connection with this offering. Following the closing of this offering, these funds will beneficially own approximately % of our outstanding common stock. These funds will have a significant level of influence because of their level of ownership, including a greater ability than you and our other shareholders to influence the election of directors and the potential outcome of other matters submitted to a vote of our shareholders, such as mergers, the sale of substantially all of our assets and other extraordinary corporate matters. These funds also have certain rights, such as board representation rights, access rights and registration rights that our other shareholders do not have. The interests of these funds could conflict with the interests of our other shareholders, including you, and any future transfer by these funds of their shares of preferred or common stock to other investors who have different business objectives could have a material adverse effect on our business, results of operations, financial condition, future prospects and the market value of our common stock.

***Our current management and board of directors have significant control over our business.***

As of February 28, 2013, our directors and executive officers beneficially owned an aggregate of 7,939,604 shares, or approximately 33.9%, of our issued and outstanding shares of voting stock. Following the closing of this offering, our directors and executive officers will beneficially own approximately % of our outstanding common stock. Consequently, our directors and executive officers, acting together, may be able to significantly affect the outcome of the election of directors and the potential outcome of other matters submitted to a vote of our shareholders, such as mergers, the sale of substantially all of our assets and other extraordinary corporate matters. The interests of these insiders could conflict with the interest of our shareholders, including you.

***We have broad discretion in the use of the net proceeds to us from this offering, and our use of these proceeds may not yield a favorable return on your investment.***

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 have not specifically allocated the amount of net proceeds to us that will be used for these purposes and our management will have broad discretion over how these proceeds are used and could spend these proceeds in ways with which you may not agree. In addition, we may not use the net proceeds to us from this offering effectively or in a manner that increases our market value or enhances our profitability. We have not established a timetable for the effective deployment of the net proceeds to us, and we cannot predict how long it will take to deploy these proceeds. Investing the net proceeds to us in securities until we are able to deploy these proceeds will provide lower yields than we generally earn on loans, which may have an adverse effect on our profitability.

***The rights of holders of our common stock will be subordinate to the rights of holders of any debt securities that we may issue and may be subordinate to the rights of holders of any other class of preferred stock that we may issue in the future.***

Our board of directors has the authority to issue debt securities or an aggregate of up to 150,000 shares of preferred stock on the terms it determines without shareholder approval. Although we currently have no plans, arrangements or understandings to issue any debt or shares of preferred stock, you should assume that any debt or shares of preferred stock that we may issue in the future will be senior to our common stock. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, the amount, timing, nature or success of our future capital raising efforts is uncertain. Thus, holders of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings will negatively affect the market price of our common stock.

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***Fulfilling our public company financial reporting and other regulatory obligations will be expensive and time consuming, and it may strain our resources.***

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and will be required to implement specific corporate governance practices and adhere to a variety of reporting requirements under the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the related rules and regulations of the Securities Exchange Commission, or the SEC, as well as the rules of Nasdaq. In particular, we will be required to file with the SEC annual, quarterly and current reports with respect to our business and financial condition. Compliance with these requirements will place significant demands on our legal, accounting and finance staff and on our accounting, financial and information systems and will increase our legal and accounting compliance costs as well as our compensation expense if we need to hire additional accounting, finance, legal and internal audit staff to comply with these reporting requirements. As a public company we will also need to enhance our investor relations, marketing and corporate communications functions. These additional efforts may strain our resources and divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and future prospects.

***We are an emerging growth company, and the reduced regulatory and reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.***

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act, or the JOBS Act. For as long as we continue to be an emerging growth company we may take advantage of reduced regulatory and reporting requirements that are otherwise generally applicable to public companies. These include, without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced financial reporting requirements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments. The JOBS Act also permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. However, we have irrevocably opted out of this provision, and we will comply with new or revised accounting standards to the same extent that compliance is required for non-emerging growth companies.

We may take advantage of these provisions for up to five years, unless we earlier cease to be an emerging growth company, which would occur if our annual gross revenues exceed \$1.0 billion, if we issue more than \$1.0 billion in non-convertible debt in a three year period, or if the market value of our common stock held by non-affiliates exceeds \$700.0 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. Investors may find our common stock less attractive if we rely on the exemptions, which may result in a less active trading market and increased volatility in our stock price.

***We do not intend, and face regulatory restrictions on our ability, to pay dividends in the foreseeable future.***

We have not paid any dividends on our common stock since inception, and we do not intend to pay dividends for 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. In addition, we are subject to certain restrictions on the payment of cash dividends as a result of banking laws, regulations and policies. For example, in connection with the Federal Reserve's approval of our application to become a registered bank holding company for TriState Capital Bank, we have agreed that we will not declare or pay any cash dividends without the prior written approval of the Federal Reserve Bank of Cleveland. Finally, because TriState Capital Bank is our only material asset, our ability to pay dividends to our shareholders depends on our receipt of dividends from the Bank, which is also subject to restrictions on dividends as a result of banking laws, regulations and policies. Accordingly, if the receipt of dividends over the near term is important to you, you should not invest in our common stock.

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*Our corporate governance documents, and certain corporate and banking laws applicable to us, could make a takeover more difficult.*

Certain provisions of our articles of incorporation and bylaws, and corporate and federal banking laws, could make it more difficult for a third party to acquire control of our organization or conduct a proxy contest, even if those events were perceived by many of our shareholders as beneficial to their interests. These provisions, and the corporate and banking laws and regulations applicable to us:

empower our board of directors, without shareholder approval, to issue our preferred stock, the terms of which, including voting power, are set by our board of directors;

divide our board of directors into four classes serving staggered four-year terms;

eliminate cumulative voting in elections of directors;

require the request of holders of at least 10% of the outstanding shares of our capital stock entitled to vote at a meeting to call a special shareholders meeting;

require at least 60 days advance notice of nominations for the election of directors and the presentation of shareholder proposals at meetings of shareholders; and

require prior regulatory application and approval of any transaction involving control of our organization.

These provisions may discourage potential acquisition proposals and could delay or prevent a change in control, including under circumstances in which our shareholders might otherwise receive a premium over the market price of our shares.

*An investment in our common stock is not an insured deposit and is subject to risk of loss.*

Your investment in our common stock will not be a bank deposit and will not be insured or guaranteed by the FDIC or any other government agency. Your investment will be subject to investment risk, and you must be capable of affording the loss of your entire investment.

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**INDUSTRY AND MARKET DATA**

Industry and market data used in this prospectus has been obtained from independent industry sources and publications available to the public, sometimes with a subscription fee, as well as from research reports prepared for other purposes. We did not commission the preparation of any of the sources or publications referred to in this prospectus. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus. Trademarks used in this prospectus are the property of their respective owners, although for presentational convenience we may not use the ® or the ™ symbols to identify such trademarks.

**IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY**

As a company with less than \$1.0 billion in gross revenue during our last fiscal year, we qualify as an emerging growth company as defined in the JOBS Act. An emerging growth company may take advantage of reduced regulatory and reporting requirements that are otherwise generally applicable to public companies. As an emerging growth company:

we may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A;

we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;

we are permitted to provide less extensive disclosure about our executive compensation arrangements; and

we are not required to hold non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions for up to five years unless we earlier cease to be an emerging growth company. We will cease to be an emerging growth company if we have more than \$1.0 billion in annual gross revenues, have more than \$700.0 million in market value of our common stock held by non-affiliates as of any June 30 before that time, or issue more than \$1.0 billion of non-convertible debt in a three-year period. We may choose to take advantage of some but not all of these reduced burdens. We have elected in this prospectus to take advantage of scaled disclosure relating to executive compensation arrangements.

The JOBS Act also permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. However, we have opted out of this provision. As a result, we will comply with new or revised accounting standards to the same extent that compliance is required for non-emerging growth companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of section 27A of the Securities Act and section 21E of the Exchange Act. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as may, should, could, predict, potential, believe, will likely result, expect, continue, will, anticipate, seek, estimate,

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intend, plan, projection, would and outlook, or the negative version of those words or other comparable of a future or forward-looking na  
These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry,  
management s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our  
control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks,  
assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking  
statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the  
forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking  
statements, including, but not limited to, the following:

deterioration of our asset quality;

our ability to prudently manage our growth and execute our strategy;

changes in the value of collateral securing our loans;

business and economic conditions generally and in the financial services industry, nationally and within our local market area;

changes in management personnel;

our ability to maintain important deposit customer relationships, our reputation or otherwise avoid liquidity risks;

operational risks associated with our business;

volatility and direction of market interest rates;

increased competition in the financial services industry, particularly from regional and national institutions;

changes in the laws, rules, regulations, interpretations or policies relating to financial institution, accounting, tax, trade, monetary and  
fiscal matters;

further government intervention in the U.S. financial system;

natural disasters and adverse weather, acts of terrorism, an outbreak of hostilities or other international or domestic calamities, and  
other matters beyond our control; and

other factors that are discussed in the section titled Risk Factors, beginning on page 14.

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The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this prospectus. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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**USE OF PROCEEDS**

We estimate that the net proceeds to us from the sale of our common stock in this offering will be approximately \$        million, or approximately \$        million if the underwriters elect to exercise in full their over-allotment option, assuming an initial public offering price of \$        per share, the midpoint of the price range set forth on the cover of this prospectus, and after deducting estimated underwriting discounts and offering expenses. Each \$1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us of this offering by \$        million, or \$        million if the underwriters elect to exercise in full their over-allotment option, assuming the number of shares we sell, as set forth on the cover of this prospectus, remains the same, 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 have not specifically allocated the amount of net proceeds to us that will be used for these purposes and our management will have broad discretion over how these proceeds are used. We are conducting this offering at this time because we believe that it will allow us to better execute our growth strategies. Although we may, from time to time in the ordinary course of our business, evaluate potential investments in, or acquisitions of, wealth management businesses, we do not have any arrangements, agreements or understandings relating to any investment in, or acquisition of, a wealth management business.

We will not receive any proceeds from the sale of our common stock by the selling shareholder.

**DIVIDEND POLICY**

We have not paid any dividends on our common stock since inception, and we do not intend to pay dividends for 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 on a number of factors, including: (1) our historic and projected financial condition, liquidity and results of operations, (2) our capital levels and needs, (3) tax considerations, (4) any acquisitions or potential acquisitions that we may examine, (5) statutory and regulatory prohibitions and other limitations, (6) the terms of any credit agreements or other borrowing arrangements that restrict our ability to pay cash dividends, (7) general economic conditions and (8) other factors deemed relevant by our board of directors. We are not obligated to pay dividends on our common stock.

As a Pennsylvania corporation, we are subject to certain restrictions on dividends under the Pennsylvania Business Corporation Law. Generally, Pennsylvania law permits a business corporation such as us to pay dividends if, after giving effect to the dividend, it is able to pay its debts as they come due in the usual course of business so long as its assets exceed its liabilities. In addition, we are subject to certain restrictions on the payment of cash dividends as a result of banking laws, regulations and policies. For example, in connection with the Federal Reserve Board's approval of our application to become a registered bank holding company for TriState Capital Bank, we have agreed that we will not declare or pay any cash dividends without the prior written approval of the Federal Reserve Bank of Cleveland. For additional information, see *Supervision and Regulation Dividends*.

Because we are a bank holding company and do not engage directly in business activities of a material nature, our ability to pay dividends to our shareholders depends, in large part, upon our receipt of dividends from TriState Capital Bank, which is also subject to numerous limitations on the payment of dividends under federal and state banking laws, regulations and policies.

The present and future dividend policy of TriState Capital Bank is subject to the discretion of its board of directors.

**Table of Contents****CAPITALIZATION**

The following table shows our capitalization, including regulatory capital ratios, on a consolidated basis, as of December 31, 2012:

on an actual basis;

on a pro forma basis to give effect to the conversion of 48,780,488 shares of our Series C preferred stock into 4,878,049 shares of our common stock upon the closing of this offering; and

on a pro forma as adjusted basis to give further effect to the sale of \_\_\_\_\_ shares of our common stock in this offering and our receipt of the net proceeds to us from the sale by us of \_\_\_\_\_ shares of common stock in this offering (assuming the underwriters do not exercise their over-allotment option) at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range on the cover of this prospectus, after deducting estimated underwriting discounts and offering expenses.

The pro forma and pro forma as adjusted capitalization information below is illustrative only, and our cash and cash equivalents, common stock, additional paid-in capital, accumulated deficit, accumulated other comprehensive income, total shareholders' equity, and total capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing. You should read the following table in conjunction with the sections titled *Selected Historical Consolidated Financial Data*, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Description of Capital Stock - Series C Preferred Stock*, and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of December 31, 2012 (unaudited)		
	Actual	Pro forma	Pro forma as adjusted <sup>(1)</sup>
	(Dollars in thousands)		
Cash and cash equivalents	\$ 200,080	\$ 200,080	\$
Shareholders' equity:			
Preferred stock, no par value, 150,000 shares authorized: Series C, 48,780,488 shares authorized, 48,780,488 shares issued and outstanding, actual; 0 shares issued and outstanding pro forma and pro forma as adjusted	46,011		
Common stock, no par value, 45,000,000 shares authorized, 17,444,730 shares issued and outstanding, actual; 22,322,779 shares issued and outstanding pro forma; and _____ shares issued and outstanding pro forma as adjusted	168,351	214,362	
Additional paid-in capital	7,871	7,871	7,871
Accumulated deficit	(6,180)	(6,180)	(6,180)
Accumulated other comprehensive income, net	1,671	1,671	1,671
<b>Total shareholders' equity</b>	<b>\$ 217,724</b>	<b>\$ 217,724</b>	<b>\$</b>
Book value per common share	\$ 9.84	\$ 9.75	
Tangible book value per share <sup>(2)</sup>	\$ 9.84	\$ 9.75	
Capital ratios:			
Total shareholders' equity to assets	10.50%	10.50%	%
Tangible equity to tangible assets <sup>(2)</sup>	10.50%	10.50%	%
Tier 1 leverage capital ratio	10.35%	10.35%	%
Tier 1 risk-based capital ratio	10.95%	10.95%	%
Total risk-based capital ratio	11.88%	11.88%	%





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- (1) A \$1.00 increase (decrease) in the assumed initial public offering price of \$      per share would increase (decrease) each of cash and cash equivalents, common stock, and total shareholders' equity by \$      million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and offering expenses. If the underwriters' option to purchase additional shares to cover over-allotments is exercised in full, the pro forma as adjusted amount of each of cash and cash equivalents, common stock, and total shareholders' equity would increase by approximately \$      million, after deducting estimated underwriting discounts and offering expenses, and we would have      shares of our common stock issued and outstanding, pro forma as adjusted.
- (2) These measures are not measures recognized under 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.

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**DILUTION**

If you invest in our common stock, your ownership interest will be diluted to the extent that the initial public offering price per share of our common stock exceeds the pro forma as adjusted net tangible book value per share of our common stock immediately following this offering. Net tangible book value is equal to our total shareholders' equity, less intangible assets. Pro forma net tangible book value per share of our common stock is equal to net tangible book value, divided by the number of shares of common stock outstanding after giving effect to the conversion of 48,780,488 shares of Series C preferred stock into 4,878,049 shares of our common stock upon the closing of this offering. As of December 31, 2012, the pro forma net tangible book value of our common stock was \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share.

Pro forma as adjusted net tangible book value per share of our common stock gives effect to the conversion of 48,780,488 shares of our Series C preferred stock into 4,878,049 shares of our common stock upon the closing of this offering and to our sale of \_\_\_\_\_ shares of common stock in this offering (assuming the underwriters do not exercise their over-allotment option) at an assumed initial public offering price of \_\_\_\_\_ per share, the midpoint of the price range on the cover of this prospectus, and after deducting estimated underwriting discounts and offering expenses. The pro forma as adjusted net tangible book value of our common stock at December 31, 2012 would have been approximately \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share. Therefore, this offering will result in an immediate increase of \$ \_\_\_\_\_ in the pro forma as adjusted net tangible book value per share of our common stock of existing shareholders and an immediate dilution of \$ \_\_\_\_\_ in the tangible book value per share of our common stock to investors purchasing shares in this offering, or approximately \_\_\_\_\_ % of the assumed public offering price of \$ \_\_\_\_\_ per share.

The following table illustrates the calculation of the amount of dilution per share as of December 31, 2012 that a purchaser of our common stock in this offering will incur given the assumptions above:

Initial public offering price	\$
Pro forma net tangible book value per common share as of December 31, 2012	\$
Increase in pro forma net tangible book value per common share attributable to new investors	
Pro forma as adjusted net tangible book value per common share	
Dilution per common share to new investors from offering	\$

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately \$ \_\_\_\_\_ and the pro forma as adjusted net tangible book value per share to investors in this offering by approximately \$ \_\_\_\_\_ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and offering expenses.

If the underwriters' option to purchase additional shares to cover over-allotments is exercised in full, the pro forma net tangible book value per share after giving effect to this offering would be approximately \$ \_\_\_\_\_ per share, and the dilution in pro forma as adjusted net tangible book value per share to investors in this offering would be approximately \$ \_\_\_\_\_ per share.

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The following table summarizes the total consideration paid to us and the average price paid per share by existing shareholders and investors purchasing common stock in this offering. This information is presented on a pro forma as adjusted basis as of December 31, 2012, after giving effect to the conversion of 48,780,488 shares of our Series C preferred stock into 4,878,049 shares of our common stock upon the closing of this offering and our sale of \_\_\_\_\_ shares of common stock in this offering (assuming the underwriters do not exercise their over-allotment option) at an assumed public offering price of \$ \_\_\_\_\_ per share.

	Shares Purchased/Issued		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing shareholders	22,322,779		\$ 226,579		\$ 10.15
New investors in this offering					
<b>Total</b>					

(Dollars in thousands, except per-share data)

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share would increase (decrease) total consideration paid by new investors by \$ \_\_\_\_\_ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

Sales of shares of our common stock by the selling shareholder in this offering will reduce the number of shares of common stock held by existing shareholders to \_\_\_\_\_, or approximately \_\_\_\_\_ % of the total shares of common stock outstanding after this offering, and will increase the number of shares held by new investors to \_\_\_\_\_, or approximately \_\_\_\_\_ % of the total shares of common stock outstanding after this offering.

After giving effect to the sale of shares in this offering by us and the selling shareholder, if the underwriters' option to purchase additional shares to cover over-allotments is exercised in full, our existing shareholders would own approximately \_\_\_\_\_ % and our new investors would own approximately \_\_\_\_\_ % of the total number of shares of our common stock outstanding after this offering.

The table above excludes 2,193,000 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$9.97 per share, which includes 1,518,500 shares of common stock issuable upon exercise of stock options that have vested. To the extent that any of the foregoing options are exercised, investors participating in this offering will experience further dilution.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This section presents management's perspective on our financial condition and results of operations. The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of our future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections titled *Cautionary Note Regarding Forward-Looking Statements* and *Risk Factors*. We assume no obligation to update any of these forward-looking statements.*

**General**

The following discussion and analysis presents our financial condition and results of operations on a consolidated basis. However, because we conduct all of our material business operations through TriState Capital Bank, the discussion and analysis relates to activities primarily conducted at TriState Capital Bank.

As a bank holding company that operates through one segment, we generate most of our revenue from interest on loans and investments, loan related fees and deposit-related fees. Our primary source of funding for our loans is deposits. Our largest expenses are interest on these deposits and salaries and related employee benefits. We measure our performance primarily through our pre-tax, pre-provision net revenue; net interest margin; efficiency ratio; ratio of provision for loan losses to average total loans; return on average assets and return on average equity, among other metrics, while maintaining appropriate regulatory leverage and risk-based capital ratios.

**Executive 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 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 utilizing our representative offices to market our loan and deposit products and services. We believe significant growth and enhanced profitability can 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. 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 and higher fixed operating

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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.

The primary measures we use to evaluate and manage our financial results are set forth in the table below. Although we believe these measures are meaningful in evaluating our results and financial condition, they may not be directly comparable to similar measures used by other financial services companies and may not provide an appropriate basis to compare our results or financial condition to the results or financial condition of our competitors. The following table sets forth the key financial measures we use to evaluate the success of our business and our financial position and operating performance.

	<b>Key Financial Measures<sup>(1)</sup></b>		
	<b>Years ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	(Dollars in thousands, except per share data)		
<b>Selected balance sheet measures:</b>			
Total assets	\$ 2,073,129	\$ 1,833,450	\$ 1,659,752
Total loans <sup>(2)</sup>	1,641,628	1,406,995	1,283,745
Total deposits	1,823,379	1,637,126	1,470,600
Total shareholders' equity	217,724	184,452	175,560
<b>Selected statements of operations measures:</b>			
Total revenue <sup>(3)</sup>	62,445	49,966	46,497
Net interest income before provision for loan losses	57,360	47,381	44,036
Pre-tax, pre-provision net revenue <sup>(3)</sup>	24,580	15,972	12,905
Income before tax	17,509	11,956	7,654
Net income <sup>(4)</sup>	10,672	7,218	15,228
Basic earnings per share <sup>(4)</sup>	0.47	0.33	0.83
Diluted earnings per share <sup>(4)</sup>	0.47	0.33	0.83
<b>Other financial measures and ratios:</b>			
Return on average assets <sup>(4)</sup>	0.55%	0.41%	0.91%
Return on average equity <sup>(4)</sup>	5.24%	3.97%	9.68%
Net interest margin <sup>(5)</sup>	2.94%	2.67%	2.61%
Efficiency ratio <sup>(3)</sup>	60.64%	68.03%	72.25%
Revenue per average full-time equivalent employees <sup>(3)</sup>	\$ 564	\$ 508	\$ 497
Pre-tax, pre-provision net revenue per average full-time equivalent employees <sup>(3)</sup>	\$ 222	\$ 162	\$ 138
Provision for loan losses to average total loans	0.53%	0.40%	0.42%
Net charge-offs to average total loans	0.43%	0.46%	0.31%
Nonperforming assets to total assets <sup>(6)</sup>	1.10%	0.90%	0.92%
Allowance for loan losses to nonperforming loans <sup>(6)</sup>	79.50%	99.53%	112.41%
Allowance for loan losses to total loans <sup>(2)</sup>	1.09%	1.16%	1.33%

(1) We have derived the selected balance sheet measures as of December 31, 2012 and 2011 and the selected statements of operations measures for the years ended December 31, 2012, 2011, and 2010 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the selected balance sheet measures as of December 31, 2010 from our audited consolidated statements of financial condition as of December 31, 2010 not included in this prospectus. The other financial measures and ratios are unaudited and 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 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)

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Nonperforming assets consist of nonperforming loans and real estate and other property that we have repossessed. Nonperforming loans consist of non-accrual loans.

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For the year ended December 31, 2012, our net income increased \$3.5 million, or 47.9%, to \$10.7 million, from \$7.2 million for 2011. Pre-tax, pre-provision net revenue of \$24.6 million for the year ended December 31, 2012, increased \$8.6 million, or 53.9%, from \$16.0 million for 2011. The increase in earnings was primarily attributable to 16.2% growth in our average loans outstanding for the year ended December 31, 2012, as compared to 2011, in conjunction with a 27 basis point widening of our net interest margin and further enhanced by our active management of expenses. Our loan growth during 2012 was primarily funded by growth in our deposits. As a result, diluted earnings per share increased \$0.14, or 42.4%, to \$0.47 for the year ended December 31, 2012, compared to \$0.33 for 2011.

For the year ended December 31, 2012, our efficiency ratio improved to 60.64%, as compared to 68.03% for 2011. Pre-tax, pre-provision net revenue per average full-time equivalent employee improved to \$222,000 for the year ended December 31, 2012, from \$162,000 for 2011. Our total revenue, comprised of net interest income plus non-interest income, excluding gains on sale of investments, grew at a faster pace than non-interest expenses. Our total revenue grew 25.0% for the year ended December 31, 2012, as compared to 2011, while our non-interest expense grew 11.4% for the year ended December 31, 2012, as compared to 2011. Some of the key differentiating factors in our business model include that we do not operate a traditional branch network and our support and administrative functions are centralized. This model lessens the need for investment in costly branch infrastructures and allows our relationship managers to focus on generating loans, deposits and managing their portfolios while the centralized staff performs other day-to-day operational functions. A centralized support staff model also affords us greater efficiencies of scale. We believe our branchless business model and limited need for investment in infrastructure will make us increasingly more efficient than many of our competitors. Further, we expect our total revenue to continue to grow faster than our non-interest expense and, as a result, our efficiency metrics should continue to improve.

Our return on average assets was 0.55% for the year ended December 31, 2012, as compared to 0.41% for 2011. Our return on average equity was 5.24% for the year ended December 31, 2012, as compared to 3.97% for 2011. Net interest margin expanded 27 basis points, to 2.94% for the year ended December 31, 2012, as compared to 2.67% for 2011. This expansion was driven primarily by a decrease of 37 basis points in the rate paid on our average interest-bearing liabilities, partially offset by a 5 basis point decline in our yield on average earning assets due primarily to competitive pressure on our loans. While our rate reductions on deposits have allowed us to expand our net interest margin, we believe competition for quality commercial and private banking-personal loans, coupled with a prolonged low interest rate environment, may continue to have some downward pressure on the yields we earn on these loans. At the same time, we expect continued low interest rates for the foreseeable future to limit our ability to reduce rates paid on our deposits faster than our loan yields decline, without sacrificing loan or deposit growth, deposit source composition and competitive positioning. Accordingly, we believe our ability to continue to expand our net interest margin will be limited in a low interest rate environment. However, we believe we are positioned to expand our net interest margin in a rising interest rate environment. For more detail on the impact of changes in interest rates on our earnings, see *Market Risk*.

Our total loans outstanding as of December 31, 2012 were \$1.6 billion, which represented an increase of \$234.6 million, or 16.7%, from \$1.4 billion, as of December 31, 2011. The loan growth we achieved in 2012 kept pace with our historical growth and we believe was primarily attributable to our focus on attracting and retaining middle market business customers, as well as growth from our private banking channel that cultivates relationships with financial intermediaries. Going forward, although we expect ongoing strong competition for high quality loans, we also expect continuing success in attracting new customers and expanding our relationships with existing customers through our existing channels, including our recently opened New York representative office, and from the recent and future establishment of new private banking referral relationships. For additional information regarding our loan portfolio, see *Financial Condition Loans*.

Deposits, the largest component of our liabilities, increased \$186.3 million, or 11.4%, to \$1.8 billion as of December 31, 2012, from \$1.6 billion as of December 31, 2011. The largest component of our deposit growth



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was in money market and time deposits, including through the attraction and retention of deposits from our private banking customers as a result of our relationships with financial intermediaries. We expect to continue to fund the growth in our earning assets predominantly through growth in deposits, while also focusing on increasing the mix of non-brokered deposits through the attraction and retention of valuable, stable relationships with our middle market and private banking customers. For additional information regarding our deposits, see *Financial Condition Deposits*.

Net charge-offs as a percentage of average loans for the year ended December 31, 2012 improved to 0.43%, as compared to 0.46% for 2011. Our ratio of nonperforming assets as a percentage of total assets increase to 1.10% as of December 31, 2012, as compared to 0.90% as of December 31, 2011. Finally, our allowance for loan losses as a percentage of nonperforming loans decreased to 79.50% as of December 31, 2012, as compared to 99.53% as of December 31, 2011. We believe our emphasis on risk management and our credit culture is reflected in our ratio of nonperforming assets to total assets of 1.10% as of December 31, 2012, which is significantly lower than the weighted average ratio of 2.67% for U.S. banks with \$1.0 billion to \$3.0 billion in assets, for the same period, as reported by SNL Financial. In 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. Maintaining strong credit quality is a key focus for us and we endeavor to accomplish this through conservative underwriting, portfolio diversification and a formalized, periodic loan review process that involves our senior loan committee, which includes executive management, and third-party independent reviews. We expect a continued emphasis on maintaining a sound credit quality profile through a dedicated focus on attraction and retention of lower risk loans, such as those secured by marketable securities. For additional information, see *Business Our Products and Services Loans*.

In the third quarter of 2012, we opened our representative office in New York and have hired a market president, a commercial and industrial lender and a commercial real estate lender, who have begun generating business in this market. We expect to add additional resources to our New York representative office in 2013, including three additional relationship managers. As a result, we expect this market will contribute to our loan growth and become a material portion of our loan portfolio in the future.

### ***2011 Operating Performance***

For the year ended December 31, 2011, our net income decreased \$8.0 million, or 52.6%, to \$7.2 million, from \$15.2 million for 2010. Our diluted earnings per share of \$0.33 for the year-ended December 31, 2011, decreased \$0.50, or 60.2%, from \$0.83 for 2010. Pre-tax, pre-provision net revenue of \$16.0 million for the year ended December 31, 2011 increased \$3.1 million, or 23.8%, from \$12.9 million for 2010. The decrease in net income and diluted earnings per share were primarily attributable to the one-time income tax benefit that we realized in 2010 as a result of the reversal of the valuation allowance that had been established for the net deferred tax asset primarily associated with our net operating losses for our initial three years of operations. The reversal of the net deferred tax asset valuation allowance accounted for \$11.2 million of our 2010 after-tax net income, or \$0.70 of our 2010 diluted earnings per share.

Our return on average assets was 0.41% for the year ended December 31, 2011, as compared to 0.91% for 2010. Our return on average equity was 3.97% for the year ended December 31, 2011, as compared to 9.68% for 2010. The reversal of the net deferred tax asset valuation allowance increased return on average assets and return on average equity by 0.67% and 7.14%, respectively, for 2010. Net interest margin was 2.67% for the year ended December 31, 2011, as compared to 2.61% for 2010. While the average yield on our earning assets decreased 16 basis points for the year-ended December 31, 2011, as compared to 2010, the average rate paid on our interest-bearing liabilities decreased 14 basis points for the year ended December 31, 2011, as compared to 2010, primarily as a result of rate reductions in our money market deposit, time deposit and CDARS<sup>®</sup> deposit accounts. Our net interest margin also benefited from an increase of \$126.8 million in noninterest-bearing deposits, to \$151.0 million as of December 31, 2011, from \$24.2 million as of December 31, 2010. This increase was primarily driven by growth in deposits gathered as a result of the unlimited insurance coverage for noninterest-bearing transaction accounts that was provided under the Dodd-Frank Act. For additional information, see *Deposits*. For the year ended December 31, 2011, our efficiency

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ratio improved to 68.03%, as compared to 72.25% for 2010. Pre-tax, pre-provision net revenue per average full-time equivalent employees improved to \$162,000 for the year ended December 31, 2011, from \$138,000 for 2010. This improvement was primarily the result of our revenue growth of 7.5% for the year ended December 31, 2011, as compared to 2010, versus an increase of 1.2% in our non-interest expense for the year ended December 31, 2011, as compared to 2010.

Our total loans increased \$123.2 million, or 9.6%, to \$1.4 billion as of December 31, 2011, from \$1.3 billion as of December 31, 2010. We believe this growth was primarily the result of our continued focus on middle market business customers and referral relationships with financial intermediaries through our private banking channels.

Deposits increased \$166.5 million, or 11.3%, to \$1.6 billion as of December 31, 2011, from \$1.5 billion as of December 31, 2010. Growth in deposits primarily resulted from increases in deposits from our private banking customers through our relationships with financial intermediaries, coupled with increases in deposits from financial institutions.

Net charge-offs as a percentage of average loans for the year ended December 31, 2011 were 0.46%, as compared to 0.31% for 2010. Our ratio of nonperforming assets as a percentage of total assets was 0.90% as of December 31, 2011, as compared to 0.92% as of December 31, 2010. Our allowance for loan losses as a percentage of nonperforming loans was 99.53% as of December 31, 2011, as compared to 112.41% as of December 31, 2010. For additional information, see *Allowance for Loan Losses*.

**Results of Operations****Net Interest Income**

Net interest income represents the difference between the interest and fees earned on interest-earning assets and the interest paid on interest-bearing liabilities. Net interest income is affected by changes in the volume of interest-earning assets and interest-bearing liabilities and changes in interest yields and rates paid. Maintaining consistent spreads between earning assets and interest-bearing liabilities is very significant to our financial performance because net interest income comprised 91.9%, 94.8% and 94.7% of total revenue (net interest income plus non-interest income, excluding gains realized on sales of investments securities classified as available-for-sale) for the years ended December 31, 2012, 2011 and 2010, respectively.

The table below reflects an analysis of net interest income, on a fully taxable equivalent basis, for the years indicated. The adjustment to convert certain income to a fully taxable equivalent basis consists of dividing tax exempt income by one minus the statutory federal income tax rate of 35.0%.

	Years Ended December 31,		
	2012	2011	2010
	(Dollars in thousands)		
Interest income	\$ 71,034	\$ 65,367	\$ 64,688
Fully taxable equivalent adjustment	129		
Interest income adjusted	71,163	65,367	64,688
Interest expense	13,674	17,986	20,652
Net interest income adjusted	\$ 57,489	\$ 47,381	\$ 44,036
Yield on earning assets	3.65%	3.70%	3.86%
Cost of interest-bearing liabilities	0.89%	1.26%	1.40%
Net interest spread	2.76%	2.44%	2.46%
Net interest margin <sup>(1)</sup>	2.94%	2.67%	2.61%

(1) Net interest margin is calculated on a fully taxable equivalent basis.



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The following table provides information regarding the average balances and yields earned on interest-earning assets and the average balances and rates paid on interest-bearing liabilities for the years indicated. Non-accrual loans are included in the calculation of the average loan balances, while interest collected on non-accrual loans is recorded as a reduction to principal. Where applicable, interest income and yield are reflected on a tax equivalent basis, and have been adjusted based on the statutory federal income tax rate of 35.0%:

	Years Ended December 31,								
	2012			2011			2010		
	Average Balance	Interest Income <sup>(1)</sup> /Expense	Average Yield/Rate	Average Balance	Interest Income <sup>(1)</sup> /Expense	Average Yield/Rate	Average Balance	Interest Income <sup>(1)</sup> /Expense	Average Yield/Rate
(Dollars in thousands)									
<b>Assets</b>									
Interest-earning deposits	\$ 180,621	\$ 582	0.32%	\$ 257,741	\$ 744	0.28%	\$ 311,419	\$ 932	0.30%
Federal funds sold	8,127	10	0.12%	10,634	9	0.08%	2,667	7	0.26%
Investment securities trading	2,951	52	1.76%			0.00%			0.00%
Investment securities available-for-sale	183,976	3,213	1.75%	146,862	2,416	1.65%	93,844	1,636	1.74%
Total loans	1,542,915	67,306	4.29%	1,327,771	62,198	4.62%	1,245,543	62,113	4.92%
<b>Total interest-earning assets</b>	<b>1,918,590</b>	<b>71,163</b>	<b>3.65%</b>	<b>1,743,008</b>	<b>65,367</b>	<b>3.70%</b>	<b>1,653,473</b>	<b>64,688</b>	<b>3.86%</b>
Cash and other assets	33,557			28,951			16,109		
<b>Total assets</b>	<b>\$ 1,952,147</b>			<b>\$ 1,771,959</b>			<b>\$ 1,669,582</b>		
<b>Liabilities and Shareholders Equity</b>									
<b>Interest-bearing deposits:</b>									
Interest-bearing checking accounts	\$ 3,714	\$ 3	0.08%	\$ 5,540	\$ 27	0.49%	\$ 74,267	\$ 301	0.41%
Money market deposit accounts	685,030	4,062	0.59%	619,607	5,482	0.88%	509,670	5,387	1.06%
Time deposits (excluding CDARS <sup>®</sup> )	470,219	5,995	1.27%	346,366	6,164	1.78%	249,220	5,721	2.30%
CDARS <sup>®</sup> time deposits	377,571	3,591	0.95%	453,526	6,313	1.39%	639,799	9,243	1.44%
Borrowings	5,451	23	0.42%			0.00%			0.00%
<b>Total interest-bearing liabilities</b>	<b>1,541,985</b>	<b>13,674</b>	<b>0.89%</b>	<b>1,425,039</b>	<b>17,986</b>	<b>1.26%</b>	<b>1,472,956</b>	<b>20,652</b>	<b>1.40%</b>
Noninterest-bearing deposits	191,352			150,996			24,169		
Other liabilities	15,038			13,942			15,077		
Shareholders equity	203,772			181,982			157,380		
<b>Total liabilities and shareholders equity</b>	<b>\$ 1,952,147</b>			<b>\$ 1,771,959</b>			<b>\$ 1,669,582</b>		
Net interest income		\$ 57,489			\$ 47,381			\$ 44,036	
Net interest spread			2.76%			2.44%			2.46%
Net interest margin <sup>(1)</sup>			2.94%			2.67%			2.61%

(1) Interest income and net interest margin are calculated on a fully taxable equivalent basis.

*Net Interest Income for the Years Ended December 31, 2012 and 2011.* Net interest income increased \$10.1 million, or 21.3%, to \$57.5 million for the year ended December 31, 2012, from \$47.4 million for 2011. The increase in net interest income for the year ended December 31, 2012 was primarily attributable to a \$175.6 million, or 10.1%, increase in average interest-earning assets, coupled with an increase in net interest margin of 27 basis points to 2.94%. The increase in net interest income reflects an increase of \$5.8 million, or 8.9%, in interest income, coupled with a decrease of \$4.3 million, or 24.0%, in interest expense.

The increase in interest income was primarily the result of an increase in average total loans of \$215.1 million, or 16.2%, which is our highest yielding earning asset and our core business, as well as an increase of \$37.1 million, or 25.3%, in average investment securities available-for-sale, partially offset by a decrease in average interest-earning deposits of \$77.1 million, or 29.9%, and a decrease of 33 basis points

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in yield on loans. The declining yields on our loans were reflective of market pressure from competition for higher quality loans. Although our yield on loans declined 33 basis points, the overall yield on interest-earning assets declined only five basis points to 3.65% for the year ended December 31, 2012, as compared to 3.70%

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for 2011, primarily as a result of the shift in the composition of our earning assets from lower yielding interest-earning deposits to higher yielding loans and investment securities.

Although average interest-bearing liabilities for the year ended December 31, 2012, increased \$116.9 million, or 8.2%, from 2011, our interest expense related to those liabilities decreased as a result of a 37 basis point reduction in the average rate paid on our average interest-bearing liabilities. The decrease in average rate paid was reflective of decreases in rates paid across all interest-bearing deposit categories, as well as a shift in our deposit mix. The increase in average interest-bearing liabilities was driven primarily by an increase of \$65.4 million, or 10.6%, in average money market deposit accounts, coupled with an increase of \$123.9 million, or 35.8%, in average time deposits (excluding CDARS®), partially offset by a decline in average CDARS® time deposits of \$76.0 million, or 16.8%. The increase in non-brokered funding sources included a \$47.0 million, or 31.1%, increase in non-interest-bearing deposits.

As of December 31, 2012, we had \$87.8 million in deposits that received FDIC insurance coverage above normal levels as a result of the unlimited insurance coverage for noninterest-bearing transaction accounts that was provided under the Dodd-Frank Act. A majority of those deposits were moved into the Promontory CDARS® program or the Promontory Insured Cash Sweep® program at the end of the fourth quarter, prior to the December 31, 2012 expiration of the additional insurance coverage for such accounts.

We expect to continue to experience pressure on the yield on our earning assets due to our focus on variable rate loans, including loans secured by marketable securities, maintaining strong asset quality and market competition. The opportunities to further reduce rates paid on our deposits may be more limited in the current low interest rate environment. Given our current balance sheet profile, we believe we are positioned to benefit from an increase in interest rates because 86.3% of our total loans, which are our principal source of revenue, are floating rate loans. To the extent interest rates increase, yields on our loans will increase at varying speeds, since approximately 29.9% of our floating rate loans had interest rate floors at December 31, 2012.

*Net Interest Income for the Years Ended December 31, 2011 and 2010.* Net interest income increased \$3.3 million, or 7.6%, to \$47.4 million for the year ended December 31, 2011, from \$44.1 million for 2010. The increase in net interest income in 2011 was primarily attributable to an increase in average interest-earning assets of \$89.5 million, or 5.4%, coupled with an increase in net interest margin of 6 basis points, to 2.67%, in 2011. The increase in net interest income reflects an increase of \$679,000, or 1.0%, in interest income, coupled with a decrease of \$2.7 million, or 12.9%, in interest expense.

The increase in interest income was primarily attributable to an increase in average loans of \$82.2 million, or 6.6%, as well as an increase of \$53.0 million, or 56.5%, in average investment securities available-for-sale, partially offset by a decrease in average interest-earning deposits of \$53.7 million, or 17.2%, and a decrease of 30 basis points in yield on total loans. This decline in yield was reflective of market pressure from competition for higher quality total loans and the historically low interest rate environment in which we were operating. Although our yield on loans declined 30 basis points, the overall yield on interest-earning assets declined only 16 basis points to 3.70% for the year ended December 31, 2011, as compared to 3.86% for 2010, as a result of the shift in the composition of our earning assets from lower yielding interest-earning deposits to higher yielding loans and investment securities.

Interest expense related to our interest-bearing liabilities declined primarily as a result of a \$47.9 million, or 3.3%, decrease in average interest-bearing liabilities, coupled with a 14 basis point reduction in the average rate paid on those liabilities. The decrease in average rate paid was reflective of decreases in rates paid across substantially all interest-bearing deposit categories. The decrease in average interest-bearing liabilities was driven primarily by a decline in average CDARS® time deposits and average interest-bearing checking accounts, partially offset by increases in average money market deposit accounts and average time deposits (excluding CDARS®). Although we experienced a decrease in average interest-bearing deposits, we funded our asset growth through an increase of \$126.8 million, or 524.8%, in noninterest-bearing deposits. As of December 31, 2011, we had \$185.1 million in deposits that received FDIC insurance coverage above the standard \$250,000 level as a result of the unlimited insurance coverage for noninterest-bearing transaction accounts that was provided under the Dodd-Frank Act.

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The following tables analyze the dollar amount of change in interest income and interest expense with respect to the primary components of interest-earning assets and interest-bearing liabilities. The table shows the amount of the change in interest income or interest expense caused by either changes in outstanding balances or changes in interest rates as of the periods indicated. The effect of a change in balances is measured by applying the average rate during the first period to the balance ( volume ) change between the two periods. The effect of changes in rate is measured by applying the change in rate between the two periods to the average volume during the first period.

	<b>Years Ended December 31,</b>		
	<b>Yield/Rate</b>	<b>2012 over 2011</b>	<b>Change<sup>(1)</sup></b>
		<b>Volume</b>	
		(In thousands)	
<b>Increase (decrease) in:</b>			
<b>Interest income:</b>			
Interest-earning deposits	\$ 100	\$ (262)	\$ (162)
Federal funds sold	2	(1)	1
Investment securities trading	26	26	52
Investment securities available-for-sale	137	660	797
Total loans	(3,879)	8,987	5,108
Total increase (decrease) in interest income	(3,614)	9,410	5,796
<b>Interest expense:</b>			
<b>Interest-bearing deposits:</b>			
Interest-bearing checking accounts	(17)	(7)	(24)
Money market deposits accounts	(1,953)	533	(1,420)
Time deposits (excluding CDARS <sup>®</sup> )	(2,025)	1,856	(169)
CDARS <sup>®</sup> time deposits	(1,289)	(1,433)	(2,722)
Long-term borrowings	12	11	23
Total increase (decrease) in interest expense	(5,272)	960	(4,312)
Total increase in net interest income	\$ 1,658	\$ 8,450	\$ 10,108

- (1) The change in interest due to mix has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

	<b>Years Ended December 31,</b>		
	<b>Yield/Rate</b>	<b>2011 over 2010</b>	<b>Change<sup>(1)</sup></b>
		<b>Volume</b>	
		(In thousands)	
<b>Increase (decrease) in:</b>			
<b>Interest income:</b>			
Interest-earning deposits	\$ (32)	\$ (156)	\$ (188)
Federal funds sold	(1)	3	2
Investment securities trading			
Investment securities available-for-sale	(97)	877	780
Total loans	(960)	1,045	85
Total increase (decrease) in interest income	(1,090)	1,769	679
<b>Interest expense:</b>			
<b>Interest-bearing deposits:</b>			

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Interest-bearing checking accounts	77	(351)	(274)
Money market deposits accounts	(959)	1,054	95
Time deposits (excluding CDARS®)	(1,469)	1,912	443
CDARS® time deposits	(351)	(2,579)	(2,930)
Long-term borrowings			
Total increase (decrease) in interest expense	(2,702)	36	(2,666)
Total increase in net interest income	\$ 1,612	\$ 1,733	\$ 3,345

- (1) The change in interest due to mix has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.



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### ***Provision for Loan Losses***

The provision for loan losses represents our determination of the amount necessary to be charged against the current period's earnings to maintain the allowance for loan losses at a level that is considered adequate in relation to the estimated losses inherent in the loan portfolio. For additional information regarding our allowance for loan losses, see *Allowance for Loan Losses*.

*Provision for Loan Losses for the Years Ended December 31, 2012 and 2011.* We recorded an \$8.2 million provision for loan losses for the year ended December 31, 2012, compared to \$5.3 million for 2011. The increase was primarily attributable to an increase in specific reserves.

**Commercial and Industrial:** Provision for loan losses of \$5.3 million was primarily the result of additions to specific reserves. The impact of the general reserve on our provision for loan losses related to growth in this loan portfolio was offset by an improvement in the overall risk ratings of the loans in the portfolio.

**Commercial Real Estate:** Provision for loan losses of \$1.5 million was comprised of \$2.4 million of additions to specific reserves, partially offset by a decrease of \$876,000 related to general reserves, as a result of the decrease in the size of this loan portfolio during the year ended December 31, 2012.

**Private Banking-Personal:** Provision for loan losses of \$1.4 million was comprised of \$1.0 million resulting from additions to specific reserves, coupled with \$432,000 resulting from additions to general reserves as a result of growth in the loan portfolio.

*Provision for Loan Losses for the Years Ended December 31, 2011 and 2010.* We recorded a \$5.3 million provision for loan losses for each of the years ended December 31, 2011 and 2010. The impact of growth in total loans, coupled with an increase in specific reserves, was offset by an improvement in the overall mix of risk ratings.

**Commercial and Industrial:** Provision for loan losses of \$2.3 million was comprised of \$800,000 resulting from additions to specific reserves, coupled with \$1.5 million resulting from additions to general reserves related to growth in this loan portfolio in 2011.

**Commercial Real Estate:** Provision for loan losses of \$3.0 million was primarily the result of additions to specific reserves. General reserves for this loan portfolio were not significantly impacted as the portfolio experienced minimal growth in 2011.

**Private Banking-Personal:** Provision for loan losses of \$99,000 was the result of growth in this loan portfolio during 2011.

### ***Non-Interest Income***

Non-interest income is an important component of our revenue and it is comprised primarily of certain fees generated from loan and deposit relationships with our customers, coupled with income generated from swap transactions entered into as a direct result of transactions with our customers. In addition, from time to time as opportunities arise, we sell portions of our investment securities. Although we expect sales of investment securities to occur regularly as a part of our banking operations, gains or losses experienced on these sales are less predictable than many of the other components of our non-interest income because the amount of realized gains or losses are impacted by a number of factors, including the nature of the security sold, the purpose of the sale, the interest rate environment and other market conditions. The following tables present the components of our non-interest income for the years indicated.

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	Years Ended December 31,		2012 Change from 2011	
	2012	2011	Amount	Percent
	(Dollars in thousands)			
Service charges	\$ 433	\$ 393	\$ 40	10.2%
Gain on the sale of investments	1,114	1,323	(209)	(15.8%)
Gain on the sale of loans		5	(5)	(100.0%)
Swap fees	903	70	833	1,190.0%
Commitment and other fees	2,716	1,882	834	44.3%
Other income <sup>(1)</sup>	1,033	235	798	339.6%
<b>Total non-interest income</b>	<b>\$ 6,199</b>	<b>\$ 3,908</b>	<b>\$ 2,291</b>	<b>58.6%</b>

- (1) Other income includes such items as bank owned life insurance, change in the market value of swap related assets, trading gains and other general operating income, none of which account for 1% or more of total interest income and non-interest income combined.

	Years Ended December 31,		2011 Change from 2010	
	2011	2010	Amount	Percent
	(Dollars in thousands)			
Service charges	\$ 393	\$ 357	\$ 36	10.1%
Gain on the sale of investments	1,323		1,323	0.0%
Gain on the sale of loans	5	486	(481)	(99.0%)
Swap fees	70	189	(119)	(63.0%)
Commitment and other fees	1,882	1,558	324	20.8%
Other income (loss) <sup>(1)</sup>	235	(129)	364	(282.2%)
<b>Total non-interest income</b>	<b>\$ 3,908</b>	<b>\$ 2,461</b>	<b>\$ 1,447</b>	<b>58.8%</b>

- (1) Other income includes such items as bank owned life insurance, change in the market value of swap related assets, trading gains and other general operating income, none of which account for 1% or more of total interest income and non-interest income combined.

*Non-Interest Income for the Years Ended December 31, 2012 and 2011.* Our non-interest income was \$6.2 million for the year ended December 31, 2012, an increase of \$2.3 million, or 58.6%, from \$3.9 million for 2011, primarily related to increases in swap fees, commitment and other fees, and other income.

Swap fees of \$903,000 for the year ended December 31, 2012, represented an increase of \$833,000 from 2011, driven by an increase in customer demand for long-term interest rate protection based upon overall market expectations.

We recognized a gain on the sale of investments of \$1.1 million for the year ended December 31, 2012, representing a decrease of \$209,000 or 15.8% from 2011. During 2012 and 2011, we identified opportunities in the market place to sell certain investment securities to help fund our loan growth. Although income resulting from these transactions is reported within non-interest income, we exclude such income in the computation of our revenue and efficiency ratio, since we view these transactions as an opportunistic component of our funding strategy and not as a core component of our non-interest income. In addition, the level and frequency of income generated from these transactions can vary materially based on market conditions.

Commitment and other fees for the year ended December 31, 2012, increased \$834,000, or 44.3%, to \$2.7 million, compared to \$1.9 million for 2011, driven largely by growth in unused commitment fees, letter of credit fees and loan prepayment fees.

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Other income of \$1.0 million for the year ended December 31, 2012, increased \$798,000 from \$235,000 for 2011, primarily due to gains of \$507,000 realized from trading activity in our investment portfolio during the year ended December 31, 2012, compared to no activity for 2011.

We expect continued growth in non-interest income, commensurate with our continued growth in loans and deposits. In addition, we may increase our level of non-interest income with an investment in, or acquisition of, a wealth management business. We believe the addition of a wealth management business would be complementary to our existing business model, especially as it relates to our private banking customers. For additional information, see *Business Our Business Strategy Our Wealth Management Strategy*.

*Non-Interest Income for the Years Ended December 31, 2011 and 2010.* For the year ended December 31, 2011, our non-interest income was \$3.9 million, compared to \$2.5 million for 2010, representing an increase of \$1.4 million, or 58.8%. The increase was primarily attributable to increases in gain on sale of investments, commitment and other fees, and other income, partially offset by a decrease in gain in sales of loans.

We recognized a gain on the sale of investments of \$1.3 million for the year ended December 31, 2011, compared to no gain on sale of investments for 2010. We elected to sell certain investments, classified as available-for-sale, in 2011 to take advantage of market conditions. Gain on the sale of loans decreased by \$481,000 to \$5,000 for the year ended December 31, 2011, compared to 2010. In 2010, we proactively sold certain commercial real estate loans and reduced the overall commercial real estate exposure in our loan portfolio. We do not anticipate material levels of loan sales in future years.

Commitment and other fees for the year ended December 31, 2011 increased \$324,000, or 20.8%, to \$1.9 million, compared to 2010, related to an increase in the volume of outstanding commitments and letters of credits.

For the year ended December 31, 2011, other non-interest income increased \$364,000 to \$235,000, primarily as a result of an increase in income related to our bank-owned life insurance policy.

### ***Non-Interest Expense***

Our non-interest expense represents the operating cost of maintaining and growing our business. The largest portion of non-interest expense is compensation and employee benefits, which includes employee payroll expense as well as the cost of incentive compensation, benefit plans, health insurance and payroll taxes, all of which are impacted by the growth in our employee base, coupled with increases in the level of compensation and benefits of our existing employees. The following tables present the components of our non-interest expense for the years indicated.

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	Years Ended December 31,		2012 Change from 2011	
	2012	2011	Amount	Percent
	(Dollars in thousands)			
Compensation and employee benefits	\$ 24,106	\$ 21,115	\$ 2,991	14.2%
Premises and occupancy costs	2,826	2,380	446	18.7%
Professional fees	3,025	3,070	(45)	(1.5%)
FDIC insurance expense	1,397	1,917	(520)	(27.1%)
State capital shares tax	806	1,319	(513)	(38.9%)
Travel and entertainment expense	1,231	1,139	92	8.1%
Data processing expense	843	701	142	20.3%
Charitable contributions	856	316	540	170.9%
Other operating expenses <sup>(1)</sup>	2,775	2,037	738	36.2%
<b>Total non-interest expense</b>	<b>\$ 37,865</b>	<b>\$ 33,994</b>	<b>\$ 3,871</b>	<b>11.4%</b>
Full-time equivalent employees	119	103	16	15.5%

- (1) Other operating expenses includes such items as courier expenses, due from bank charges, software amortization and maintenance, charitable contributions, telephone, marketing, employee-related expenses and other general operating expenses, none of which account for 1% or more of total interest income and non-interest income combined.

	Years Ended December 31,		2011 Change from 2010	
	2011	2010	Amount	Percent
	(Dollars in thousands)			
Compensation and employee benefits	\$ 21,115	\$ 19,334	\$ 1,781	9.2%
Premises and occupancy costs	2,380	2,123	257	12.1%
Professional fees	3,070	2,378	692	29.1%
FDIC insurance expense	1,917	5,012	(3,095)	(61.8%)
State capital shares tax	1,319	1,082	237	21.9%
Travel and entertainment expense	1,139	1,039	100	9.6%
Data processing expense	701	666	35	5.3%
Charitable contributions	316	374	(58)	(15.5%)
Other operating expenses <sup>(1)</sup>	2,037	1,584	453	28.6%
<b>Total non-interest expense</b>	<b>\$ 33,994</b>	<b>\$ 33,592</b>	<b>\$ 402</b>	<b>1.2%</b>
Full-time equivalent employees	103	96	7	7.3%

- (1) Other operating expenses includes such items as courier expenses, due from bank charges, software amortization and maintenance, charitable contributions, telephone, marketing, employee-related expenses and other general operating expenses, none of which account for 1% or more of total interest income and non-interest income combined.

*Non-Interest Expense for the Years Ended December 31, 2012 and 2011.* Our non-interest expense for the year ended December 31, 2012 increased \$3.9 million, or 11.4%, as compared to 2011, primarily related to increases in compensation and employee benefits, premises and occupancy costs, charitable contributions and other operating expenses, which were partially offset by a decrease in FDIC insurance expense and a decrease in state capital shares tax.

For the year ended December 31, 2012, compensation and employee benefits increased by \$3.0 million, or 14.2%, to \$24.1 million, from \$21.1 million for 2011. The increase was primarily due to an increase in the number of full-time equivalent employees, as well as to increases in compensation and benefits to our existing employees. During 2012, we added five relationship managers and 11 employees in support, risk management and administrative roles. We currently expect to add four new relationship managers, of which three will be in our New York

representative office, and three employees in support and administrative roles, during 2013.

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For the year ended December 31, 2012, charitable contribution expenses increased by \$540,000, or 170.9%, to \$856,000, from \$316,000 for 2011. The majority of our charitable contributions support our Community Reinvestment Act initiatives and result in Pennsylvania share tax credits.

Other operating expenses of \$2.8 million for the year ended December 31, 2012 increased by \$738,000, or 36.2%, as compared to 2011 primarily as a result of increases in other categories such as telephone, marketing and employee-related expenses related to the growth of our business.

FDIC insurance expense decreased \$520,000, or 27.1%, to \$1.4 million for the year ended December 31, 2012 as compared to 2011 primarily due to changes in the manner in which FDIC-insured institutions calculate deposit insurance assessments, as mandated by the Dodd-Frank Act, partially offset by an increase in our assessment base. For additional information regarding the manner in which our FDIC insurance premiums are calculated, see *Supervision and Regulation Federal Deposit Insurance*.

A key component of our business model is to maintain efficiency in our operations, and we have adopted a number of strategies designed to further this objective. We do not operate a traditional branch network, which allows us to minimize our level of premises and occupancy costs. Moreover, our support staff is centralized. We also utilize qualified external providers for substantially all of our technology and data processing needs. As a result, we believe that our infrastructure has scalability and will allow us to gain further operating efficiencies, as we continue to grow, by making it possible for us to add support staff and facilities at a far slower pace than the growth in our revenue.

*Non-Interest Expense for the Years Ended December 31, 2011 and 2010.* Our non-interest expense for the year ended December 31, 2011 increased \$402,000, or 1.2%, compared to 2010, primarily related to increases in compensation and employee benefits, professional fees and other operating expenses, which were partially offset by a decrease in FDIC insurance expense.

Compensation and employee benefits expense increased by \$1.8 million or 9.2% to \$21.1 million during the year ended December 31, 2011, as compared to \$19.3 million for 2010. This increase resulted primarily from the growth of our employee base. Professional fees, which include costs related to internal audit, external audit, external legal, quarterly loan reviews and other consultants, increased \$692,000, or 29.1%, during the year ended December 31, 2011, primarily as a result of general business growth and overall increases in regulatory and compliance costs.

Effective April 1, 2011, the FDIC modified the manner in which FDIC-insured institutions calculate deposit insurance assessments. Despite our deposit growth during 2011, the change in our calculation methodology resulted in a decrease in our FDIC insurance expense by \$3.1 million, or 61.8% in 2011, to \$1.9 million, as compared to \$5.0 million for the year ended December 31, 2010.

Our other operating expenses increased by \$453,000, or 28.6%, to \$2.0 million across various categories, primarily due to general business growth.

### ***Income Taxes***

We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities with regard to a change in tax rates is recognized in income in the period that includes the enactment date. We evaluate whether it is more likely than not that we will be able to realize the benefit of identified deferred tax assets.

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*Income Taxes for the Years Ended December 31, 2012 and 2011.* For the year ended December 31, 2012, we recognized income tax expense of \$6.8 million or 39.0% of income before tax, as compared to income tax expense of \$4.7 million, or 39.6%, of income before tax, for 2011. Our effective tax rates for the years ended December 31, 2012 and 2011, respectively, were elevated by the limitation of deductible compensation expense under section 162(m) of the Internal Revenue Service. We expect our effective tax rate to approximate the statutory federal income tax rate of 35% during 2013.

*Income Taxes for the Years Ended December 31, 2011 and 2010.* For the year ended December 31, 2011, we recognized income tax expense of \$4.7 million, as compared to a tax benefit of \$7.6 million for 2010. The tax benefit resulted from the reversal of the valuation allowance that had been established as a net deferred tax asset due to losses generated in our early periods of operations. In the fourth quarter of 2010, we reversed the valuation allowance upon our conclusion, based on our operating performance for the prior five consecutive quarters and other factors, that it was more likely than not that we would generate sufficient taxable income in future years so that all of the deferred tax asset related to the valuation allowance would be realized. The reversal of the valuation allowance in the fourth quarter of 2010 resulted in a credit to earnings.

**Financial Condition**

Our total assets increased \$239.7 million, or 13.1%, to \$2.1 billion as of December 31, 2012, from \$1.8 billion as of December 31, 2011, resulting primarily from the growth in loans. Our loan portfolio increased \$234.6 million, or 16.7%, to \$1.6 billion as of December 31, 2012, from \$1.4 billion as of December 31, 2011. Our total deposits increased \$186.3 million, or 11.4%, to \$1.8 billion as of December 31, 2012, from \$1.6 billion as of December 31, 2011. Our shareholders' equity increased \$33.2 million to \$217.7 million as of December 31, 2012, compared to \$184.5 million as of December 31, 2011. This increase was the result of \$10.7 million in net income, a private placement of preferred stock resulting in net proceeds of \$46.0 million, and a \$933,000 increase in other comprehensive income, which represents the increase in the unrealized gain on our investment portfolio, \$889,000 increase related to stock based compensation, partially offset by a \$24.2 million reduction related to the redemption of preferred stock issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program and related preferred dividends totaling \$1.1 million.

Our total assets increased \$173.7 million, or 10.5%, to \$1.8 billion as of December 31, 2011, from \$1.7 billion as of December 31, 2010, resulting primarily from the growth in loans. Our total loans increased \$123.3 million, or 9.6%, to \$1.4 billion as of December 31, 2011, from \$1.3 billion as of December 31, 2010. Our total deposits increased \$166.5 million, or 11.3%, to \$1.6 billion as of December 31, 2011, from \$1.5 billion as of December 31, 2010. Our shareholders' equity increased \$8.9 million, or 5.1%, to \$184.5 million as of December 31, 2011, compared to \$175.6 million as of December 31, 2010, primarily as a result of the growth of our retained earnings.

***Loans***

Our primary source of income is interest on loans. Our loan portfolio consists primarily of commercial and industrial loans, real estate loans secured by commercial real estate properties and loans to our private banking clients. Our loan portfolio represents the highest yielding component of our earning asset base.

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The following table presents the composition of our loan portfolio, by category, as of the dates indicated.

	2012	2011	December 31, 2010	2009	2008
			(In thousands)		
Commercial and industrial	\$ 876,443	\$ 709,558	\$ 600,702	\$ 610,924	\$ 605,759
Commercial real estate	474,679	499,676	497,418	552,844	266,662
Private banking-personal	296,224	202,984	191,826	138,751	72,477
Total loans, before deferred loan fees	1,647,346	1,412,218	1,289,946	1,302,519	944,898
Net deferred loan fees	(5,718)	(5,223)	(6,201)	(8,514)	(9,704)
Total loans, net of deferred loan fees	\$ 1,641,628	\$ 1,406,995	\$ 1,283,745	\$ 1,294,005	\$ 935,194

*Total loans.* Total loans, before deferred loan fees, increased by \$235.1 million or 16.6% to \$1.6 billion as of December 31, 2012, as compared to December 31, 2011. Our growth for the year ended December 31, 2012, has been comprised of an increase in commercial and industrial loans of \$166.9 million or 23.5%, an increase in private banking-personal loans of \$93.2 million or 45.9%, and a decrease in commercial real estate loans of \$25.0 million or 5.0%.

Total loans of \$1.4 billion before deferred loan fees, as of December 31, 2011, increased \$122.3 million or 9.5%, from \$1.3 billion, as of December 31, 2010. The growth in 2011 was due to an increase of \$108.9 million, or 18.1%, in commercial and industrial loans, an increase of \$11.1 million, or 5.8%, in private banking-personal loans, and an increase of \$2.3 million, or 0.5%, in commercial real estate loans.

The higher percentage growth in commercial and industrial loans and private banking-personal loans during 2011 and 2012, reflects our strategic decision to focus our lending activities on loan categories that we believe present a better risk-adjusted return to our shareholders.

*Primary Loan Categories*

*Commercial and Industrial Loans.* Our commercial and industrial loan portfolio primarily includes loans made to service companies or manufacturers generally for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing acquisitions and recapitalizations. Cash flow from the borrower's operations is the primary source of repayment for these loans, except for our commercial loans which are secured by marketable securities.

As of December 31, 2012, our commercial and industrial loans comprised \$876.4 million or 53.2% of total loans, before deferred loan fees, compared to \$709.6 million or 50.2% of total loans, before deferred loan fees, as of December 31, 2011. Included in our commercial and industrial loans are \$119.8 million of loans sourced through our private banking channel with the proceeds used for a commercial or business purpose. The majority of our commercial loans sourced through our private banking channel are secured by marketable securities. For additional information about our commercial and industrial loans, see *Business Our Products and Services Loans*.

*Commercial Real Estate Loans.* Our commercial real estate loan portfolio includes loans secured by commercial purpose real estate, including both owner occupied properties and investment properties for various purposes including office, retail, industrial, multi-family and hospitality. Also included are commercial construction loans to finance the construction or renovation of structures as well as to finance the acquisition and development of raw land for various purposes. The cash flow from income producing properties or the sale of property from for-sale construction and development loans are the primary sources of repayment for these loans.



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Commercial real estate loans before deferred loan fees as of December 31, 2012 totaled \$474.7 million or 28.8% of total loans, before deferred loan fees, as compared to \$499.7 million or 35.4% as of December 31, 2011. As of December 31, 2012, \$353.9 million of total commercial real estate loans were at a floating rate and \$120.8 million were at a fixed rate as compared to \$402.0 million and \$97.7 million, respectively, as of December 31, 2011. Included in our commercial real estate loans are \$19.5 million of loans sourced through our private banking channel with the proceeds used for a commercial or business purpose. For additional information about our commercial real estate loans, see *Business Our Products and Services Loans*.

*Private Banking-Personal Loans.* Our private banking-personal loans, along with certain of our loans classified as commercial loans, are sourced through our private banking channel, which operates on a national basis. These loans consist primarily of loans made to high net worth individuals and/or trusts that may be secured by cash, marketable securities, residential property or other financial assets. The primary source of repayment for these loans is the income and assets of the borrower. We also have a limited number of unsecured loans and lines of credit in our private banking-personal loan portfolio.

As of December 31, 2012, private banking-personal loans (excluding those used for commercial purposes) were approximately \$296.2 million or 18.0% of total loans, before deferred loan fees, of which \$139.1 million or 47.0% were secured by marketable securities. This compared to the level, as of December 31, 2011, of \$203.0 million or 14.4% of total loans, of which \$76.3 million or 37.6% were secured by marketable securities. Furthermore, as shown in the table below, aggregate loans secured by marketable securities, including personal and commercial loans, grew by \$115.3 million in 2012, or 106.2%, to \$223.9 million as of December 31, 2012, from \$108.6 million as of December 31, 2011. The growth in loans secured by marketable securities is expected to increase as a result of our strategy to focus on this portion of our private banking business as we believe these loans tend to have a lower risk profile. For additional information about our private banking-personal loans, see *Business Our Products and Services Loans*.

As discussed above, loans through our private banking channel also include loans for commercial and business purposes, a majority of which are secured by marketable securities. These loans are included in, and are discussed in connection with, the above-described commercial and industrial loan category. The table below includes all loans made through our private banking channel, by collateral type, as of the dates indicated.

	2012	December 31, 2011	2010
		(In thousands)	
Private banking-personal loans			
Secured by residential real estate	\$ 136,899	\$ 106,272	\$ 106,341
Secured by marketable securities <sup>(1)</sup>	139,088	76,272	66,221
Other	20,237	20,440	19,264
<b>Total private banking-personal loans</b>	<b>296,224</b>	<b>202,984</b>	<b>191,826</b>
Private banking-commercial loans			
Secured by commercial real estate	19,531	19,095	12,586
Secured by marketable securities <sup>(1)</sup>	84,853	32,333	16,060
Other	34,972	30,940	19,601
<b>Total private banking-commercial loans</b>	<b>139,356</b>	<b>82,368</b>	<b>48,247</b>
<b>Total private banking channel loans</b>	<b>\$ 435,580</b>	<b>\$ 285,352</b>	<b>\$ 240,073</b>

(1) Aggregate loans secured by marketable securities were \$223.9 million, \$108.6 million and \$82.3 million as of December 31, 2012, December 31, 2011 and December 31, 2010, respectively.

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The following tables present the contractual maturity ranges and the amount of such loans with fixed and adjustable rates in each maturity range as of the dates indicated.

	One Year or Less	December 31, 2012		Total
		Over One Year Through Five Years	Over Five Years	
(In thousands)				
<b>Loan maturity:</b>				
Commercial and industrial	\$ 798,430	\$ 68,162	\$ 9,851	\$ 876,443
Commercial real estate	313,453	129,076	32,150	474,679
Private banking-personal	170,399	104,866	20,959	296,224
<b>Total loans, before deferred loan fees</b>	<b>\$ 1,282,282</b>	<b>\$ 302,104</b>	<b>\$ 62,960</b>	<b>\$ 1,647,346</b>
<b>Interest rate sensitivity:</b>				
Fixed interest rates	\$ 24,513	\$ 152,093	\$ 48,767	\$ 225,373
Floating or adjustable interest rates	1,257,769	150,011	14,193	1,421,973
<b>Total loans, before deferred loan fees</b>	<b>\$ 1,282,282</b>	<b>\$ 302,104</b>	<b>\$ 62,960</b>	<b>\$ 1,647,346</b>

	One Year or Less	December 31, 2011		Total
		Over One Year Through Five Years	Over Five Years	
(In thousands)				
<b>Loan maturity:</b>				
Commercial and industrial	\$ 613,732	\$ 82,272	\$ 13,554	\$ 709,558
Commercial real estate	354,853	130,101	14,722	499,676
Private banking-personal	101,205	83,510	18,269	202,984
<b>Total loans, before deferred loan fees</b>	<b>\$ 1,069,790</b>	<b>\$ 295,883</b>	<b>\$ 46,545</b>	<b>\$ 1,412,218</b>
<b>Interest rate sensitivity:</b>				
Fixed interest rates	\$ 9,211	\$ 148,702	\$ 17,220	\$ 175,133
Floating or adjustable interest rates	1,060,579	147,181	29,325	1,237,085
<b>Total loans, before deferred loan fees</b>	<b>\$ 1,069,790</b>	<b>\$ 295,883</b>	<b>\$ 46,545</b>	<b>\$ 1,412,218</b>

*Interest Reserve Loans*

As of December 31, 2012, loans with interest reserves totaled \$34.7 million, which represented 2.1% of total loans, before deferred loan fees, as compared to \$22.8 million or 1.6% as of December 31, 2011. Certain loans reserve a portion of the proceeds to be used to pay interest due on the loan. These loans with interest reserves are common for construction and land development loans. The use of interest reserves is based on the feasibility of the project, the creditworthiness of the borrower and guarantors, and the loan to value coverage of the collateral. The interest reserve may be used by the borrower when certain financial conditions are met, to draw loan funds to pay interest charges on the outstanding balance of the loan. When drawn, the interest is capitalized and added to the loan balance, subject to conditions specified during the initial underwriting and at the time the credit is approved. We have effective and ongoing procedures and controls for monitoring compliance with loan covenants for advancing funds and determining default conditions. In addition, most of our construction lending is performed within our geographic footprint and our lenders are familiar with trends in the local real estate market.



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### *Allowance for Loan Losses*

Our allowance for loan losses represents our estimate of probable loan losses inherent in the loan portfolio at a specific point in time. This estimate includes losses associated with specifically identified loans, as well as estimated probable credit losses inherent in the remainder of the loan portfolio. Additions are made to the allowance through both periodic provisions charged to income and recoveries of losses previously incurred. Reductions to the allowance occur as loans are charged off. Management evaluates the adequacy of the allowance at least quarterly. This evaluation is subjective and requires material estimates that may change over time.

The components of the allowance for loan losses represent estimates based upon Accounting Standards Codification (ASC) Topic 450, Contingencies, and ASC Topic 310, Receivables. ASC Topic 450 applies to homogeneous loan pools such as consumer installment, residential mortgages and consumer lines of credit, as well as commercial loans that are not individually evaluated for impairment under ASC Topic 310. ASC Topic 310 is applied to commercial loans that are individually evaluated for impairment.

Under ASC Topic 310, a loan is impaired when, based upon current information and events, it is probable that the loan will not be repaid according to its original contractual terms, including both principal and interest. Management performs individual assessments of impaired loans to determine the existence of loss exposure and, where applicable, based upon the fair value of the collateral less estimated selling costs where a loan is collateral dependent.

In estimating probable loan loss under ASC Topic 450 and the required general reserve, we consider numerous factors, including historical charge-off rates and subsequent recoveries. We also consider, but are not limited to, qualitative factors that influence our credit quality, such as delinquency and nonperforming loan trends, changes in loan underwriting guidelines and credit policies, as well as the results of internal loan reviews. Finally, we consider the impact of changes in current local and regional economic conditions in the markets that we serve. Assessment of relevant economic factors indicates that some of our primary markets historically tend to lag the national economy, with local economies in those primary markets also improving or weakening, as the case may be, but at a more measured rate than the national trends.

Management bases the computation of the allowance for loan losses under ASC Topic 450 on two factors: the primary factor and the secondary factor. The primary factor is the risk rating of the particular loan. Although we have limited loss history against which to measure loss rates related to given risk ratings, management has developed a methodology that is applied to our three primary loan portfolios, consisting of commercial and industrial, commercial real estate and private banking-personal loans. As the mix and weighted average risk rating of each loan portfolio change, the primary factor is impacted accordingly. The allowance for loan losses related to the primary factor is based on our estimates as to probable losses for each risk rating level. The secondary factor is intended to capture risks related to events and circumstances that may directly or indirectly impact the performance of the loan portfolio. Although this factor is more subjective in nature, the methodology focuses on internal and external trends in pre-specified categories (risk factors) and applies a quantitative percentage which drives the secondary factor. There are nine risk factors and each risk factor is assigned a reserve level, based on judgment as to probable impact on each loan portfolio, and is monitored on a quarterly basis. As the trend in each risk factor changes, a corresponding change occurs in the reserve associated with each respective risk factor, such that the secondary factor remains current to changes in each loan portfolio. Potential problem loans are identified and monitored through frequent, formal review processes. Monthly updates are presented to our board of directors as to the status of loan quality.

Loan participations follow the same underwriting and risk rating criteria and are individually risk-rated under the same process as loans we directly originated. Our ongoing credit review of the loan participation portfolio follows the same process we use for loans we originate directly. Management does not rely on information from the lead bank when considering the appropriate level of allowance for loan losses to be recorded on any individual loan participation or the loan participation portfolio in total.

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The following table summarizes the allowance for loan losses, as of the dates indicated.

	2012	2011	December 31, 2010	2009	2008
	(Dollars in thousands)				
General reserves	\$ 13,440	\$ 13,820	\$ 14,906	\$ 14,031	\$ 6,123
Specific reserves	4,434	2,530	2,205	1,733	5,500
<b>Total allowance for loan losses</b>	<b>\$ 17,874</b>	<b>\$ 16,350</b>	<b>\$ 17,111</b>	<b>\$ 15,764</b>	<b>\$ 11,623</b>
Allowance as a percent of total loans	1.09%	1.16%	1.33%	1.22%	1.24%

As of December 31, 2012, we had specific reserves totaling \$4.4 million related to four commercial and industrial loans and one commercial real estate loan. The total outstanding balance of these loans aggregated to \$9.4 million. All of these loans were on non-accrual status as of December 31, 2012.

The following table summarizes allowance for loan losses by loan category and percentage of loans, as of the dates indicated.

	2012			December 31, 2011			2010		
	Reserve	Percent of Reserve	Percent of Loans	Reserve	Percent of Reserve	Percent of Loans	Reserve	Percent of Reserve	Percent of Loans
	(Dollars in thousands)								
Commercial and industrial	\$ 11,319	63.3%	53.2%	\$ 8,899	54.4%	50.2%	\$ 9,232	54.0%	46.6%
Commercial real estate	5,252	29.4%	28.8%	6,580	40.2%	35.4%	7,108	41.5%	38.6%
Private banking-personal	1,303	7.3%	18.0%	871	5.4%	14.4%	771	4.5%	14.8%
<b>Total allowance for loan losses</b>	<b>\$ 17,874</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 16,350</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 17,111</b>	<b>100.0%</b>	<b>100.0%</b>

*Allowance for Loan Losses as of December 31, 2012.* Our allowance for loan losses increased to \$17.9 million, or 1.09%, of total loans as of December 31, 2012, as compared to \$16.4 million, or 1.16%, of total loans as of December 31, 2011. This increase was primarily attributable to an increase in specific reserves. The increase in our allowance for loan losses was primarily due to the growth in our loan portfolio, while the decrease as a percentage of total loans was consistent with the \$7.9 million, or 12.7% decline in our aggregate criticized and classified (special mention and substandard) loans during 2012, as well as the overall improvement in the risk profile of our loan portfolio, including the 106.2% increase in our loans secured by marketable securities.

Our allowance for loan losses related to commercial and industrial loans increased to \$11.3 million as of December 31, 2012, as compared to \$8.9 million as of December 31, 2011. This 27.2% increase was primarily attributable to the 23.5% growth in this loan portfolio as well as an increase in specific reserves while considering the improvement in the overall weighted average risk rating of the portfolio. Our allowance for loan losses related to commercial real estate loans decreased 20.2% to \$5.3 million as of December 31, 2012, as compared to \$6.6 million as of December 31, 2011. This decrease was primarily attributable to the 5.0% decrease in this loan portfolio, while considering the improvement in the overall risk rating of the portfolio. Our allowance for loan losses related to private banking-personal loans increased 49.6% to \$1.3 million as of December 31, 2012, as compared to \$871,000 as of December 31, 2011. This increase was primarily attributable to the 45.9% growth in this loan portfolio.

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*Allowance for Loan Losses as of December 31, 2011 and 2010.* Our allowance for loan losses decreased to \$16.4 million, or 1.16%, of total loans as of December 31, 2011, as compared to \$17.1 million, or 1.33%, of total loans as of December 31, 2010. The decrease was primarily a result of a decrease of \$1.1 million in general reserves and an increase in specific reserves of \$325,000. The decrease in general reserves was the net result of an improvement in the overall mix of risk ratings in the loan portfolio, partially offset by growth in the overall loan portfolio. The increase in specific reserves was related to individual assessments of certain loans deemed to be impaired.

### *Net Charge-Offs*

Our charge-off policy for commercial loans requires that loans and other obligations that are not collectible be promptly charged-off in the month the loss becomes probable, regardless of the delinquency status of the loan. We may elect to recognize a partial charge-off when we have determined that the value of the collateral is less than the remaining ledger balance at the time of the evaluation. A loan or obligation is not required to be charged-off, regardless of delinquency status, if (1) we have determined there exists sufficient collateral to protect the remaining loan balance and (2) there exists a strategy to liquidate the collateral. We may also consider a number of other factors to determine when a charge-off is appropriate, including:

The status of a bankruptcy proceeding;

The value of collateral and probability of successful liquidation; and

The status of adverse proceedings or litigation that may result in collection.

*Net Charge-Offs for the Year Ended December 31, 2012.* Our net loan charge-offs for 2012 were comprised of charge-offs of \$2.9 million on three commercial real estate loans and \$3.0 million on two commercial and industrial loans and \$1.0 million on one private banking-personal loan, partially offset by recoveries of \$206,000 on one commercial and industrial loan.

*Net Charge-Offs for the Years Ended December 31, 2011 and 2010.* Our net loan charge-offs totaled \$6.1 million, or 0.46% of average loans, for the year ended December 31, 2011, as compared to \$3.9 million, or 0.31% of average loans, for 2010. Our net loan charge-offs for 2011 were impacted by charge-offs of \$4.9 million on seven commercial real estate loans and \$1.9 million on one commercial and industrial loan, which were partially offset by recoveries of \$118,000 on one commercial real estate loan and \$556,000 on five commercial and industrial loans.

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The following table provides an analysis of the allowance for loan losses and net charge-offs for the years indicated.

	Years Ended December 31,				
	2012	2011	2010	2009	2008
	(Dollars in thousands)				
Beginning balance	\$ 16,350	\$ 17,111	\$ 15,764	\$ 11,623	\$ 505
Charge-offs:					
Commercial and industrial	(3,000)	(1,886)		(20,031)	
Commercial real estate	(2,868)	(4,888)	(5,670)		
Private banking-personal	(999)				
Total charge-offs	(6,867)	(6,774)	(5,670)	(20,031)	
Recoveries:					
Commercial and industrial	206	556	1,766	331	
Commercial real estate		118			
Private banking-personal					
Total recoveries	206	674	1,766	331	
Net charge-offs	(6,661)	(6,100)	(3,904)	(19,700)	
Provision for loan losses	8,185	5,339	5,251	23,841	11,118
Ending balance	\$ 17,874	\$ 16,350	\$ 17,111	\$ 15,764	\$ 11,623
Net loan charge-offs to average total loans	0.43%	0.46%	0.31%	1.75%	
Provision for loan losses to average total loans	0.53%	0.40%	0.42%	2.11%	2.15%
Allowance for loan losses to total loans	1.09%	1.16%	1.33%	1.22%	1.24%
Allowance for loan losses to nonperforming loans	79.50%	99.53%	112.41%	143.22%	178.82%
Allowance for loan losses to net loan charge-offs	268.34%	268.03%	438.29%	80.02%	
Provision for loan losses to net loan charge-offs	122.88%	87.52%	134.50%	121.02%	

Changes in the allowance for loan losses by category for 2012 and 2011 are as follows:

	December 31, 2012			
	Commercial and Industrial	Commercial Real Estate	Private Banking- personal	Total
	(In thousands)			
Balance, beginning of fiscal year	\$ 8,899	\$ 6,580	\$ 871	\$ 16,350
Provision for loan losses	5,214	1,540	1,431	8,185
Charge-offs	(3,000)	(2,868)	(999)	(6,867)
Recoveries	206			206
Balance, end of fiscal year	\$ 11,319	\$ 5,252	\$ 1,303	\$ 17,874

	December 31, 2011			
	Commercial and Industrial	Commercial Real Estate	Private Banking- personal	Total
	(In thousands)			

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Balance, beginning of fiscal year	\$ 7,951	\$ 8,389	\$ 771	\$ 17,111
Provision for loan losses	2,278	2,961	100	5,339
Charge-offs	(1,886)	(4,888)		(6,774)
Recoveries	556	118		674
Balance, end of fiscal year	\$ 8,899	\$ 6,580	\$ 871	\$ 16,350



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*Nonperforming Assets*

Nonperforming assets consist of nonperforming loans, other real estate owned and other repossessed assets. Nonperforming loans consist of loans that are on non-accrual status and restructured loans, which are loans on which we have granted a concession on the interest rate or original repayment terms due to financial difficulties of the borrower. Other real estate owned consists of real property acquired through foreclosure on the collateral underlying defaulted loans and includes in-substance foreclosures, which are loans for which the borrower has no equity in the collateral at market value and are therefore accounted for as if they had been foreclosed on. We initially record other real estate owned at the lower of carrying value or fair value, less estimated costs to sell the assets. We account for troubled debt restructurings in accordance with ASC 310, Receivables.

Our policy is to place loans in all categories on non-accrual status when collection of interest or principal is doubtful, or generally when interest or principal payments are 90 days or more past due or the borrower files for federal bankruptcy protection. There were no loans 90 days or more past due and still accruing interest and there was no interest income recognized on these loans for the year ended December 31, 2012 or the years ended December 31, 2011 and 2010, respectively, while these loans were on non-accrual. As of December 31, 2012, there was \$22.5 million of impaired loans that were on non-accrual, compared to \$16.4 million and \$15.2 million, as of December 31, 2011 and 2010, respectively.

Once the determination is made that a foreclosure is necessary, the loan is reclassified as in-substance foreclosure until a sale date and title to the property is finalized. Once we own the property, it is maintained, marketed, rented and sold to repay the original loan. Historically, foreclosure trends in our loan portfolio have been low due to the seasoning of our portfolio. Any loans that are modified or extended are reviewed for classification as a troubled debt restructured loan. We complete a process that outlines the terms of the modification, the reasons for the proposed modification and documents the current status of the borrower.

We had nonperforming assets of \$22.8 million, or 1.10% of total assets, as of December 31, 2012, as compared to \$16.4 million, or 0.90% of total assets, as of December 31, 2011. The increase in nonperforming assets in 2012 was considered within the assessment of qualitative factors in the determination of the allowance for loan losses. As of December 31, 2012, we had one parcel of other real estate owned which totaled \$290,000, and no loans 90 days or more past due and still accruing interest.

We had nonperforming assets of \$16.4 million, or 0.90% of total assets, as of December 31, 2011, as compared to \$15.2 million, or 0.92% of total assets, as of December 31, 2010. The increase of \$1.2 million in nonperforming assets in 2011 was considered within the assessment of qualitative factors in the determination of the allowance for loan losses. We had no parcels of other real estate owned, or loans 90 days or more past due and still accruing interest, as of December 31, 2011 or 2010.

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The following table summarizes our nonperforming assets as of the dates indicated.

	2012	December 31, 2011	2010
		(Dollars in thousands)	
<b>Non-accrual loans:</b>			
Commercial and industrial	\$ 15,825	\$ 2,324	\$ 461
Commercial real estate	6,808	14,249	14,765
Private banking-personal			
<b>Total non-accrual loans, before deferred loan fees</b>	<b>22,633</b>	<b>16,573</b>	<b>15,226</b>
Net deferred loan fees	(150)	(145)	(4)
<b>Total non-accrual loans, net of deferred loan fees</b>	<b>\$ 22,483</b>	<b>\$ 16,428</b>	<b>\$ 15,222</b>
Other real estate owned	290		
<b>Total nonperforming assets</b>	<b>\$ 22,773</b>	<b>\$ 16,428</b>	<b>\$ 15,222</b>
Nonperforming troubled debt restructured loans <sup>(1)</sup>	\$ 4,210	\$ 12,335	\$ 7,864
Performing troubled debt restructured loans	253	680	
Loans past due 90 days and still accruing			
Nonperforming loans to total loans	1.37%	1.17%	1.19%
Nonperforming assets to total assets	1.10%	0.90%	0.92%

(1) Included in total non-accrual loans.

As of December 31, 2012, non-accrual loans contained two troubled debt restructured loans totaling \$4.2 million, compared to four troubled debt restructured loans as of December 31, 2011, totaling \$12.3 million and two troubled debt restructured loans as of December 31, 2010, totaling \$7.9 million.

**Potential Problem Loans**

Potential problem loans are those loans that are not categorized as nonperforming loans, but where current information indicates that the borrower may not be able to comply with present loan repayment terms. We monitor past due status as an indicator of credit deterioration and potential problem loans. A loan is considered past due when the contractual principal or interest due in accordance with the terms of the loan agreement remains unpaid after the due date of the scheduled payment. To the extent that loans become past due, we assess the potential for loss on such loans as we would with other problem loans and consider the effect of any potential loss in determining any provision for probable loan losses. We also assess alternatives to maximize collection of any past due loans, including, without limitation, restructuring loan terms, requiring additional loan guarantee(s) or collateral or other planned action. The following table presents the age analysis of past due loans segregated by class of loan, as of the dates indicated.

	As of December 31, 2012					
	30-59 Days		Loans Past Due		Current Loans	Total Loans Receivable
	Past Due	60-89 Days Past Due	90 Days or More	Total Past Due		
	(In thousands)					
Commercial and industrial	\$	\$	\$ 3,033	\$ 3,033	\$ 873,410	\$ 876,443
Commercial real estate			3,780	3,780	470,899	474,679
Private banking-personal					296,224	296,224

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Total loans, before deferred loan fees	\$	\$	\$	6,813	\$	6,813	\$	1,640,533	\$	1,647,346
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	As of December 31, 2011					
	30-59 Days	60-89 Days Past Due	Loans Past Due 90	Total Past Due	Current Loans	Total Loans Receivable
	Past Due		Days or More			
	(In thousands)					
Commercial and industrial	\$	\$	\$	\$	\$ 709,558	\$ 709,558
Commercial real estate			14,249	14,249	485,427	499,676
Private banking-personal					202,984	202,984
Total loans, before deferred loan fees	\$	\$	\$ 14,249	\$ 14,249	\$ 1,397,969	\$ 1,412,218

	As of December 31, 2010					
	30-59 Days	60-89 Days Past Due	Loans Past Due 90	Total Past Due	Current Loans	Total Loans Receivable
	Past Due		Days or More			
	(In thousands)					
Commercial and industrial	\$	\$	\$	\$	\$ 600,702	\$ 600,702
Commercial real estate	\$ 2,762		12,003	14,765	482,653	497,418
Private banking-personal					191,826	191,826
Total loans, before deferred loan fees	\$ 2,762	\$	\$ 12,003	\$ 14,765	\$ 1,275,181	\$ 1,289,946

On a monthly basis, we monitor various credit quality indicators for our loan portfolio, including delinquency, nonperforming status, changes in risk ratings, changes in the underlying performance of the borrowers and other relevant factors.

We also monitor the loan portfolio through an internal risk rating system on a periodic basis. Loan risk ratings are assigned based upon the creditworthiness of the borrower. Loan risk ratings are reviewed on an ongoing basis according to internal policies. Loans within the pass rating generally have a lower risk of loss than loans that are risk rated as special mention and substandard, which generally have an increasing risk of loss. Our internal risk ratings, which are consistent with regulatory guidance, are as follows:

**Non-Rated** Loans to individuals and certain trusts are not individually risk rated, unless they are fully secured by liquid assets or cash, or have an exposure that exceeds \$250,000 and have certain actionable covenants, such as a liquidity covenant or a financial reporting covenant. In addition, commercial loans with an exposure of less than \$500,000 are not required to be individually risk rated. A loan with an exposure below \$500,000 is risk rated if it is secured by marketable securities or if it becomes a criticized loan. The majority of the private banking-personal loans that are not risk rated are residential mortgages and home equity loans. We monitor the performance of non-rated loans through ongoing reviews of payment delinquencies.

**Pass** The loan is currently performing in accordance with its contractual terms.

**Special Mention** A special mention loan has potential weaknesses that warrant management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects or in our credit position at some future date. Economic and market conditions, beyond the customer's control, may in the future necessitate this classification.

**Substandard** A substandard loan is not adequately protected by the net worth and/or paying capacity of the obligor or by the collateral pledged, if any. Substandard loans have a well-defined weakness, or weaknesses that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected.



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The following tables present the recorded investment in loans by credit quality indicator, as of the dates indicated. As shown in the tables below, our aggregate special mention and substandard loans declined from \$62.4 million as of December 31, 2011 to \$54.6 million as of December 31, 2012.

	As of December 31, 2012			Total Loans
	Commercial and Industrial	Commercial Real Estate	Private Banking- Personal	
	(In thousands)			
Non-rated	\$ 1,238	\$ 119	\$ 100,364	\$ 101,721
Pass	836,948	459,615	194,506	1,491,069
Special mention	9,513	8,137	1,250	18,900
Substandard	28,744	6,808	104	35,656
<b>Total loans, before deferred loan fees</b>	<b>\$ 876,443</b>	<b>\$ 474,679</b>	<b>\$ 296,224</b>	<b>\$ 1,647,346</b>

	As of December 31, 2011			Total Loans
	Commercial and Industrial	Commercial Real Estate	Private Banking- Personal	
	(In thousands)			
Non-rated	\$ 1,348	\$ 755	\$ 81,349	\$ 83,452
Pass	674,012	470,796	121,531	1,266,339
Special mention	17,658	9,490	104	27,252
Substandard	16,540	18,635		35,175
<b>Total loans, before deferred loan fees</b>	<b>\$ 709,558</b>	<b>\$ 499,676</b>	<b>\$ 202,984</b>	<b>\$ 1,412,218</b>

	As of December 31, 2010			Total Loans
	Commercial and Industrial	Commercial Real Estate	Private Banking- Personal	
	(In thousands)			
Non-rated	\$ 1,812	\$ 3,247	\$ 56,146	\$ 61,205
Pass	565,820	460,528	135,680	1,162,028
Special mention	7,976	682		8,658
Substandard	25,094	32,961		58,055
<b>Total loans, before deferred loan fees</b>	<b>\$ 600,702</b>	<b>\$ 497,418</b>	<b>\$ 191,826</b>	<b>\$ 1,289,946</b>

**Investment Securities**

We utilize investment activities to enhance net interest income while supporting interest rate sensitivity and liquidity positions. Our securities portfolio consists primarily of available-for-sale securities, coupled with a small portfolio of investment securities held for trading purposes. As of December 31, 2012, December 31, 2011 and December 31, 2010, no securities within our investment portfolio were classified as held-to-maturity. Securities purchased with the intent to sell under trading activity are recorded at fair value and changes to fair value are recognized in the statement of operations. Securities categorized as available-for-sale are recorded at fair value and changes in the fair value of these securities are recognized as a component of total shareholders' equity, within accumulated other comprehensive income (loss).

On a quarterly basis, we determine the fair market value of our investment securities based on information provided by two external sources. In addition, on a quarterly basis, we conduct an internal evaluation of changes in the fair market value of our investment securities to gain a level of

comfort with the market value information received from the external sources, as described above.

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Securities, like loans, are subject to interest rate and credit risk. In addition, by their nature, securities classified as available-for-sale or trading are also subject to fair value risks that could negatively affect the level of liquidity available to us, as well as shareholders' equity. We utilize an independent investment advisor to assist us in the management of our investment portfolio, subject to the investment parameters set forth in our investment policy.

We perform a quarterly review of our investment securities to identify those that may indicate other-than-temporary impairment, or OTTI. Our policy for OTTI is based upon a number of factors, including but not limited to, the length of time and extent to which the estimated fair value has been less than cost, the financial condition of the underlying issuer, the ability of the issuer to meet contractual obligations, the likelihood of the investment security's ability to recover any decline in its estimated fair value and whether we intend to sell the investment security or if it is more likely than not that we will be required to sell the investment security prior to its recovery. If the financial markets experience deterioration, charges to income could occur in future periods.

Our securities portfolio consists primarily of U.S. government agency obligations, mortgage-backed securities, corporate bonds and municipal bonds, all with varying contractual maturities. However, these maturities do not necessarily represent the expected life of the securities as the securities may be called or paid down without penalty prior to their stated maturities. The targeted duration for our investment portfolio is between 3 to 5 years. The effective duration of our securities portfolio as of December 31, 2012 was approximately 1.8 years. No investment in any of these securities exceeds any applicable limitation imposed by law or regulation. Our Asset/Liability Management Committee, or ALCO, reviews the investment portfolio on an ongoing basis to ensure that the investments conform to our investment policy.

*Available-for-Sale Investment Securities.* We held \$191.2 million in available-for-sale investment securities as of December 31, 2012, an increase of \$27.8 million, or 17.0%, from December 31, 2011. This increase was attributable to our strategy to increase the mix of investment securities as a percent of total earning assets in an effort to improve earnings and liquidity, while maintaining an acceptable level of interest rate risk. Available-for-sale investment securities as of December 31, 2011, which totaled \$163.4 million, represented an increase of \$19.6 million, or 13.6%, from \$143.8 million as of December 31, 2010. The increase during 2011 was the result of our continuing strategy to increase the mix of investment securities as a percent of total earning assets in an effort to improve earnings and liquidity while maintaining an acceptable level of interest rate risk.

On a fair value basis, 37.2% of our available-for-sale investment securities as of December 31, 2012, were floating rate securities for which yields increase or decrease based on changes in market interest rates. As of December 31, 2011 and 2010, floating rate securities comprised of 44.0% and 19.0%, respectively, of our available-for-sale investment securities.

On a fair value basis, 56.9% of our available-for-sale investment securities as of December 31, 2012, were agency securities, which tend to have a lower risk profile, while the remainder of the portfolio comprised of municipal bonds, non-agency commercial mortgage-backed securities and corporate bonds. As of December 31, 2011 and 2010, agency securities comprised of 69.8% and 46.0%, respectively, of our available-for-sale investment securities.



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The following tables summarize the carrying value and fair value of investment securities available-for-sale, as of the dates indicated.

	Amortized Cost	As of December 31, 2012		Estimated Fair Value
		Gross Unrealized Appreciation	Gross Unrealized Depreciation	
(In thousands)				
U.S. Treasury notes	\$	\$	\$	\$
Corporate bonds	54,206	417	720	53,903
Municipal bonds	19,858	286	26	20,118
Non-agency mortgage-backed securities	7,748	574		8,322
Agency collateralized mortgage obligations	54,432	1,436		55,868
Agency mortgage-backed securities	52,342	634		52,976
<b>Total investment securities available-for-sale</b>	<b>\$ 188,586</b>	<b>\$ 3,347</b>	<b>\$ 746</b>	<b>\$ 191,187</b>

	Amortized Cost	As of December 31, 2011		Estimated Fair Value
		Gross Unrealized Appreciation	Gross Unrealized Depreciation	
(In thousands)				
U.S. Treasury notes	\$	\$	\$	\$
Corporate bonds	49,689	90	493	49,286
Municipal bonds				
Non-agency mortgage-backed securities				
Agency collateralized mortgage obligations	69,732	753	162	70,323
Agency mortgage-backed securities	42,835	1,068	120	43,783
<b>Total investment securities available-for-sale</b>	<b>\$ 162,256</b>	<b>\$ 1,911</b>	<b>\$ 775</b>	<b>\$ 163,392</b>

	Amortized Cost	As of December 31, 2010		Estimated Fair Value
		Gross Unrealized Appreciation	Gross Unrealized Depreciation	
(In thousands)				
U.S. Treasury notes	\$ 24,971	\$	\$ 725	\$ 24,246
Corporate bonds	52,723	680		53,403
Municipal bonds				
Non-agency mortgage-backed securities				
Agency collateralized mortgage obligations	52,533		859	51,674
Agency mortgage-backed securities	14,128	503	117	14,514
<b>Total investment securities available-for-sale</b>	<b>\$ 144,355</b>	<b>\$ 1,183</b>	<b>\$ 1,701</b>	<b>\$ 143,837</b>

The following tables set forth the fair value, maturities and approximated weighted average yield based on estimated annual income divided by the average amortized cost of our available-for-sale investment



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securities portfolio as of the dates indicated. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	One Year or Less		One Year Through Five Years		As of December 31, 2012 Five Years Through 10 Years		Over 10 Years		Total Fair Value	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
U.S. Treasury notes	\$		\$		\$		\$		\$	
Corporate bonds	48,674	2.32%	5,229	3.99%					53,903	2.50%
Municipal bonds			2,283	0.74%	17,835	1.92%			20,118	1.78%
Non-agency mortgage-backed securities							8,322	4.13%	8,322	4.13%
Agency collateralized mortgage obligations					2,872	0.73%	52,996	1.31%	55,868	1.28%
Agency mortgage-backed securities							52,976	1.51%	52,976	1.51%
<b>Total</b>	<b>\$ 48,674</b>		<b>\$ 7,512</b>		<b>\$ 20,707</b>		<b>\$ 114,294</b>		<b>\$ 191,187</b>	
Weighted average yield		2.32%		3.08%		1.75%		1.60%		1.86%

	One Year or Less		One Year Through Five Years		As of December 31, 2011 Five Years Through 10 Years		Over 10 Years		Total Fair Value	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
U.S. Treasury notes	\$		\$		\$		\$		\$	
Corporate bonds			49,286	2.30%					49,286	2.30%
Municipal bonds										
Non-agency mortgage-backed securities										
Agency collateralized mortgage obligations			3,508	0.80%			66,815	0.94%	70,323	0.93%
Agency mortgage-backed securities							43,783	2.43%	43,783	2.43%
<b>Total</b>	<b>\$</b>		<b>\$ 52,794</b>		<b>\$</b>		<b>\$ 110,598</b>		<b>\$ 163,392</b>	
Weighted average yield				2.20%				1.53%		1.75%

For additional information regarding our available-for-sale investment securities portfolio, see note 2 to our consolidated financial statements for the years ended December 31, 2011 and 2010 included in this prospectus.

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Deposits are our primary source of funds to support our earning assets, and we source deposits through multiple channels. We have focused on creating and growing diversified, stable, and low all-in cost deposit channels without operating through a traditional branch network. These sources include primarily deposits from high net worth individuals, family offices, trust companies, wealth management firms, middle market businesses and their executives, and other financial institutions. We compete for deposits by offering a range of products and services to our customers, at competitive rates. We believe that our deposit base is stable, diversified and provides a low all-in cost. We further believe we have the ability to attract new deposits to fund our projected loan growth.

As of December 31, 2012, we consider more than 90.0% of our total deposits to be sourced from direct customer relationships. Some of our relationship-based deposits, including reciprocal time deposits placed through Promontory's CDARS service and demand deposits or placed through Promontory's Insured Cash Sweep service, have been classified for regulatory purposes as brokered deposits.

During our initial years of operations, as we were building relationships, we relied more heavily on brokered deposits as the primary component of our overall deposit strategy. As our institution has matured, however, we have developed and enhanced relationships with customers within our primary markets and the amount of non-brokered deposits has grown as a percentage of our total deposits.

The table below depicts average balances of our deposit portfolio broken out by major deposit category, for the years indicated.

	2012		Years Ended December 31, 2011		2010	
	Average Amount	Average Rate Paid	Average Amount	Average Rate Paid	Average Amount	Average Rate Paid
	(Dollars in thousands)					
Noninterest-bearing checking accounts	\$ 191,352		\$ 150,996		\$ 24,169	
Interest-bearing checking accounts	3,714	0.08%	5,540	0.49%	74,267	0.41%
Money market deposit accounts	685,030	0.59%	619,607	0.88%	509,670	1.06%
Time deposits (excluding CDARS®)	470,219	1.27%	346,366	1.78%	249,220	2.30%
CDARS® time deposits	377,571	0.95%	453,526	1.39%	639,799	1.44%
Total average deposits	\$ 1,727,886	0.79%	\$ 1,576,035	1.14%	\$ 1,497,125	1.38%

*Average Deposits for the Years Ended December 31, 2012 and 2011.* For the year ended December 31, 2012, our average total deposits were \$1.7 billion, representing an increase of \$151.9 million, or 9.6%, from 2011. The deposit growth was driven by increases in noninterest-bearing checking and money market deposit accounts, and time deposit accounts. In terms of percentage mix, our average cost of deposits in 2012 benefitted from an increase in average transaction deposits (noninterest-bearing and interest-bearing checking accounts) to 11.2% of total deposits for 2012 from 9.9% for 2011, an increase in average money market deposits to 39.6% for 2012 from 39.3% for 2011 and a decrease in average time deposits to 49.1%, for 2012 from 50.8% for 2011. The increase in mix towards lower rate deposits is the result of management's strategy to focus on growth of non-brokered deposits while reducing our overall cost of funds.

*Average Deposits for the Years Ended December 31, 2011 and 2010.* For the year ended December 31, 2011, our average total deposits grew by \$78.9 million, or 5.3%, as compared to 2010. The growth was attributable to increases in noninterest-bearing checking and money market deposit accounts, partially offset

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by decreases in interest-bearing checking and time deposit accounts. In terms of percentage mix, an increase in transaction deposits (noninterest-bearing and interest-bearing checking accounts), from 6.6% of total deposits in 2010 to 9.9% in 2011 and an increase in money market deposits, from 34.0% in 2010 to 39.3% in 2011, were offset by a decrease in time deposits, from 59.4% in 2010 to 50.8% in 2011.

*Certificates of Deposits and Other Time Deposits*

Maturities of certificates of deposits and other time deposits of \$100,000 or more outstanding are summarized below, as of the dates indicated.

	2012	As of December 31, 2011 (In thousands)	2010
Months to Maturity:			
Three months or less	\$ 150,685	\$ 217,775	\$ 244,409
Over three to six months	83,938	90,493	113,581
Over six to 12 months	345,590	241,981	223,062
Over 12 months	142,702	131,319	76,955
Total	\$ 722,915	\$ 681,568	\$ 658,007

**Borrowings**

Deposits are the primary source of funds for our lending and investment activities, as well as general business purposes. As an alternative source of liquidity, we may obtain advances from the FHLB of Pittsburgh, sell investment securities subject to our obligation to repurchase them, purchase Federal funds or engage in overnight borrowings from the FHLB or our correspondent banks. The following table presents certain information with respect to our borrowings, as of December 31, 2012.

	Amount	Rate	Maximum Outstanding at Any Month End (Dollars in thousands)	Original Term
FHLB borrowings: short-term	\$	0.23%	\$ 5,000	7 days
FHLB borrowings: long-term	20,000	0.42%	20,000	2 years
Total borrowings	\$ 20,000	0.42%	\$ 25,000	

On September 25, 2012, we borrowed \$25.0 million from the FHLB, as set forth in the table above. We had no prior borrowings in 2012 and no borrowings during the years ended December 31, 2011 and 2010.

**Liquidity**

We evaluate liquidity both at the parent company level and at the Bank level. Because TriState Capital Bank represents our only material asset, other than cash, our primary sources of funds at the parent company level are cash on hand, dividends paid to us from the Bank and the net proceeds of our private placements. As of December 31, 2012, our primary liquidity needs at the parent company level were minimal and related solely to reimbursing TriState Capital Bank for accounting and financial reporting services provided by bank personnel. On September 26, 2012, we redeemed \$24.2 million in preferred stock issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program. For the year ended December 31, 2012, parent company obligations totaled approximately \$1.1 million, compared to \$1.3 million and \$1.6 million for the years ended December 31, 2011 and 2010, respectively. Our parent company obligations for the year ended December 31, 2012 and the years ended December 31, 2011 and 2010,



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consisted of dividend payments on the preferred stock that we had issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program. To date, we have funded all parent company obligations through dividends received from TriState Capital Bank or with the net proceeds of our private placements. We believe that our cash on hand at the holding company level, which was \$633,000 as of December 31, 2012, coupled with the dividend paying capacity of TriState Capital Bank, were adequate to fund any foreseeable parent company obligations as of December 31, 2012.

Our goal in liquidity management at the Bank level is to satisfy the cash flow requirements of depositors and borrowers, as well as our operating cash needs. These requirements include the payment of deposits on demand at their contractual maturity, the repayment of borrowings as they mature, the payment of our ordinary business obligations, the ability to fund new and existing loans and other funding commitments, and the ability to take advantage of new business opportunities. Our ALCO has established an asset/liability management policy designed to achieve and maintain earnings performance consistent with long-term goals while maintaining acceptable levels of interest rate risk, well capitalized regulatory capital ratios and adequate levels of liquidity. The ALCO has also established a contingency funding plan to address liquidity crisis conditions. ALCO is designated as the body responsible for compliance and implementation. The ALCO, which includes members of executive management, reviews liquidity on a periodic basis and approves significant changes in strategies that affect balance sheet or cash flow positions.

Our principal sources of asset liquidity are cash and cash due from banks, interest-earning deposits with banks, federal funds sold, unpledged securities available-for-sale, loan repayments (scheduled and unscheduled payments) and earnings. Liability liquidity sources include a stable deposit base, the ability to renew maturing certificates of deposits, borrowing availability at the FHLB of Pittsburgh, unsecured lines with another financial institution, access to the brokered CD market including CDARS<sup>®</sup>, and the ability to raise debt and equity. Customer deposits are an important source of liquidity which depends on the confidence of those customers in us, supported by our capital position and the protection provided by FDIC insurance.

We measure and monitor liquidity on an ongoing basis, which allows us to more effectively understand and react to trends in our balance sheet. In addition, the ALCO uses a variety of methods to monitor our liquidity position, including a liquidity gap, which measures potential sources and uses of funds over future periods. Policy guidelines have been established for a variety of metrics, such as net loans and leases to deposits, brokered funding composition, cash to total loans and duration of time deposits, all of which are utilized in measuring and managing our liquidity position. The ALCO also performs contingency funding and capital stress analyses at least quarterly to determine our ability to meet potential liquidity and capital needs under stress scenarios that cover varying time horizons ranging from immediate to long term. Policy guidelines require coverage ratios of potential sources greater than uses depending on the scenario and time horizon. These are reviewed on a quarterly basis with our board of directors.

We believe that our liquidity position continues to be strong as evidenced by our ability to generate strong growth in deposits. As a result, we are minimally reliant on borrowings as evidenced by our ratio of total deposits to total assets of 88.0%, 89.3% and 88.6% as of December 31, 2012, 2011 and 2010, respectively. As of December 31, 2012, we had available liquidity of \$543.3 million, or 26.2% of total assets. These sources were comprised of liquid assets (cash and cash equivalents, and investment securities available-for-sale and not pledged under the FHLB borrowing capacity), totaling \$318.2 million, or 15.3% of total assets, coupled with secondary sources of liquidity (the ability to borrow from the FHLB and a correspondent bank line) totaling \$225.1 million, or 10.9% of total assets.

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The following table shows our available liquidity, by source, as of the dates indicated.

	2012	December 31, 2011 (In thousands)	2010
Available cash	\$ 165,036	\$ 197,408	\$ 163,334
Unpledged investment securities	153,138	113,981	11,194
Net borrowing capacity	225,123	250,322	364,970
Total liquidity	\$ 543,297	\$ 561,711	\$ 539,498

For the year ended December 31, 2012, we generated \$18.3 million in cash from operating activities, compared to \$15.2 million for 2011, mainly due to higher net income. Investing activities resulted in a net cash outflow of \$280.7 million, for the year ended December 31, 2012, as compared to \$148.4 million for 2011. This was primarily due to net loan growth of \$245.5 million for the year ended December 31, 2012, compared to \$140.8 million for 2011, coupled with purchases of investment securities available-for-sale totaling \$68.2 million, for the year ended December 31, 2012, compared to \$121.8 million for 2011. Financing activities resulted in a net inflow of \$227.0 million for the year ended December 31, 2012, compared to \$165.5 million for 2011, primarily as a result of net deposit growth of \$186.3 million for the year ended December 31, 2012 compared to \$166.5 million for 2011, as well as borrowings of \$20.0 million and net proceeds from the sale of our Series C preferred stock of \$46.0 million, partially offset by the repurchase of \$24.2 million in preferred stock issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program.

**Capital Resources**

The access to, and cost of, funding for new business initiatives, including acquisitions, the ability to engage in expanded business activities, the ability to pay dividends, the level of deposit insurance costs and the level and nature of regulatory oversight depend, in part, on our capital position.

The assessment of capital adequacy depends on a number of factors, including asset quality, liquidity, earnings performance, changing competitive conditions and economic forces. We seek to maintain a strong capital base to support our growth and expansion activities, to provide stability to current operations and to promote public confidence.

Our primary sources of capital have been our operating earnings and the net proceeds of our private placements, which have included an aggregate of \$168.4 million in common stock, \$46.0 million in convertible preferred stock issued to a private investor and \$23.0 million in preferred stock issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program. As part of our strategic capital plan, on September 26, 2012, we redeemed all of the outstanding preferred stock issued to the Department of the Treasury.

*Shareholders Equity.* Shareholders equity increased to \$217.7 million as of December 31, 2012, compared to \$184.5 million and \$175.6 million as of December 31, 2011 and 2010, respectively. The \$33.2 million increase during 2012 was attributable to operating earnings of \$10.7 million, the impact of \$889,000 in stock options and restricted stock awards, \$46.0 million in net proceeds from the sale of our Series C preferred stock, and an increase of \$933,000 in accumulated other comprehensive income, partially offset by the repurchase of \$24.2 million in preferred stock issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program and related preferred dividends totaling \$1.1 million.

The \$8.9 million increase in shareholders equity during 2011 was primarily attributable to our operating earnings of \$7.2 million, supplemented by the impact of \$1.8 million primarily in stock options and restricted stock and an increase of \$1.1 million in accumulated other comprehensive income, partially offset by \$1.2 million in dividends paid on preferred stock issued to the Department of the Treasury in connection with our participation in the Capital Purchase Program.



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*Regulatory Capital.* As of December 31, 2012, December 31, 2011 and December 31, 2010, TriState Capital Holdings and TriState Capital Bank were in compliance with all applicable regulatory capital requirements, and TriState Capital Bank was categorized as well capitalized, for purposes of the FDIC's prompt corrective action regulations. As we employ our capital and continue to grow our operations, our regulatory capital levels may decrease depending on our level of earnings. However, we expect to monitor and control our growth in order to remain categorized as well capitalized under the applicable regulatory guidelines and in compliance with all regulatory capital standards applicable to us.

The following table presents the actual capital amounts and regulatory capital ratios for TriState Capital Holdings and TriState Capital Bank as of the dates indicated.

	Actual Amount	Ratio	Required For Capital Adequacy Purposes Amount Ratio (Dollars in thousands)		Required To Be Well Capitalized Under Prompt Corrective Action Provisions Amount Ratio	
<b>December 31, 2012</b>						
Tier 1 Leverage:						
TriState Capital Holding, Inc.	\$ 216,053	10.35%	N/A	N/A	N/A	N/A
TriState Capital Bank	215,406	10.31%	\$ 167,070	8.00%	\$ 167,070	8.00%
Tier 1 Risk-Based:						
TriState Capital Holding, Inc.	216,053	10.95%	N/A	N/A	N/A	N/A
TriState Capital Bank	215,406	10.92%	78,937	4.00%	118,406	6.00%
Total Risk-Based:						
TriState Capital Holding, Inc.	234,370	11.88%	N/A	N/A	N/A	N/A
TriState Capital Bank	233,723	11.84%	157,875	8.00%	197,344	10.00%
<b>December 31, 2011</b>						
Tier 1 Leverage:						
TriState Capital Holding, Inc.	\$ 183,714	10.18%	N/A	N/A	N/A	N/A
TriState Capital Bank	183,056	10.14%	\$ 144,408	8.00%	\$ 144,408	8.00%
Tier 1 Risk-Based:						
TriState Capital Holding, Inc.	183,714	10.63%	N/A	N/A	N/A	N/A
TriState Capital Bank	183,056	10.59%	69,144	4.00%	103,716	6.00%
Total Risk-Based:						
TriState Capital Holding, Inc.	200,498	11.60%	N/A	N/A	N/A	N/A
TriState Capital Bank	199,840	11.56%	138,288	8.00%	172,860	10.00%
<b>December 31, 2010</b>						
Tier 1 Leverage:						
TriState Capital Holding, Inc.	\$ 175,901	9.85%	N/A	N/A	N/A	N/A
TriState Capital Bank	175,230	9.81%	\$ 142,900	8.00%	\$ 142,900	8.00%
Tier 1 Risk-Based:						
TriState Capital Holding, Inc.	175,901	11.48%	N/A	N/A	N/A	N/A
TriState Capital Bank	175,230	11.43%	61,316	4.00%	91,975	6.00%
Total Risk-Based:						
TriState Capital Holding, Inc.	193,012	12.59%	N/A	N/A	N/A	N/A
TriState Capital Bank	192,341	12.55%	122,633	8.00%	153,291	10.00%

**Table of Contents****Contractual Obligations and Commitments**

The following tables present significant fixed and determinable contractual obligations of principal that may require future cash payments as of the dates indicated.

	December 31, 2012				Total
	Less Than One Year	One-Three Years	Three-Five Years (In thousands)	Greater Than Five Years	
Deposits without a stated maturity	\$ 998,322	\$	\$	\$	\$ 998,322
Certificates and other time deposits	618,898	206,159			825,057
Borrowings		20,000			20,000
Operating leases	1,510	2,709	2,272	3,029	9,520
<b>Total contractual obligations</b>	<b>\$ 1,618,730</b>	<b>\$ 228,868</b>	<b>\$ 2,272</b>	<b>\$ 3,029</b>	<b>\$ 1,852,899</b>

	December 31, 2011				Total
	Less Than One Year	One-Three Years	Three-Five Years (In thousands)	Greater Than Five Years	
Deposits without a stated maturity	\$ 797,963	\$	\$	\$	\$ 797,963
Certificates and other time deposits	632,191	191,972	15,000		839,163
Borrowings					
Operating leases	1,264	2,585	1,778	1,251	6,878
<b>Total contractual obligations</b>	<b>\$ 1,431,418</b>	<b>\$ 194,557</b>	<b>\$ 16,778</b>	<b>\$ 1,251</b>	<b>\$ 1,644,004</b>

**Off-Balance Sheet Arrangements**

In the normal course of business, we enter into various transactions that are not included in our consolidated balance sheets in accordance with GAAP. These transactions include commitments to extend credit in the ordinary course of business to approved customers.

Generally, loan commitments have been granted on a temporary basis for working capital or commercial real estate financing requirements or may be reflective of loans in various stages of funding. These commitments are recorded on our financial statements as they are funded. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Loan commitments include unused commitments for open end lines secured by one to four family residential properties and commercial properties, commitments to fund loans secured by commercial real estate, construction loans, business lines of credit and other unused commitments.

Standby letters of credit are written conditional commitments issued by us to guarantee the performance of a customer to a third party. In the event the customer does not perform in accordance with the terms of the agreement with the third party, we would be required to fund the commitment. The maximum potential amount of future payments we could be required to make is represented by the contractual amount of the commitment. If the commitment is funded, we would be entitled to seek recovery from the customer.

We minimize our exposure to loss under loan commitments and standby letters of credit by subjecting them to credit approval and monitoring procedures. The effect on our revenues, expenses, cash flows and liquidity of the unused portions of these commitments cannot be reasonably predicted because while the borrower has the ability to draw upon these commitments at any time, these commitments often expire without being drawn upon. There is no guarantee that the lines of credit will be used. The following is a summary of the total notional amount of loan commitments and standby letters of credit outstanding as of the dates indicated.

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	December 31, 2012				Total
	Less Than One Year	One-Three Years	Three-Five Years (In thousands)	Greater Than Five Years	
Unused loan commitments	\$ 224,410	\$ 126,339	\$ 158,819	\$ 13,149	\$ 522,717
Standby letters of credit	14,777	17,322	58,719		90,818
<b>Total off-balance sheet arrangements</b>	<b>\$ 239,187</b>	<b>\$ 143,661</b>	<b>\$ 217,538</b>	<b>\$ 13,149</b>	<b>\$ 613,535</b>

	December 31, 2011				Total
	Less Than One Year	One-Three Years	Three-Five Years (In thousands)	Greater Than Five Years	
Unused loan commitments	\$ 146,298	\$ 110,541	\$ 134,926	\$ 26,556	\$ 418,321
Standby letters of credit	13,374	31,026	54,012	333	98,745
<b>Total off-balance sheet arrangements</b>	<b>\$ 159,672</b>	<b>\$ 141,567</b>	<b>\$ 188,938</b>	<b>\$ 26,889</b>	<b>\$ 517,066</b>

**Market Risk**

Market risk refers to potential losses arising from changes in interest rates, foreign exchange rates, equity prices and commodity prices. Our primary component of market risk is interest rate volatility. Fluctuations in interest rates will ultimately impact the level of both income and expense recorded on most of our assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which have a short term to maturity. Because of the nature of our operations, we are not subject to foreign exchange or commodity price risk. From time to time we do hold market risk sensitive instruments for trading purposes. The summary information provided in this section should be read in conjunction with our audited and unaudited consolidated financial statements and related notes included elsewhere in this prospectus.

Interest rate risk is comprised of re-pricing risk, basis risk, yield curve risk and option risk. Re-pricing risk arises from differences in the cash flow or re-pricing between asset and liability portfolios. Basis risk arises when asset and liability portfolios are related to different market rate indexes, which do not always change by the same amount or at the same time. Yield curve risk arises when asset and liability portfolios are related to different maturities on a given yield curve; when the yield curve changes shape, the risk position is altered. Option risk arises from embedded options within asset and liability products as certain borrowers have the option to prepay their loans when rates fall, while certain depositors can redeem their certificates when rates rise.

Our ALCO actively measures and manages interest rate risk. The ALCO is responsible for the formulation and implementation of strategies to improve balance sheet positioning and earnings, and reviewing our interest rate sensitivity position. This involves devising policy guidelines, risk measures and limits, and managing the amount of interest rate risk and its effect on net interest income and capital.

We utilize an asset/liability model to measure and manage interest rate risk. The specific measurement tools used by management on at least a quarterly basis include net interest income simulation, economic value of equity and gap analysis. All are static measures that do not incorporate assumptions regarding future business. All are also measures of interest rate sensitivity used to help us develop strategies for managing exposure to interest rate risk rather than projecting future earnings.

In our view, all three measures also have specific benefits and shortcomings. Net interest income, or NII, simulation explicitly measures exposure to earnings from changes in market rates of interest but does not provide a long-term view. Economic value of equity, or EVE, helps identify changes in optionality and price over a longer term horizon but its liquidation perspective does not convey the earnings-based measures that are typically the focus of managing and valuing a going concern. Gap analysis compares the difference between the amount of interest-earning assets and interest-bearing liabilities subject to re-pricing over a

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period of time but only captures a single rate environment. Reviewing these various measures collectively helps management obtain a comprehensive view of our interest risk rate profile.

The following NII simulation and EVE metrics were calculated using rate shocks which represent immediate rate changes that move all market rates by the same amount instantaneously. The variance percentages represent the change between the NII simulation and EVE calculated under the particular rate scenario versus the NII simulation and EVE calculated assuming market rates as of the dates indicated.

	December 31, 2012			December 31, 2011	
	Amount Change from Base Case	Percent Change from Base Case	ALCO Guidelines (Dollars in thousands)	Amount Change from Base Case	Percent Change from Base Case
<b>Earnings at Risk:</b>					
+300	\$ 10,655	17.74%	-20.00%	\$ 12,408	23.34%
+200	6,233	10.38%	-15.00%	7,214	13.57%
+100	2,471	4.11%	-10.00%	2,838	5.34%
-100	1,908	3.18%	-10.00%	3,117	5.86%
<b>Economic Value of Equity:</b>					
+300	(13,315)	(5.99%)	+/-30.00%	(11,131)	(5.87%)
+200	(8,817)	(3.96%)	+/-20.00%	(8,587)	(4.53%)
+100	(3,803)	(1.71%)	+/-10.00%	(5,457)	(2.88%)
-100	5,940	2.67%	+/-10.00%	(2,329)	(1.23%)

Given the relatively low current interest rate environment, it is our strategy to continue to manage an asset sensitive interest rate risk position in our net interest income measure. Therefore, rising rates are expected to have a positive effect on net interest income versus net interest income if rates remain unchanged. The results of the EVE calculation, while negative, indicate a low level of interest rate risk. We also acknowledge and will simultaneously attempt to manage the liability sensitivity demonstrated in our economic value of equity measure.

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The following gap analysis presents the amounts of interest-earning assets and interest-bearing liabilities that are subject to re-pricing within the periods indicated.

	Interest Rate Sensitivity Period							Total Balance
	0-90 Days	91-180 Days	181-365 Days	December 31, 2012		Over 5 Years	Non- Sensitive	
				1-3 Years	3-5 Years			
	(Dollars in thousands)							
<b>Assets:</b>								
Interest-bearing deposits	\$ 192,055	\$	\$	\$	\$	\$	\$	\$ 192,055
Federal funds sold	7,026							7,026
Investment securities	57,781	30,343	50,501	5,353	4,229	36,852	6,128	191,187
Total loans	1,241,895	23,259	38,245	254,629	72,860	(464)	11,204	1,641,628
Other assets							41,233	41,233
<b>Total assets</b>	<b>1,498,757</b>	<b>53,602</b>	<b>88,746</b>	<b>259,982</b>	<b>77,089</b>	<b>36,388</b>	<b>58,565</b>	<b>\$ 2,073,129</b>
<b>Liabilities:</b>								
Transaction accounts	897,927						100,395	998,322
Certificates of deposit	148,287	96,053	374,558	206,159				825,057
Short-term borrowings								
Long-term borrowings				20,000				20,000
Other liabilities							12,026	12,026
<b>Total liabilities</b>	<b>1,046,214</b>	<b>96,053</b>	<b>374,558</b>	<b>226,159</b>			<b>112,421</b>	<b>1,855,405</b>
<b>Equity</b>							<b>217,724</b>	<b>217,724</b>
<b>Total liabilities and equity</b>	<b>1,046,214</b>	<b>96,053</b>	<b>374,558</b>	<b>226,159</b>			<b>330,370</b>	<b>\$ 2,073,129</b>
<b>Interest rate sensitivity gap</b>	<b>\$ 452,543</b>	<b>\$ (42,451)</b>	<b>\$ (285,812)</b>	<b>\$ 33,823</b>	<b>\$ 77,089</b>	<b>\$ 36,388</b>	<b>\$ (271,580)</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>\$ 452,543</b>	<b>\$ 410,092</b>	<b>\$ 124,280</b>	<b>\$ 158,103</b>	<b>\$ 235,192</b>	<b>\$ 271,580</b>		
<b>Cumulative interest rate sensitive assets to rate sensitive liabilities</b>	<b>143.3%</b>	<b>135.9%</b>	<b>108.2%</b>	<b>109.1%</b>	<b>113.5%</b>	<b>115.6%</b>	<b>111.7%</b>	
<b>Cumulative gap as a percent of total earning assets</b>	<b>21.8%</b>	<b>19.8%</b>	<b>6.0%</b>	<b>7.6%</b>	<b>11.3%</b>	<b>13.1%</b>		

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	Interest Rate Sensitivity Period							Total Balance
	0-90 Days	91-180 Days	181-365 Days	December 31, 2011		Over 5 Years	Non- Sensitive	
				1-3 Years	3-5 Years			
(Dollars in thousands)								
<b>Assets:</b>								
Interest-bearing deposits	\$ 228,606	\$	\$	\$	\$	\$	\$	\$ 228,606
Federal funds sold	6,811							6,811
Investment securities	62,036	6,688	28,385	55,419	3,392	4,252	3,220	163,392
Total loans	1,034,787	11,472	21,051	284,630	45,159	(3,637)	13,533	1,406,995
Other assets							27,646	27,646
<b>Total assets</b>	<b>1,332,240</b>	<b>18,160</b>	<b>49,436</b>	<b>340,049</b>	<b>48,551</b>	<b>615</b>	<b>44,399</b>	<b>\$ 1,833,450</b>
<b>Liabilities:</b>								
Transaction accounts	600,472						197,491	797,963
Certificates of deposit	243,177	123,340	265,674	191,972	15,000			839,163
Short-term borrowings								
Long-term borrowings								
Other liabilities							11,872	11,872
<b>Total liabilities</b>	<b>843,649</b>	<b>123,340</b>	<b>265,674</b>	<b>191,972</b>	<b>15,000</b>		<b>209,363</b>	<b>1,648,998</b>
Equity							184,452	184,452
<b>Total liabilities and equity</b>	<b>843,649</b>	<b>123,340</b>	<b>265,674</b>	<b>191,972</b>	<b>15,000</b>		<b>393,815</b>	<b>\$ 1,833,450</b>
<b>Interest rate sensitivity gap</b>	<b>\$ 488,591</b>	<b>\$ (105,180)</b>	<b>\$ (216,238)</b>	<b>\$ 148,077</b>	<b>\$ 33,551</b>	<b>\$ 615</b>	<b>\$ (349,416)</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>\$ 488,591</b>	<b>\$ 383,411</b>	<b>\$ 167,173</b>	<b>\$ 315,250</b>	<b>\$ 348,801</b>	<b>\$ 349,416</b>		
<b>Cumulative interest rate sensitive assets to rate sensitive liabilities</b>	<b>157.9%</b>	<b>139.6%</b>	<b>113.6%</b>	<b>122.1%</b>	<b>124.2%</b>	<b>124.3%</b>	<b>111.2%</b>	
<b>Cumulative gap as a percent of total earning assets</b>	<b>26.6%</b>	<b>20.9%</b>	<b>9.1%</b>	<b>17.2%</b>	<b>19.0%</b>	<b>19.1%</b>		

The gap analysis demonstrates our asset sensitivity because the ratio of our cumulative interest rate sensitive assets to interest rate sensitive liabilities is in excess of 100.0% for both periods. The cumulative twelve-month ratio of interest rate sensitive assets to interest rate sensitive liabilities decreased to 108.2% as of December 31, 2012, as compared to 113.6% as of December 31, 2011.

Various loans across the Bank's portfolio have floating rate index floors. As of December 31, 2012 and December 31, 2011, there were \$241.5 million and \$300.9 million, respectively, in loans with a maturity greater than one year and an index floor rate greater than the current index rate. Of these amounts, \$110.4 million and \$133.1 million, respectively, have an index floor rate less than 100 basis points above the current index rate. These loans are allocated to the zero to 90 days bucket in our gap analysis since we believe they would behave more like floating rate loans given a 100 basis point upward shock in interest rates. The remaining \$131.1 million and \$167.8 million, respectively, have an index floor rate greater than 100 basis points above the current index rate. These loans are allocated to the one to three years bucket in our gap analysis since we believe they would behave more like fixed rate loans given a 100 basis point upward shock in interest rates.

Additionally, in all of these analyses (NII, EVE and gap), we use the most conservative treatment of non-maturity, interest-bearing deposits. In our gap analysis, the allocation of non-maturity, interest-bearing deposits is fully reflected in the zero to 90 days maturity category. The allocation of non-maturity, noninterest-bearing deposits is fully reflected in the non-sensitive category. In taking this approach, we provide ourselves with no benefit from a potential time-lag in the increase of our non-maturity, interest-bearing deposits.

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### **Impact of Inflation**

Our financial statements and related data presented herein have been prepared in accordance with GAAP, which requires the measure of financial position and operating results in terms of historic dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Inflation generally increases the costs of funds and operating overhead, and to the extent loans and other assets bear variable rates, the yields on such assets. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant effect on the performance of a financial institution than the effects of general levels of inflation. In addition, inflation affects a financial institution's cost of goods and services purchased, the cost of salaries and benefits, occupancy expense and similar items. Inflation and related increases in interest rates generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings and shareholders' equity.

### **Application of Critical Accounting Policies and Estimates**

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with GAAP and with general practices within the financial services industry. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of related revenues and expenses. Although our current estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be worse than anticipated in those estimates, which could materially affect the financial results of our operations and financial condition.

Certain accounting policies inherently are based to a greater extent on estimates, assumptions and judgments of management and, as such, have a greater possibility of producing results that could be materially different than originally reported. Management views critical accounting policies to be those which are highly dependent on subjective or complex judgments, estimates and assumptions and where changes in those estimates and assumptions could have a significant impact on our consolidated financial statements. Management currently views the following accounting policies and estimates as critical accounting policies.

*Investment Securities.* Our investments are classified as either: (1) held-to-maturity debt securities that we intend to hold until maturity and reported at amortized cost; (2) trading securities—debt and certain equity securities bought and held principally for the purpose of selling them in the near term and reported at fair value, with unrealized gains and losses included in earnings; or (3) available-for-sale debt and certain equity securities not classified as either held-to-maturity or trading securities and reported at fair value, with changes in fair value reported as a component of accumulated other comprehensive income (loss), net.

The cost of securities sold is determined on a specific identification basis. Amortization of premiums and accretion of discounts are recorded as interest income from investments over the life of the security utilizing the level yield method. We evaluate impaired investment securities quarterly to determine if impairments are temporary or other-than-temporary. For impaired debt securities, management first determines whether it intends to sell or if it is more-likely than not that it will be required to sell the impaired securities. This determination considers current and forecasted liquidity requirements, regulatory and capital requirements and securities portfolio management. Impaired debt securities are determined to be other-than-temporarily impaired if we conclude at the balance sheet date that we have the intent to sell, or believe we will more likely than not be required to sell, an impaired debt security before a recovery of its amortized cost basis. Credit losses on other-than-temporarily impaired debt securities are recorded through earnings, regardless of the intent or the requirement to sell. Credit loss is measured as the difference between the present value of an impaired debt security's expected cash flows and its amortized cost basis. Non-credit related other-than-temporary impairment charges are recorded as decreases to accumulated other comprehensive income, in the shareholders' equity section of our balance sheet, on an after-tax basis, as long as we have no intent or expected requirement to sell the impaired debt security before a recovery of its amortized cost basis.

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*Allowance for Loan Losses.* Our allowance for loan losses represents our estimate of probable loan losses inherent in the loan portfolio at a specific point in time. This estimate includes losses associated with specifically identified loans, as well as estimated probable credit losses inherent in the remainder of the loan portfolio. Additions are made to the allowance through both periodic provisions charged to income and recoveries of losses previously incurred. Reductions to the allowance occur as loans are charged off. Management evaluates the adequacy of the allowance at least quarterly. This evaluation is subjective and requires material estimates that may change over time.

In estimating probable loan loss under ASC Topic 450 and the required general reserve, we consider numerous factors, including historical charge-off rates and subsequent recoveries. We also consider, but are not limited to, qualitative factors that influence our credit quality, such as delinquency and nonperforming loan trends, changes in loan underwriting guidelines and credit policies, as well as the results of internal loan reviews. Finally, we consider the impact of changes in current local and regional economic conditions in the markets that we serve. Assessment of relevant economic factors indicates that some of our primary markets historically tend to lag the national economy, with local economies in those primary markets also improving or weakening, as the case may be, but at a more measured rate than the national trends.

The allowance is appropriate, in management's judgment, to cover probable losses inherent in the loan portfolio as of December 31, 2012. Management's judgment takes into consideration general economic conditions, diversification and seasoning of the loan portfolio, historic loss experience, identified credit problems, delinquency levels and adequacy of collateral. Although management believes it has used the best information available to it in making such determinations, and that the present allowance for loan losses is adequate, future adjustments to the allowance may be necessary, and net income may be adversely affected if circumstances differ substantially from the assumptions used in determining the level of the allowance. In addition, as an integral part of their periodic examination, certain regulatory agencies review the adequacy of the Bank's allowance for loan losses and may direct the Bank to make additions to the allowance based on their judgments about information available to them at the time of their examination.

For additional information regarding our allowance for loan loss, see Allowance for Loan Loss.

*Income Taxes.* We are subject to the income tax laws of the United States, its states and other jurisdictions where we conduct business. The laws are complex and subject to different interpretations by the taxpayer and various taxing authorities. In determining the provision for income taxes, we must make judgments and estimates about the application of these inherently complex tax statutes, related regulations and case law. In the process of computing our income tax provision, we attempt to make reasonable interpretations of the tax laws. These interpretations are subject to challenge by the taxing authorities based on audit results or to change based on our ongoing assessment of the facts and evolving case law.

On a quarterly basis, we assess the reasonableness of our effective tax rate based on our current best estimate of net income and the applicable taxes for the full year. Deferred tax assets and liabilities are assessed on an annual basis, or sooner, if business events or circumstances warrant.

We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities with regard to a change in tax rates is recognized in income in the period that includes the enactment date. We evaluate whether it is more likely than not that we will be able to realize the benefit of deferred tax assets. A reserve against the deferred tax assets is established for the amount of the deferred tax asset, if any, that is determined not to be realizable. It is the Company's policy to recognize interest and penalties, if any, related to unrecognized tax benefits, in income tax expense in the consolidated statement of income.



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*Fair Value Measurement.* Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in a principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date, using assumptions market participants would use when pricing an asset or liability. An orderly transaction assumes exposure to the market for a customary period for marketing activities prior to the measurement date and not a forced liquidation or distressed sale. Fair value measurement and disclosure guidance provides a three-level hierarchy that prioritizes the inputs of valuation techniques used to measure fair value into three broad categories:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs such as quoted prices for similar assets and liabilities in active markets, quoted prices for similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Fair value may be recorded for certain assets and liabilities every reporting period on a recurring basis or under certain circumstances, on a non-recurring basis. The following represents significant fair value measurements included in the financial statements based on estimates.

We use interest rate derivative instruments to manage our interest rate risk. All derivative instruments are carried on the balance sheet at fair value. Fair values for over-the-counter interest rate contracts used to manage our interest rate risk are provided either by third-party dealers in the contracts or by quotes provided by independent pricing services. Information used by these third-party dealers or independent pricing services to determine fair values are considered significant other observable inputs. Credit risk is considered in determining the fair value of derivative instruments. Deterioration in the credit ratings of customers or dealers reduces the fair value of asset contracts. The reduction in fair value is recognized in earnings during the current period. Deterioration in our credit rating below investment grade would affect the fair value of our derivative liabilities. In the event of a credit down-grade, the fair value of our derivative liabilities would decrease.

The fair value of our securities portfolio is based on a price for each financial instrument provided to us by a third-party pricing service. The underlying methods used by the third-party services are considered in determining the primary inputs used to determine fair values. We evaluate the methodologies employed by the third-party pricing services by comparing the price provided by the pricing service with other sources, including brokers' quotes, sales or purchases of similar instruments and discounted cash flows to establish a basis for reliance on the pricing service's values. Significant differences between the pricing service provided value and other sources are discussed with the pricing service to understand the basis for their values. Based on this evaluation, a determination is made as to the appropriate price for any given security. The following methods are used to determine the fair value of each financial instrument:

Quoted prices for similar, but not identical, assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates; and

Other inputs derived for or corroborated by observable market inputs.

*Stock-Based Compensation.* We utilize a stock-based employee compensation plan, which provides for the issuance of stock options and restricted stock. We account for stock-based employee compensation in



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accordance with the fair value recognition provisions of ASC 718, Compensation – Stock Compensation. As a result, compensation cost for all share-based payments is based on the grant-date fair value estimated in accordance with ASC 718. Compensation cost is recognized as expense over the service period, which is generally the vesting period of the options and restricted stock. The expense is adjusted for actual forfeitures as they occur.

*Implications of and Elections under the JOBS Act.* Pursuant to the JOBS Act, an emerging growth company can elect to opt in to any new or revised accounting standards that may be issued by the FASB or the SEC otherwise applicable to non-emerging growth companies. We have elected to opt in to such standards, which election is irrevocable.

Although we are still evaluating the JOBS Act, we may take advantage of some of the reduced regulatory and reporting requirements that are available to us so long as we qualify as an emerging growth company, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

**Recent Accounting Pronouncements and Developments**

In July 2012, the FASB issued Accounting Standards Update No. 2012-02, *Testing Indefinite-Lived Assets for Impairment* (ASU 2012-02), which reduces the cost and complexity of performing an impairment test for indefinite-lived asset categories by simplifying how an entity performs the testing of those assets. Similar to the amendments to goodwill impairment testing issued in September 2011, an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. If an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test. The provisions of ASU 2012-02 are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of ASU 2012-02 is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2011, the FASB issued Accounting Standards Update No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*, which provides enhanced disclosures that will enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. This includes the effect or potential effect of rights of offset associated with an entity's recognized assets and recognized liabilities within the scope of this Update. The amendments require enhanced disclosures by requiring improved information about financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with either Section 210-20-45 or Section 815-10-45. This pronouncement will be effective for us retrospectively beginning January 1, 2013, and the adoption of this pronouncement is not expected to have a material impact on our financial statements.

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which amends accounting guidance related to goodwill impairment testing. The guidance allows entities to elect to first perform qualitative tests to determine the likelihood that the entity's fair value is less than its carrying value. If the entity determines that it is more likely that the fair value of a reporting entity is less than its carrying amount, the entity would then perform the first step of the goodwill impairment test. The guidance refers to several factors to consider when performing the qualitative analysis, including: macroeconomic factors, industry factors, and entity-specific

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factors. The guidance is effective prospectively for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The implementation of this guidance did not have a material impact on our results of operations, financial position or disclosures.

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, Fair Value Measurement (Topic 820): Amendment to *Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The amendments were designed to create a uniform framework for applying fair value measurement principles for companies around the world. The new guidance eliminates differences between GAAP and International Financial Reporting Standards issued by the International Accounting Standards Board. New disclosures required by the guidance include: quantitative information about the significant unobservable inputs used for Level 3 measurements; a qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs; and a description of the company's valuation processes. This guidance is effective for interim and annual periods beginning after December 15, 2011. These amendments did not have a material impact on our results of operations, financial position or disclosures.

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**BUSINESS**

**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 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. 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 has 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 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

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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>	2.94%	2.67%	2.61%		
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 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 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 Business Strategy**

The genesis of our formation was a belief by our founder and our 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 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 Department of the Treasury's Capital Purchase Program that was redeemed in September 2012.

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Our founder's and cofounders' vision and our business strategies have successfully 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 market. 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 an uncompromising 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.

***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 markets. 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 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

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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. As we broaden our existing referral relationships and add new referral relationships, we expect continued growth in our marketable securities loans.

	2012	As of December 31,		2012 Change from 2011	
		2011	2010	Amount	Percent
(Dollars in thousands)					
Middle market banking offices:					
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.

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

deposits from 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. For additional details regarding our deposit products and services see, *Our Products and Services Deposits*.

**Wealth Management Strategy.** We are exploring opportunities to invest in or acquire a wealth management business. We believe that such an 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



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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

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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.

**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 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.

As of December 31, 2012, we had 119 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 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.

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***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 for the same period. In 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 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.

### **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.

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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 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. Additional biographical information regarding the three members of our executive management team is included in the section of this prospectus entitled, *Management Board of Directors and Executive Officers*.

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 Nasdaq listing rules. In addition, nine of our directors have significant experience building the types of middle market businesses that we serve. Biographical information regarding each of our directors is included in the section of this prospectus entitled, *Management Board of Directors and Executive Officers*.

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 February 28, 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 executive management team and our board of directors are supported by our experienced and deep senior management team. The following biographical information highlights the experience of key members of our senior management team (other than our executive officers). Each of these individuals is a member of our senior loan committee.

*John D. Barrett.* Mr. Barrett joined TriState Capital in 2011 and serves as President of our Ohio market. He has more than 30 years of banking experience in Ohio and Pennsylvania. Prior to joining us, Mr. Barrett served as the managing director, national commercial banking, at The PrivateBank in Cleveland from December 2007 to June 2011. He also previously served as a senior vice president and manager of corporate banking of LaSalle Bank in Cleveland for three years. Prior to that, he was a senior vice president and manager of commercial banking with US Bank in Cleveland. Mr. Barrett spent the first twelve years of his career with PNC Bank in Pittsburgh and Cleveland. Following formal credit training with PNC Bank, Mr. Barrett began his career in international banking before eventually overseeing commercial banking for the Cleveland market.

*Charles C. Fawcett IV.* Mr. Fawcett joined TriState Capital in 2006 and currently serves as President of our private banking channel. Mr. Fawcett has over 23 years of banking and financial services experience. Prior to joining us, Mr. Fawcett spent 17 years with Federated Investors in Pittsburgh, where he provided sales, marketing, product development and business development expertise. During his tenure with Federated Investors, Mr. Fawcett served as a director of alliances, vice president in the trust division, vice president of marketing, and vice president of product development.

*Joseph M. Finley.* Mr. Finley joined TriState Capital in 2007 and serves as President of our Eastern Pennsylvania market. He has over 28 years of banking experience in Pennsylvania. Prior to joining us, Mr. Finley served as vice president and group manager in the Pennsylvania commercial banking division at Wilmington Trust of Pennsylvania for 10 years. Mr. Finley also previously spent 11 years with CoreStates Bank in Philadelphia.

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*Thomas N. Gilmartin.* Mr. Gilmartin joined TriState Capital in 2012 and serves as President of our New York market. He has more than 25 years of banking experience in New York. Prior to joining us, Mr. Gilmartin served as executive vice president and chief lending officer at First National Bank of New York (formerly Madison National Bank) in New York from May 2009 to July 2012. Mr. Gilmartin also previously served as regional vice president / group head with TD Bank in New York (Toronto-Dominion Bank, and formerly Commerce Bank) from February 2003 to May 2009. Prior to his service at TD Bank, Mr. Gilmartin served as senior vice president/director of commercial banking division of Fleet Bank in New York for four years. Mr. Gilmartin began his banking career with Citibank where he received his formal credit training and served for five years.

*Thomas M. Groneman.* Mr. Groneman joined TriState Capital in 2007 and serves as our Chief Credit Officer. Mr. Groneman is responsible for the overall credit quality and administration of our loan portfolio. He has more than 30 years of banking experience in our primary markets serving in a variety of lending, relationship management, portfolio management, and credit roles. Prior to joining TriState Capital, Mr. Groneman was a regional senior credit officer for Sky Financial in Cleveland, Ohio, which was subsequently acquired by Huntington Bank. He was also involved in various lending and credit positions for PNC Bank for 25 years and Fifth Third Bank for three years.

*Vincent W. Locher.* Mr. Locher joined TriState Capital in 2013 and serves as President of our Western Pennsylvania market. He has more than 27 years of banking experience, primarily in the Western Pennsylvania market. Prior to joining us, Mr. Locher served as executive vice president and managing director at Huntington National Bank, where he was responsible for the bank's large portfolio of commercial real estate assets from August 2009 to February 2013. Mr. Locher also previously served as Huntington's regional president for Pittsburgh, where he oversaw commercial banking, retail banking, private banking, community development and wealth management from May 2002 to July 2009, a role he began with Sky Bank before its acquisition by Huntington Bank. Before joining Sky Bank, Mr. Locher worked in the Western Pennsylvania market with USBancorp, USBank, and Three Rivers Bank from June 1987 to April 2002. Mr. Locher began his career with Dominion Bank in Roanoke, Virginia where he received his formal credit training.

*David A. Molnar.* Mr. Molnar joined TriState Capital in 2007 and served as President of our Western Pennsylvania market until January 1, 2013. At that time, he assumed responsibility for managing all of our commercial lending as our President Commercial Lending. He has more than 25 years of banking experience in the Western Pennsylvania and Ohio markets. Prior to joining us, Mr. Molnar was a senior vice president/manager of business development at Citizens Bank in Pittsburgh for four years. Prior to that position, he served as senior vice president/senior relationship manager at Fleet National Bank in Pittsburgh for one year. In addition, Mr. Molnar worked for 19 years at Mellon Bank in Pittsburgh.

*Kenneth R. Orchard.* Mr. Orchard joined TriState Capital in 2008 and currently serves as President of our New Jersey market. Mr. Orchard has over 40 years commercial banking experience in New Jersey. Prior to his appointment in 2011 as President of our New Jersey market, Mr. Orchard served TriState Capital as Senior Vice President, Commercial Real Estate for three years. Before joining us, Mr. Orchard served as New Jersey division manager for North Fork Bank for five years.

**Our Markets**

For our middle market banking channel, our primary markets of Pennsylvania, Ohio, New Jersey and New York include the four major metropolitan statistical areas, or MSAs, of Pittsburgh and Philadelphia, Pennsylvania; Cleveland, Ohio and New York, New York in which our headquarters and four representative offices are located. We believe that our primary markets including these MSAs are long-term, attractive markets for the types of products and services that we offer, and we anticipate that these markets will continue to support our projected growth. According to SNL Financial, as of July 1, 2012, the aggregate population of the four MSAs in which our headquarters and four representative offices are located was approximately 29.5 million, which represented approximately 9.4% of the national population at that time. We believe that the population and business concentrations within our primary markets provide attractive opportunities to grow our business.

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Through our distribution channels, we pursue and create deposit relationships with customers located throughout the United States, as well as more specifically in our primary markets, including the four MSAs where our offices are located. Because our deposit operations are centralized in our Pittsburgh headquarters, though, all of our deposits are aggregated and accounted for in that MSA. For these distribution and reporting reasons, we do not consider deposit market share in any MSA or any of our primary markets to be relevant data. However, for perspective on the size of the deposit markets in which we have offices, the total aggregate deposits in the four MSAs listed below were approximately \$1.6 trillion as of June 30, 2012, according to SNL Financial.

The table below presents selected demographics for the MSAs in which our representative offices are located.

MSAs	Total Population July 1, 2012	Population Change 2010-2012 (%)	Median Household Income 2012 (\$)	Projected Household Income Change 2012-2017 (%)	Unemployment December 31, 2012 (%)	Unemployment December 31, 2009 (%)
Pittsburgh	2,370,637	0.61%	\$ 46,280	19.2%	7.2%	7.8%
Philadelphia-Camden-Wilmington	6,011,545	0.77%	57,132	21.2%	8.4%	8.7%
Cleveland-Elyria-Mentor	2,083,928	0.32%	45,618	16.7%	6.5%	8.9%
New York-Northern New Jersey-Long Island	19,039,570	0.75%	60,512	21.6%	8.5%	9.2%
<b>Total</b>	<b>29,505,716</b>					
USA	313,129,017	1.42%	50,157	13.4%	7.8%	9.9%

Source: SNL Financial

We selected the locations for our representative offices partially based upon the number of middle market businesses located in these MSAs and their respective states. As of January 15, 2013, there were more than 125,000 middle market businesses in our primary markets with annual sales between \$5.0 million and \$300.0 million, which represented approximately 17.8% of the national total as of that date. Accordingly, we believe there are still many prospective middle market clients within our target markets that would be attracted to the types of products and services that we offer.

The following table shows the distribution of middle market businesses among our four primary market states as of January 15, 2013.

Sales (\$mm)	Pennsylvania	Ohio	New Jersey	New York	Total
100-300	549	439	452	968	2,408
50-100	1,244	992	1,068	1,944	5,248
10-50	12,398	10,479	11,099	21,296	55,272
5-10	13,804	11,249	11,888	25,466	62,407
<b>Total</b>	<b>27,995</b>	<b>23,159</b>	<b>24,507</b>	<b>49,674</b>	<b>125,335</b>

Source: OneSource Information Services, Inc.

In addition to middle market businesses in our primary markets, we also serve high net worth individuals on a national basis, which we primarily source through referral relationships with independent broker-dealers, wealth managers, family offices, trust companies and other financial intermediaries. We view our product offerings as being most appealing to those households with \$500,000 or more in net worth (not including their primary residence), of which there were 13.8 million households in the United States in 2011, according to SpectremGroup Affluent Market Insights 2012<sup>®</sup>.



**Table of Contents****Our Products and Services**

We offer our clients an array of products and services, including loan and deposit products, cash management services and capital market services such as interest rate swaps. Our loan products include, among others, commercial and personal loans, asset-based loans, commercial real estate loans, loans secured by marketable securities, acquisition financing, and letters of credit. Our deposit products include, among others, checking accounts, money market deposit accounts, savings accounts, certificates of deposit, and Promontory's CDARS and Insured Cash Sweep services. Our cash management services include online balance reporting, online bill payment, remote deposit, liquidity services, wire and ACH services, foreign exchange and controlled disbursement. More information about our key products and services, including a discussion about how we manage our products and services within our overall business and enterprise risk strategy, is set forth below.

We expect to continue to develop and implement additional products for our clients, including through our potential future investment in or acquisition of a private wealth management services business. For additional information, see *Description of Business Business Strategy*.

**Loans**

Our primary source of income is interest on loans. Our loan portfolio consists primarily of commercial and industrial loans, real estate loans secured by commercial real estate properties and personal loans to our private banking clients. Our loan portfolio represents the highest yielding component of our earning assets.

The following table presents the composition of our loan portfolio, by category, as of December 31, 2012.

	<b>December 31, 2012</b>	<b>Percent of Total Loans</b>
	(Dollars in thousands)	
Commercial and industrial loans	876,443	53.2%
Commercial real estate loans	474,679	28.8%
Private banking-personal	296,224	18.0%
 Total loans, before deferred loan fees	 \$ 1,647,346	 100.0%

*Commercial and Industrial Loans.* Our commercial and industrial loan portfolio includes loans made to service companies or manufacturers generally for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing acquisitions and recapitalizations. Cash flow from the borrower's operations provides the primary source of repayment for these loans. Except for our commercial loans that are secured by marketable securities, the primary risks associated with commercial and industrial loans include potential declines in the value of collateral securing these loans, the highly-leveraged nature and inconsistent earnings of some commercial borrowers and the larger amounts of commercial and industrial loans made to individual borrowers. We work throughout the lending process to manage and mitigate such risks within our commercial and industrial loan portfolio.

We focus on making commercial and industrial loans to established, privately-owned and regionally-based businesses that have sales in the \$5.0 million to \$300.0 million range. Our target commercial and industrial borrowers are businesses that have an established history of loan repayment, predictable growth and cash flow. We will also consider loans to commercial borrowers that are supported by guarantors with recurring cash flow sufficient to service the loan. We benefit from the lending experience of our relationship managers and their relationships with our clients, which results in a better understanding of commercial borrowers and their businesses. This expertise and understanding helps us to focus our marketing efforts towards those commercial customers that will satisfy our underwriting standards and that fit the description of our target customer base.

Our commercial and industrial loans include both working capital lines of credit and term loans. Working capital lines of credit generally have maturities ranging from one to five years. Availability under our



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commercial lines of credit is typically limited to a percentage of the value of the assets securing the line. Those assets typically include accounts receivable, inventory and occasionally equipment. Depending on the risk profile of the borrower, we may require periodic accounts receivable and payables agings, as well as borrowing base certificates representing borrowing availability after applying appropriate advance percentage rates to the collateral. Our commercial and industrial term loans generally have maturities between three to five years, and typically do not extend beyond seven-years. Our commercial and industrial lines of credit and term loans typically have floating interest rates.

As of December 31, 2012, we had commercial and industrial loans outstanding of \$876.4 million. Included in our commercial and industrial loans were \$119.8 million of loans sourced through our private banking channel with the proceeds used for a commercial or business purpose. As of December 31, 2012, a majority of our commercial and industrial loans sourced through our private banking channel were secured by marketable securities.

*Commercial Real Estate Loans.* We concentrate on making commercial real estate loans to experienced borrowers that have an established history of successful projects. The cash flow from income-producing properties or the sale of property from for-sale construction and development loans are generally the primary sources of repayment for these loans. The equity sponsors of our borrowers generally provide a secondary source of repayment from excess global cash flows. The primary risks associated with commercial real estate loans include credit risk arising from difficulty in liquidating collateral securing the loans, the dependency of repayment upon income generated from the property securing the loan and the vulnerability of such income to changes in market conditions. We work throughout the lending process to manage and mitigate such risks within our commercial real estate loan portfolio.

A majority of our commercial real estate loans are made to borrowers and projects or properties located within our primary markets. Our relationship managers are experienced lenders who are familiar with the trends within their local real estate markets.

The table below shows the composition of our commercial real estate portfolio as of December 31, 2012.

	December 31, 2012	Percent of CRE Loans	Percent of Total Loans
		(Dollars in thousands)	
Real estate term loans:			
Other income-producing property loans	\$ 331,162	69.8%	20.2%
Owner-occupied term loans	46,823	9.9%	2.8%
Multifamily/apartments loans	46,912	9.9%	2.8%
<b>Total real estate term loans</b>	<b>\$ 424,897</b>	<b>89.6%</b>	<b>25.8%</b>
Residential construction loans	5,234	1.1%	0.3%
Other construction loans	38,174	8.0%	2.3%
Land development loans	6,374	1.3%	0.4%
<b>Total commercial real estate loans</b>	<b>\$ 474,679</b>	<b>100.0%</b>	<b>28.8%</b>

Included in the commercial real estate loans above are \$19.5 million of loans sourced through our private banking channel with proceeds to be used for a commercial or business purpose.

*Real Estate Term Loans.* As of December 31, 2012, approximately \$424.9 million, or approximately 25.8% of total loans, consisted of real estate term loans. Our real estate term loans include credit secured by various types of income-producing properties, owner-occupied term loans and multifamily/apartment loans. In making real estate term loans, we look for income-producing properties that have established cash flows sufficient to service the proposed loan on an amortizing basis. Our real estate term loans generally have maturities of five to seven years and are offered with both fixed and floating interest rates. In addition to providing real estate term loans for investment properties, we also finance owner-occupied commercial properties.



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*Construction Loans.* As of December 31, 2012, approximately \$43.4 million, or approximately 2.6% of total loans, consisted of residential and other construction loans. Our residential construction loans are typically for single-family residential properties. Our other construction loans are typically for projects used in manufacturing, warehousing, office, service, retail and multi-family housing. These loans are usually floating rate loans. Generally, our construction loans have a term of one to three years, but can include an amortizing term loan period of generally three to five years contingent upon the property meeting established debt service coverage levels. Properties related to our construction loans are frequently pre-leased at a level that will generate sufficient cash flow to service the fully advanced construction loan on an amortizing basis upon the completion of construction.

*Land Development Loans.* As of December 31, 2012, the remaining \$6.4 million, or approximately 0.4% of total loans, consisted of land development loans. Our land development loans include loans to finance the purchase and development of land for sale. We make these loans on a limited basis. In making land development loans, we typically require a higher level of equity to be invested by the borrower and strong levels of borrower global cash flows to reduce reliance on land sales for repayment of the loan. These loans are typically structured as lines of credit with one to three year maturities and usually have floating interest rates.

*Private Banking-Personal Loans.* Our private banking-personal loans, along with certain of our loans classified as commercial loans, are sourced through our private banking channel, which operates on a national basis. These loans consist primarily of loans made to high net worth individuals that may be secured by cash, marketable securities, residential property or other financial assets. We also have a limited number of unsecured loans and lines of credit in our private banking-personal loan portfolio that have been made to creditworthy borrowers. The primary source of repayment for these loans is the income and assets of the borrower(s). Because most of our private banking-personal loans are secured by marketable securities or residential real estate, we believe the credit risk inherent in this segment of our portfolio is lower than the risk associated with our commercial and industrial and commercial real estate portfolios, although there are risks associated with the value of the collateral these loans. We work throughout the lending process to manage and mitigate such risks within our private banking-personal loan portfolio.

Our private banking-personal lines of credit are generally due on demand or have terms of 364 days. Our term loans (other than mortgage loans) in this category generally have maturities of three to five years. Our residential mortgage loans typically have maturities of seven years or less, although we have made mortgage loans with maturities of up to ten years on a limited basis. Our personal lines of credit typically have floating interest rates. On an accommodative basis, we have made personal residential real estate loans consisting primarily of first and second mortgage loans for residential properties, including jumbo mortgages. We examine the personal cash flow and liquidity of our individual borrowers when underwriting our private banking-personal loans not secured by marketable securities. In some cases we require our borrowers to agree to maintain a minimum level of liquidity that will be sufficient to repay the loan.

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As of December 31, 2012, we had \$296.2 million of outstanding private banking-personal loans. As discussed above, we also make loans through our private banking channel with the proceeds used for a commercial or business purpose. Those loans are included in the above-described commercial and industrial and commercial real estate categories for the purposes of this discussion. The table below includes all loans made through our private banking channel, by collateral type, as of the dates indicated.

	2012	December 31, 2011 (In thousands)	2010
<b>Private banking-personal loans:</b>			
Secured by residential real estate	\$ 136,899	\$ 106,272	\$ 106,341
Secured by marketable securities <sup>(1)</sup>	139,088	76,272	66,221
Other	20,237	20,440	19,264
<b>Total private banking-personal loans</b>	<b>296,224</b>	<b>202,984</b>	<b>191,826</b>
<b>Private banking-commercial loans:</b>			
Secured by commercial real estate	19,531	19,095	12,586
Secured by marketable securities <sup>(1)</sup>	84,853	32,333	16,060
Other	34,972	30,940	19,601
<b>Total private banking-commercial loans</b>	<b>139,356</b>	<b>82,368</b>	<b>48,247</b>
<b>Total private banking channel loans</b>	<b>\$ 435,580</b>	<b>\$ 285,352</b>	<b>\$ 240,073</b>

(1) Aggregate loans secured by marketable securities were \$223.9 million, \$108.6 million and \$82.3 million as of December 31, 2012, December 31, 2011 and December 31, 2010, respectively.

**Loan Underwriting**

Our focus on maintaining strong asset quality is pervasive throughout all aspects of our lending activities, and it is especially apparent in our loan underwriting function. We are selective in targeting our lending to middle market businesses, commercial real estate investors and developers and high net worth individuals that we believe will meet our credit standards. Our credit standards are determined by our Credit Risk Policy Committee that is made up of senior bank officers, including our Chairman and Chief Executive Officer, Vice Chairman, Chief Financial Officer, Chief Credit Officer, Chief Risk Officer and our market presidents.

Our underwriting process is multilayered. Prospective loans are first reviewed by our relationship managers and market presidents. The prospective commercial and certain private banking loans are then presented to a pre-screen group composed of the Chief Credit Officer and all of the market presidents. Finally, the prospective loans are submitted to our senior loan committee for approval, with the exception of a limited amount loans that are fully secured by marketable securities. Members of the senior loan committee include our Chairman and Chief Executive Officer, Vice Chairman, Chief Financial Officer, Chief Credit Officer, Chief Risk Officer (as a non-voting member) and our market presidents. All of our lending personnel, from our relationship managers to the members of our senior loan committee, have significant experience that benefits our underwriting process.

We maintain high credit quality standards. Each credit approval, renewal, extension, modification or waiver is documented in written form to reflect all pertinent aspects of the transaction. Our underwriting analysis generally includes an evaluation of the borrower's business, industry, operating performance, financial condition and frequently includes a sensitivity analysis of the borrower's ability to repay the loan.

Our lending activities are subject to internal exposure limits that restrict concentrations of loans within our portfolio to certain maximum percentages of our total loans and/or our total capital levels. These exposure limits are approved by our senior loan committee and our board of directors based upon recommendations made by the Credit Risk Policy Committee. Our internal exposure limits are established to avoid unacceptable concentrations in a number of areas, including in our different loan categories and in specific industries. In addition, we have established internal guidelines limiting the maximum amount of credit that we will extend to any one borrowing relationship.



**Table of Contents****Loan Participations**

We make loans that are originated directly by us, and also loans where we provide a pro rata portion of a larger credit facility that is collectively offered by a group of banks with one bank acting as the agent bank. We divide these participation loans into two categories: syndications and club participations. Syndicated participations are participations in loans of at least \$20 million that are shared by three or more financial institutions. Our club participations include all of our other participations. Our club participations generally have the following characteristics: (1) a smaller number of participating banks; (2) we hold a larger pro rata percentage participation in the credit; (3) we have a depository relationship with the borrower; and (4) we provide active input with respect to the management of the credit. Many of our syndicated loans also have one or more of the above-described characteristics.

We are part of the originating bank group in connection with our loan participations and none of the participation loans currently in our loan portfolio have been purchased on the secondary market. Our participation loans are to borrowers typically located within our primary markets and are generally made to companies that are known to us and with whom we have direct contact. We utilize the same underwriting criteria for our participations that we use for loans that we originate directly.

Loan participations offer advantages in a diversified loan portfolio. These loans have helped us to diversity the risk inherent in our loan portfolio by allowing us to access a broader array of corporations with different credit profiles, repayment sources, geographic footprints and with larger revenue bases than those businesses associated with our direct loans.

The following table presents the composition of our loan portfolio, by category based upon direct loans and participations, as of the dates indicated.

	2012	December 31, 2011 (In thousands)	2010
Sole bank	\$ 903,792	\$ 732,061	\$ 662,771
Lead bank	73,711	72,597	47,731
<b>Total direct loans</b>	<b>977,503</b>	<b>804,658</b>	<b>710,502</b>
Club	196,299	166,047	143,019
Syndication	473,544	441,513	436,425
<b>Total participation loans</b>	<b>669,843</b>	<b>607,560</b>	<b>579,444</b>
<b>Total loans, before deferred loan fees</b>	<b>\$ 1,647,346</b>	<b>\$ 1,412,218</b>	<b>\$ 1,289,946</b>

**Private Equity Lending**

We make loans to companies owned by private equity funds. A majority of the private equity funds that support these borrowers are located within our primary markets. Generally, our private equity fund relationships are with large, well established funds with committed investors. We believe these types of funds possess the financial strength, experience and professionalism to effectively evaluate, manage and support their acquisitions. The companies that we typically finance that are owned by private equity funds are either located within our primary markets or, if outside, are located where we can efficiently service the relationship. We maintain regular direct contact with private equity funds regarding the performance of their companies for which we have provided financing. We regularly monitor our exposure level to any one private equity fund sponsor and have established an internal limit for the amount of term loans made to companies owned by private equity funds. As of December 31, 2012, we had \$377.7 million in term loans to private equity backed businesses, which represented approximately 22.9% of our total loans.

**Table of Contents****Loan Portfolio Concentrations**

*Diversified lending approach.* We are committed to maintaining a diversified loan portfolio. We also concentrate on making loans to businesses where we have or can obtain the necessary expertise to understand the credit risks commonly associated with the borrower's industry. We avoid lending to businesses that would require a high level of specialized industry knowledge that we do not have. The following table shows the composition of our loan portfolio by borrower industry as of December 31, 2012.

	December 31, 2012	Percent of Total Commercial Loans
(Dollars in thousands)		
<b>Industry:</b>		
Real estate, rental and leasing	\$ 351,459	21.3%
Service	348,137	21.1%
Manufacturing	351,859	21.4%
Private household	274,894	16.7%
Wholesale trade	74,602	4.5%
Construction	61,379	3.7%
Information	29,805	1.8%
Retail trade	48,521	2.9%
Transportation and warehousing	33,281	2.0%
Mining	29,649	1.8%
All others	43,760	2.8%
<b>Total loans, before deferred loan fees</b>	<b>\$ 1,647,346</b>	<b>100.0%</b>

Borrowers represented within the real estate, rental and leasing category are largely owners and managers of both residential and non-residential commercial real estate income-producing properties. Loans extended to borrowers within the service industries include loans to finance working capital and equipment. Significant trade categories represented within the service industries include, among others, financial services, scientific/technical services, health care and hospitality services. Loans extended to borrowers within the manufacturing industry include loans to manufacturers of paper, chemicals, plastics, rubber, glass and clay products. Loans extended to borrowers in the private household industry include our private banking-personal loans.

*Geographic criteria.* We focus on developing client relationships with companies that have headquarters and/or significant operations within our primary markets.

The table below shows the composition of our commercial and industrial loans and our commercial real estate loans based upon the states where our borrowers are located. Loans to borrowers located in our four primary market states make up 75.5% of our total commercial loans outstanding as of December 31, 2012. When those loans are aggregated with our loans to borrowers located in states that are contiguous to our primary market states, the percentage increases to approximately 86.9% of our commercial loan portfolio.

	December 31, 2012	Percent of Total Loans
(Dollars in thousands)		
<b>Geographic region:</b>		
Pennsylvania	\$ 486,470	36.0%
Ohio	242,032	17.9%
New Jersey	165,843	12.3%
New York	125,095	9.3%
Contiguous states	154,036	11.4%
Other states	177,646	13.1%
<b>Total commercial loans, before deferred loan fees</b>	<b>\$ 1,351,122</b>	<b>100.0%</b>





**Table of Contents*****Large Credit Relationships***

We originate and maintain large credit relationships with numerous customers in the ordinary course of our business. We have established an informal, internal limit on loans to one borrower that is significantly lower than our legal lending limit of approximately \$35.2 million as of December 31, 2012. Our present informal, internal lending limit is \$10.0 million based upon our total credit exposure to any one borrowing relationship. However, exceptions to this limit may be made in the case of particularly strong credits. As of December 31, 2012, our average loan size was approximately \$1.7 million.

The following table summarizes the aggregate committed and outstanding balances of our larger credit relationships as of December 31, 2012.

	Number of Relationships	December 31, 2012	
		Committed Balance (Dollars in thousands)	Outstanding Balance
<b>Large credit relationships:</b>			
>\$15.0 million to \$20.0 million <sup>(1)</sup>	1	\$ 18,000	\$ 18,000
>\$10.0 million to \$15.0 million	17	212,552	123,112
\$5.0 million to \$10.0 million	156	1,232,025	879,452

(1) The single loan included between \$15.0 million to \$20.0 million is secured by marketable securities.

***Loan Pricing***

We generally extend variable-rate loans on which the interest rate fluctuations are based upon a predetermined indicator, such as the United States prime rate or the London Interbank Offered Rate, or LIBOR. Our use of variable-rate loans is designed to mitigate our interest rate risk to the extent that the rates that we charge on our variable-rate loans will rise or fall in tandem with rates that we must pay to acquire deposits and vice versa. As of December 31, 2012, approximately 29.9% of our variable-rate loans also contained a minimum interest rate, or floor, which helps to preserve our interest rate spread. As of December 31, 2012, approximately 86.3% of our loans had variable rates and approximately 13.7% of our loans had fixed rates.

***Deposits***

An important aspect of our business franchise is the ability to gather deposits. Deposits provide the primary source of funding for our lending activities. We offer traditional depository products including checking accounts, money market deposit accounts, savings accounts and certificates of deposit and CDARS<sup>®</sup> reciprocal products. We also offer cash management services, including online balance reporting, online bill payment, remote deposit, liquidity services, wire and ACH services and collateral disbursement. Our deposits are insured by the FDIC up to statutory limits. Our average non-brokered deposit account size was \$290,000 as of December 31, 2012. The weighted average life on all of our transaction accounts (including our money market deposit accounts and checking accounts) was 797 days at December 31, 2012.

As our institution has matured, we have been successful in developing our non-brokered deposit relationships, and this has enabled us to decrease our reliance on brokered deposits. As of December 31, 2012, non-brokered deposits represented approximately 60.6% of our total deposits. Our non-brokered deposit sources primarily include deposits from financial institutions, high net wealth individuals, family offices, trust companies, wealth management firms, business customers and their executives. We compete for non-brokered deposits by offering a broad range of deposit products at competitive rates. We also attract non-brokered deposits by offering customers a variety of cash management services. We maintain direct customer relationships with many of our depositors whose deposits are considered to be brokered for regulatory purposes, including with many of our CDARS<sup>®</sup> reciprocal depositors and with depositors of certain uninsured checking and money market balances. For additional information about our deposit products and our overall funding strategy, see the section above entitled, *Our Business Strategy Deposit Funding Strategy*.

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The table below shows the balances of our deposit portfolio by source for the year ended December 31, 2012:

	2012	December 31, 2011	2010	December 31, 2012 Change from December 31, 2011	
				Amount	% Percent
(Dollars in thousands)					
<b>Non-brokered deposits:</b>					
Private Banking					
Business	\$ 94,441	\$ 69,453	\$ 69,786	\$ 24,988	36.0%
Personal	181,901	168,489	198,126	13,412	8.0%
Total private banking	276,342	237,942	267,912	38,400	16.1%
Financial institutions	477,268	275,685	54,125	201,583	73.1%
Businesses	352,016	421,112	325,608	(69,096)	(16.4%)
Total non-brokered deposits	1,105,626	934,739	647,645	170,887	18.3%
<b>Brokered deposits:</b>					
Checking and money market deposit accounts	281,322	129,989	159,992	151,333	116.4%
CDARS® time deposits	344,980	421,563	517,006	(76,583)	(18.2%)
Brokered time deposits	91,451	150,835	145,957	(59,384)	(39.4%)
Total brokered deposits	717,753	702,387	822,955	15,366	2.2%
Total deposits	\$ 1,823,379	\$ 1,637,126	\$ 1,470,600	\$ 186,253	11.4%
Non-brokered deposits to total deposits	60.6%	57.1%	44.0%		

**Competition**

We operate in a very competitive industry and face significant competition for customers from bank and non-bank competitors, particularly regional and nationwide institutions, in originating loans, attracting deposits and providing other financial services. We compete for loans and deposits based upon the personal and responsive service offered by our highly experienced relationship managers, access to management and interest rates. As a result of our low fixed operating costs, we believe we are able to compete for customers with the competitive interest rates that we pay on deposits and that we charge on our loans.

Our management believes that our most direct competition for deposits comes from commercial banks, savings and loan associations, credit unions, money market funds and brokerage firms, particularly nationwide and large regional banks, that target the same customers we do. Competition for deposit products is generally based on pricing because of the ease with which customers can transfer deposits from one institution to another. Our cost of funds fluctuates with market interest rates and our ability to further reduce our cost of funds may be affected by higher rates being offered by other financial institutions. During certain interest rate environments, additional significant competition for deposits may be expected to arise from corporate and government debt securities and money market mutual funds.

Our competition in making loans comes principally from nationwide, regional and large community banks, insurance companies and full service brokerage firms. Many large national and regional commercial banks have a significant number of branch offices in the areas in which we operate. Aggressive pricing policies and terms of our competitors on middle market and private banking loans, especially during a period of prolonged low interest rates, may result in a decrease in our loan origination volume and a decrease in our yield on loans. We compete for loans principally through the quality of products and service we provide to middle market customers and private banking referral partners, while maintaining competitive interest rates, loan fees and other loan terms.

Our relationship-based approach to business also enables us to compete with other financial institutions in attracting loans and deposits. Our relationship managers and market presidents have significant experience in the banking industry in the markets they serve and are focused on customer service. By capitalizing on this



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experience and by tailoring our products and services to the specific needs of our clients, we have been successful in cultivating stable relationships with our customers and also with financial intermediaries who refer their clients to us for banking services. We believe our approach to customer relationships will assist us in continuing to compete effectively for loans and deposits in our primary markets and nationally through our private banking channel.

### **Enterprise Risk Management**

We place significant emphasis on risk management as an integral component of our organizational culture. We use our risk management practices to monitor existing operations, support decision-making, and improve the success rate for new initiatives.

The mission of our enterprise risk management program is to help ensure the appropriate strategic planning and execution of our business within our desired risk appetite across strategic and financial risk, credit risk, liquidity risk, market risk, operational risk, compliance, legal risk and reputational risk. Our board of directors established our Enterprise Risk Management Committee which includes executive management and, as an independent non-voting member, the Chairman of our Risk Committee. Our Enterprise Risk Management Committee provides oversight to our three subcommittees: ALCO, Credit Risk Policy Committee and Operational Risk and Compliance Committee.

We believe that our emphasis on risk management is manifested in our solid asset quality statistics. Our risk management techniques include quarterly loan reviews by an independent loan review firm and monthly meetings of our Special Assets Group, which includes our executive management, to review criticized assets in order to monitor those relationships and implement corrective measures on a timely basis to minimize losses. In addition, we perform an annual stress test of our commercial real estate portfolio, in which we evaluate the impact on the portfolio of declining economic conditions, including lower rental rates, lower occupancy rates and lower resulting valuations. The stress test focuses only on the cash flow and valuation of the properties and ignores the liquidity, net worth and cash flow of any guarantors related to the credits. We report the results of these stress tests to the Risk Committee of our board of directors.

We also have implemented an extensive asset/liability management process. We utilize interest rate risk modeling on a quarterly basis to assess our interest rate profile and to enhance forward-looking decision making. If our models indicate that our operations are outside of our approved parameters, we utilize responsive planning techniques and escalate our reporting

### **Information Technology Systems**

We devote significant resources to maintain modern, efficient and scalable information technology systems. We outsource most of our processing and services which allows us to select the best provider in each market niche, reduce our costs by leveraging the vendors' economies of scale and expand our capabilities as needed. We believe our existing systems are capable of accommodating our projected growth in the near future with minimal additional capital expenditures.

### **Employees**

As of December 31, 2012, we had approximately 119 full-time equivalent employees. None of our employees are represented by any collective bargaining unit or are parties to a collective bargaining agreement. We believe that our relations with our employees are good.

### **Properties**

Our main office consists of leased office space located at One Oxford Centre, Suite 2700, 301 Grant Street, Pittsburgh, Pennsylvania. We also lease office space for each of our four representative offices in the

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metropolitan areas of Philadelphia, Pennsylvania; Cleveland, Ohio; Princeton, New Jersey; and New York, New York. The leases for our facilities have terms expiring at dates ranging from 2014 to 2021, although certain of the leases contain options to extend beyond these dates. We believe that our current facilities are adequate for our current level of operations.

We believe that we have the necessary infrastructure in place to support our projected growth in our primary markets. While we expect to continue to expand and diversify our business by hiring additional experienced bankers in our primary markets, we do not anticipate establishing additional offices in new markets at least until our New York market demonstrates sustained profitability.

## **Legal Proceedings**

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, future prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

## **Additional Information**

From time to time, certain of our directors and officers are involved in legal proceedings (as defined in Item 401 of Regulation S-K) in capacities not directly associated with their roles as officers and directors of TriState Capital Holdings. Described below are certain legal proceedings involving one of our directors and one of our officers, none of which we believe has a material effect on us or the ability of such individuals to serve in their current roles with us or the Bank.

Mr. James J. Dolan is a member of our board of directors. In addition to his other business ventures, Mr. Dolan invests in real estate and other ventures. In October 2011, entities associated with a real estate project for which Mr. Dolan serves as a statutory manager filed a petition for voluntary liquidation under Chapter 7 of the U.S. Bankruptcy Code, which remains pending.

Mr. Charles C. Fawcett IV currently serves as President of our private banking channel. In 2005, Mr. Fawcett was barred from association with any member of the Financial Industry Regulatory Authority, or FINRA. Although FINRA enforcement staff alleged that Mr. Fawcett intentionally deleted emails related to a regulatory investigation, the FINRA hearings panel ultimately found in favor of Mr. Fawcett on those allegations, concluding there was insufficient evidence establishing that Mr. Fawcett knew or had reason to know that the deleted emails were subject to a subpoena or that he had any reason to attempt to conceal the information in the emails. Based upon advice of his counsel, Mr. Fawcett declined to provide information or testimony to FINRA, which resulted in the above sanction.

**Table of Contents****MANAGEMENT****General**

Our board of directors is composed of 12 members and is divided into four classes of directors, serving staggered four-year terms. Approximately one-fourth of our board of directors is elected by the shareholders at each annual shareholders meeting for a term of four years, and the elected directors hold office until their successors are duly elected and qualified or until their earlier death, resignation or removal. Our executive officers are appointed by our board of directors and hold office until their successors are duly appointed.

The board of directors of TriState Capital Bank also consists of 12 members, all of whom are members of our board of directors. As the sole shareholder of the Bank, we elect the directors of TriState Capital Bank annually for a term of one year, and the directors of the Bank hold office until their successors are elected and qualified. The executive officers of the Bank are appointed by its board of directors and hold office until their successors are duly appointed.

We entered into an agreement with the Lovell Minnick funds that permits them to designate one representative who we have appointed to our board of directors and to the board of directors of TriState Capital Bank, and one nonvoting observer to our board of directors and to the board of directors of TriState Capital Bank. We have further agreed that, following the closing of this offering, we will continue to nominate the representative designated by the Lovell Minnick funds for election to our board of directors and to the board of directors of the Bank for so long as the Lovell Minnick funds collectively own more than 4.9% of our outstanding common stock. The Lovell Minnick funds have agreed subject to certain terms and conditions, to waive certain rights they have in connection with their investment in us and this offering. James E. Minnick was appointed in August 2012 to, and currently serves on, our board of directors and the board of directors of TriState Capital Bank as the designee of the Lovell Minnick funds. For additional information about the terms of our Series C preferred stock and related agreements and amendments see, *Description of Capital Stock Series C Preferred Stock*.

The following table sets forth certain information regarding our directors and executive officers:

Name	Age	Position with TriState Capital Holdings, Inc.	Position with TriState Capital Bank	Director Since	Director Until / Class
Helen Hanna Casey	64	Director	Director	2006	2016 / Class IV
E. H. (Gene) Dewhurst	66	Director	Director	2006	2015 / Class III
James J. Dolan	58	Director	Director	2006	2013 / Class I
Michael J. Farrell	63	Director	Director	2011	2016 / Class IV
James F. Getz	66	Chairman, President, Chief Executive Officer, and Director	Chairman, President, Chief Executive Officer, and Director	2006	2014 / Class II
James H. Graves	64	Director	Director	2011	2013 / Class I
James E. Minnick	64	Director	Director	2012	2016 / Class IV
A. William Schenck III	69	Vice Chairman and Director	Vice Chairman and Director	2006	2015 / Class III
Richard B. Seidel	71	Director	Director	2007	2014 / Class II
Mark L. Sullivan	65	Vice Chairman, Chief Financial Officer, and Director	Vice Chairman, Chief Financial Officer, and Director	2006	2013 / Class I
John B. Yasinsky	73	Director	Director	2006	2015 / Class III
Richard A. Zappala	75	Director	Director	2007	2014 / Class II

**Board of Directors and Executive Officers**

A brief description of the background of each of our directors and executive officers is set forth below. All of our executive officers also serve as directors for TriState Capital and TriState Capital Bank. No director or executive officer has any family relationship, as defined in Item 401 of Regulation S-K, with any other director or executive officer.

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*Helen Hanna Casey.* Since 1991, Ms. Casey has served as president of Hanna Holdings, Inc., a real estate firm located in Pittsburgh, Pennsylvania. She is also a director of Hanna Holdings, Inc. Howard Hanna Real Estate Services which is a subsidiary of Hanna Holdings, Inc., a large residential real estate brokerage company. Since 1987, she has served on the board of directors of West Penn Multi-List, Inc., a company that provides real estate listing services, and she holds the professional designations of GRI (Graduate Realtors Institute) and CRB (Certified Residential Broker). In addition, since 2007, she has served on the board of directors of the Strategic Investment Fund, a private sector source of financing for real estate projects in the City of Pittsburgh and surrounding regions. In the Pittsburgh area, she serves as chairwoman of the Greater Pittsburgh Chamber of Commerce, and a member of the executive committee of the Allegheny Conference on Community Development. Ms. Casey regularly conducts speaking engagements for real estate professionals. She is a graduate of Georgian Court University, B.A., 1971. Ms. Casey's experience in the real estate industry, as well as her long-standing relationships within the Pittsburgh business and civic community, qualify her to serve on our board of directors.

*E.H. (Gene) Dewhurst.* Since 1992, Mr. Dewhurst has served as vice president-finance and treasurer for each of the affiliated Falcon Seaboard entities based in Houston, Texas, and since 1998, he has served as a director for those entities. Falcon Seaboard is a privately owned company that currently invests its own funds in businesses that need capital for expansion, acquisition or management changes and is a significant investor in the stock market. Prior to Falcon Seaboard, Mr. Dewhurst was in banking for 20 years. He ended that phase of his career as senior vice president of Bank One, Houston (now JP Morgan Chase, Houston). Mr. Dewhurst currently serves on several other boards, including Biblica, Inc., a global publisher and copyright holder of the NIV version of the Bible; The Houston Symphony Society; College of Biblical Studies, a minority seminary in Houston; and the Greater Houston Partnership. Mr. Dewhurst has extensive board experience, including, among others, service on the board of directors of Central Bank, Houston, Texas, from 1996 to 2009; United Fuel & Energy Corporation, from 2003 to 2009, a publicly traded distributor of gasoline, diesel and lubricant products in the Southwestern and South Central United States that was acquired by Southern Counties Oil Co. in 2009; The Houston Symphony Endowment, from 2006 to 2012; Christian Brothers Automotive Corporation, Houston, Texas, from 2002 to 2008; MarsHill Productions, Missouri City, Texas, from 1991 to 2001, a Christian film production company; American Prudential Capital Inc., from 1998 to 2006, a commercial finance company offering alternative funding; The Exchange Club of Houston, from 1975 to 1984, a service club; and Crime Stoppers of Houston, 1981, including as a founding member. Mr. Dewhurst is a graduate of The University of Texas, B.A. in History, 1969 and the Southwestern Graduate School of Banking at Southern Methodist University, 1984. Mr. Dewhurst's experience as an investment and corporate finance professional for multiple, diversified entities, including his ability to interpret capital markets, assess financial statements and projections, comprehend capital demand and analyze risk associated with asset allocation, qualify him to serve on our board of directors.

*James J. Dolan.* Since 1998, Mr. Dolan has served as managing partner of Voyager Group L.P. Voyager Group is a private equity holding company that invests in and operates businesses in the technology, financial service, aviation, natural resource and resort development industries. In addition, Mr. Dolan currently serves as chairman of Ascent Data, a company he founded in May 2009 that provides cloud computing solutions and data center services to middle market companies and legal firms. The company was a spin out of Access Data Corp., a company that Mr. Dolan founded in April 1997 and sold in May 2009. Access Data developed the software, technical infrastructure, and network security to manage the processing of sensitive financial transactions for prominent financial management firms, including Charles Schwab, Janus, The Hartford Group, GE Capital Management and others. Previously, Mr. Dolan was a senior officer of Federated Investors for 19 years where he served as president and chief executive officer of Federated Services Company, a provider of shareholder services, marketing, distribution, custody, transfer agency and technology products to regulated companies and investment advisors. Mr. Dolan previously served as chairman and chief executive officer of Liberty Bank and Trust Company, and he currently serves on the board of directors of PlanMember Services Corp., a large asset management company. He is a graduate of Villanova University, B.A. in English, 1976, and Duquesne University School of Law, J.D., 1980. Mr. Dolan's experience as a director and officer of financial institutions and financial services companies, his extensive and diverse managerial experience, and his knowledge of real estate finance and development, qualify him to serve on our board of directors.

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*Michael J. Farrell.* Mr. Farrell is a certified public accountant and he has served as president of Farrell & Co., a private investment management company, since 1982. From 2002 to August 2011, he served as chairman, president and chief executive officer of Standard Steel, LLC, a manufacturer of forged steel wheels and axles for freight railcars, locomotives and passenger railcars. Prior to that, Mr. Farrell served as president of MK Rail Corporation, a subsidiary of Morrison Knudsen that combined five companies that manufactured component parts for railroad locomotives. He was also a certified public accountant for Touche Ross & Co (now Deloitte). Mr. Farrell has served since 1998 on the board of directors of Federated Investors, Inc., a publicly-traded company and a large investment manager in the United States, and he currently serves as chairman of its audit committee. Mr. Farrell is a graduate of The Pennsylvania State University, B.S. in Accounting, 1971, and the Graduate School of Business Administration at Harvard University, O.P.M., 1987. Mr. Farrell's public accounting background, extensive experience in executive management and as a director of both private and public companies, and his long-standing relationships within the Pittsburgh business and civic community qualify him to serve on our board of directors.

*James F. Getz.* Mr. Getz has served as the Chairman of the Board and Chief Executive Officer of TriState Capital and TriState Capital Bank since the commencement of business operations in January 2007. Effective January 1, 2013, Mr. Getz also became the President of TriState Capital and TriState Capital Bank. Mr. Getz was president of Federated Securities Corporation, the retail sales division of Federated Investors, Inc. from 1994 until 2006. He also served as president and director of Federated Bank & Trust Company located in Gibbsboro, New Jersey from 1986 until 2006. He was a director of Federated Investors, Inc. from its initial public offering in 1998 until 2003. Because much of Federated's business consisted of offering mutual funds to bank trust departments and independent broker-dealers, Mr. Getz has first-hand experience with many U.S. financial intermediaries. Before joining Federated in 1986, Mr. Getz's banking experience included senior positions with Girard Bank, N.A. (now part of Bank of New York Mellon) and First Pennsylvania Bank (acquired by First Fidelity and now part of Wells Fargo). Mr. Getz is a graduate of King's College in Wilkes-Barre, Pennsylvania, B.A. in History, 1969, and Villanova University in Villanova, Pennsylvania, M.A. in History, 1971. Mr. Getz currently serves on the board of directors of King's College. During Mr. Getz's tenure at Federated, inaccurate information about his background and education was published. The inaccurate information was not provided by Mr. Getz and was not contained in his employment application. Mr. Getz's extensive business, banking and public company experience, as well as his long-standing business and banking relationships within our primary markets, qualify him to serve on our board of directors.

*James H. Graves.* Mr. Graves has served as managing director and partner of Erwin, Graves & Associates, LP, a management consulting firm located in Dallas, Texas since 2001, and he has over 40 years of experience in the financial services industry. Mr. Graves was a director, vice chairman and chief operating officer of Detwiler, Mitchell & Co., a securities research firm, from 2002 until 2006. Previously, Mr. Graves worked for 11 years at J.C. Bradford & Company, a Nashville-based securities firm, where he held various positions concluding as chief operating officer and head of equity capital markets until it was sold to PaineWebber (now UBS) in 2000. From 1980 to 1991, Mr. Graves worked for Dean Witter Reynolds, Inc., first as head of the energy group and later as head of all of the industry investment banking groups in New York. He was a member of the firm's senior management committee. Mr. Graves began his career at Citibank and opened the Houston loan production office in 1974. Mr. Graves presently serves as a director of Cash America International, Inc. (NYSE: CSH), a publicly-traded company operating pawn shops and online lending; Hallmark Financial Services, Inc. (NASDAQ: HALL), a publicly-traded insurance group; and BankCap Partners, LP, a private equity fund focused on the U.S. financial services sector which he co-founded in 2006. Mr. Graves also serves as a director and treasurer of The Incarnation Foundation. He is a graduate of Trinity College in Hartford, Connecticut, B.A. in Economics, 1971. Mr. Graves' executive leadership and management experience in several businesses, including large corporations and businesses within the financial services industry, his expertise in analyzing investments in financial services companies, and his experience as a director of both private and public companies qualify him to serve on our board of directors.

*James E. Minnick.* Mr. Minnick has served as president and as a member of the board of managers of Lovell Minnick Partners LLC since 1999. Lovell Minnick Partners is an independent private equity firm providing equity capital for leveraged buyouts and private company recapitalizations and growth capital for developing companies. From 1987 to 1999, Mr. Minnick was the president and chief executive officer of Morgan Grenfell



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Capital Management, the U.S. subsidiary of the global asset management firm of Morgan Grenfell Asset Management, a wholly owned subsidiary of Deutsche Bank. From 1978 to 1987, Mr. Minnick held various executive roles at SEI Investments and A.G. Becker, which was acquired by SEI Investments. These roles included serving as executive vice president at SEI Investments responsible for the investment consulting business, marketing and product development. Prior to his employment at SEI, Mr. Minnick was employed by an economic consulting firm and resided in Luxembourg. Mr. Minnick is a graduate of the University of Denver, B.A. in Economics, 1971. Mr. Minnick is also a member of the board of managers of Kanaly Holdings LLC, and its subsidiary Kanaly Trust LTA, a Texas-chartered trust company located in Houston, Texas. He also chairs the board of visitors for brain tumor research at Children's Hospital of Philadelphia and is a trustee of The Episcopal Academy. Mr. Minnick's extensive experience with respect to capital acquisition and capital markets within the financial services industry, as well as his experience overseeing the growth of early stage portfolio companies, qualify him to serve on our board of directors.

*A. William Schenck III.* Mr. Schenck served as the President of TriState Capital and TriState Capital Bank from the commencement of business operations in 2007 through January 1, 2013. At that time, he assumed the position of Vice Chairman of TriState Capital Holdings and TriState Capital Bank. He is responsible for working with our relationship managers to cultivate new middle market business and retain current customers. Mr. Schenck served as secretary of the Pennsylvania Department of Banking and Securities from January 2003 until August 2006. Prior to his public service, Mr. Schenck spent more than 30 years in the banking industry, beginning with Pittsburgh National Bank (now The PNC Financial Services Group), where he rose to the position of executive vice president consumer and small business banking. He then served as vice chairman of Great Western Financial Corporation, Chatsworth, California, a large financial services company. After that, he served as chairman of the board and chief executive officer of Fleet Mortgage Group, Inc., Columbia, South Carolina. Mr. Schenck is a graduate of the University of Virginia, B.A. in Political Science, 1965. Mr. Schenck's extensive experience in executive management of multiple financial institutions, as well as his prior regulatory experience, qualify him to serve on our board of directors.

*Richard B. Seidel.* 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. In addition, since March 2009 he has served as the Chairman of Girard Capital, LLC a registered broker-dealer. He also serves on the board of directors of Wilmington Funds (formerly the MTB Group of Funds), an affiliate of M&T Bank. A published author and lecturer, Richard co-founded The Fairfield Group in 1983, and as its 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 numerous capacities including trust administration and counsel, tax management and investments. In 1979, he established a holding company subsidiary named GTC Management, and as president developed a bank proprietary mutual fund. Mr. Seidel is a licensed attorney and is a member of the Pennsylvania bar. Mr. Seidel is a graduate from Georgetown University, B.S. in Accounting and Business, 1963, and holds a law degree from St. John's University School of Law, LL.B., 1966. Mr. Seidel's extensive experience in financial services and trust administration, as well as his prior banking and legal experience, qualify him to serve on our board of directors.

*Mark L. Sullivan.* Mr. Sullivan has served as the Vice Chairman and Chief Financial Officer of TriState Capital and TriState Capital Bank since the commencement of business operations in 2007. As a certified public accountant, he served as a partner of Price Waterhouse & Co. (now PricewaterhouseCoopers LLP) and Ernst & Young LLP for more than 20 years. While with those firms, he worked closely with M&T Bank Corp. As coordinating partner for M&T, he managed all aspects of the firm's relationship with M&T. This included assisting with the asset and liability management function, independent review and restructuring of the bank's internal audit function and significant tax planning. During his career in public accounting, Mr. Sullivan had client coordinating partner responsibilities for companies ranging from entrepreneurial businesses to Fortune 500 companies, including Ford Motor Company, Dow Chemical and H.J. Heinz. Mr. Sullivan is a graduate of Providence College, B.S. in Business, 1969, and Babson College, M.B.A., 1970. Mr. Sullivan's 36-year career in public accounting with 25 years at the partner level focusing primarily on Fortune 500 companies, along with his banking experience and his relationships within the Pittsburgh community, qualify him to serve on our board of directors.

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*John B. Yasinsky.* Mr. Yasinsky is the retired chairman and chief executive officer of OMNOVA Solutions Inc., a Fairlawn, Ohio-based developer, manufacturer, and marketer of emulsion polymers, specialty chemicals, and building products. Since 2000, he has served as a director of A. Schulman, Inc. in Akron, Ohio (NASDAQ: SHLM), a publicly-traded international supplier of custom compounds and related products. In addition, since 1994 Mr. Yasinsky has served as a director of CMS Energy Corp. in Jackson, Michigan (NYSE: CMS), a publicly-traded electric and natural gas utility company. Mr. Yasinsky is also an executive advisory partner of Wind Point Partners, a Chicago-based private equity firm that partners with executives to acquire and maximize the potential of middle market businesses. A former White House Fellow, Mr. Yasinsky served from 1999 until his retirement in 2000 as chairman and chief executive officer of OMNOVA Solutions, Inc., and continued as chairman until February 2001. From 1994 to 1999 he was the chairman and chief executive officer of GenCorp; and for three decades prior, worked in various positions for Westinghouse Electric Corporation, including serving as group president. Mr. Yasinsky is a graduate of Wheeling Jesuit University, B.S. in Physics, 1961; the University of Pittsburgh, M.S. in Physics, 1963; and Carnegie Mellon University, Ph.D. in Nuclear Science, 1967. Mr. Yasinsky's prior positions, which provided him with in-depth experience in a broad array of markets, including electrical and energy systems, defense and aerospace, specialty chemicals, plastics and building and decorative products, as well as his experience on boards of directors of other public companies, qualify him to serve on our board of directors.

*Richard A. Zappala.* Mr. Zappala is the former principal and chairman of The First City Company in Pittsburgh, Pennsylvania, a firm that specializes in the management, leasing and development of shopping centers throughout the Mid-Atlantic states. Mr. Zappala served as chairman of the board of The First City Company until December 2011, and he still serves as a member of its board of directors. Mr. Zappala is a graduate of the University of Notre Dame, B.S. in Electrical Engineering, 1959 and holds a law degree from Duquesne University School of Law, LL.B. 1963. Mr. Zappala's extensive commercial real estate experience, as well as his longstanding knowledge of and relationships in the Pittsburgh business community, qualify him to serve on our board of directors.

### **Corporate Governance Principles and Board Matters**

We are committed to having sound corporate governance principles, which are essential to running our business efficiently and maintaining our integrity in the marketplace. Our board of directors has adopted Corporate Governance Guidelines that set forth the framework within which our board of directors, assisted by its committees, directs the affairs of our organization. The Corporate Governance Guidelines address, among other things, the composition and functions of our board of directors, director independence, compensation of directors, management succession and review, board committees and selection of new directors. In addition, our board of directors has adopted a Code of Conduct that applies to all of our directors, officers and employees, as well as a separate Code of Ethics for Principal Executive and Senior Financial Officers, including our Chief Executive Officer and Chief Financial Officer. Upon closing of this offering, our Corporate Governance Guidelines, as well the Code of Conduct and Code of Ethics, will be available on our website at [www.tscbank.com](http://www.tscbank.com). We expect that any amendments to the Code of Ethics, or any waivers of its requirements, will be disclosed on our website, as well as any other means required by Nasdaq rules.

*Director qualifications.* We believe that our directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in business, government or banking. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on boards of other companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all shareholders. When considering potential director candidates, our board of directors also considers the candidate's character, judgment, diversity, age, skills, including financial literacy, and experience in the context of our needs and those of the board of directors.

We have no formal policy regarding the diversity of our board of directors. Our Nominating and Corporate Governance Committee and board of directors may therefore consider a broad range of factors

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relating to the qualifications and background of nominees, which may include personal characteristics. Our Nominating and Corporate Governance Committee's and our board's priority in selecting board members is identification of persons who will further the interests of our shareholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members and professional and personal experiences and expertise relevant to our growth strategy. Our Nominating and Corporate Governance Committee implements this goal as part of its nomination process and assesses its implementation during both the nomination process and as part of the committee's self-assessment process.

*Director independence.* Under the rules of Nasdaq, independent directors must comprise a majority of our board of directors within a specified period of time of this offering. The rules of Nasdaq, as well as those of the SEC, also impose several other requirements with respect to the independence of our directors. Our board of directors has evaluated the independence of its members based upon the rules of Nasdaq and the SEC. Applying these standards, our board of directors has affirmatively determined that each of our current directors is an independent director, with the exception of James F. Getz, our Chairman, Chief Executive Officer and President, A. William Schenck III, our Vice Chairman and Mark L. Sullivan, our Vice Chairman and Chief Financial Officer. Messrs. Getz, Schenck and Sullivan are also employees of TriState Capital Bank. For additional information, see *Certain Relationships and Related Party Transactions*.

*Leadership structure.* Our board of directors and the board of directors of TriState Capital Bank each meet on a monthly basis. Our board of directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the board of directors because our board of directors believes that it is in the best interests of our organization to make that determination from time to time based on the position and direction of our organization and the membership of our board of directors. Our board of directors has determined that having our Chief Executive Officer serve as Chairman of the board of directors is in the best interests of our shareholders at this time. This structure makes best use of the Chief Executive Officer's extensive knowledge of our organization and the banking industry. Our board of directors views this arrangement as also providing an efficient nexus between our organization and the board of directors, enabling our board of directors to obtain information pertaining to operational matters expeditiously and enabling our Chairman to bring areas of concern before our board of directors in a timely manner. Because the positions of President, Chief Executive Officer and Chairman are held by the same person, our board of directors will designate one of our independent directors to serve as Lead Independent Director. The Lead Independent Director serves as a liaison between the Chairman and the other independent directors and has the authority to call and chair meetings of the independent directors as often as necessary.

*Compensation committee interlocks and insider participation.* Upon closing of this offering, none of the members of our Compensation Committee will be or will have been an officer or employee of TriState Capital or TriState Capital Bank. In addition, none of our executive officers serves or has served as a member of the board of directors, Compensation Committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

### **Board Committees**

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include the Audit Committee, the Compensation Committee, the Risk Committee and the Nominating and Corporate Governance Committee. Our board of directors also may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our corporate governance documents.

*Audit Committee.* The Audit Committee assists our board of directors in fulfilling its responsibilities for general oversight of the integrity of our financial statements, compliance with legal and regulatory

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requirements, the independent auditors' qualifications and independence, and the performance of our internal audit function and that of our independent auditors. Among other things, the Audit Committee:

annually reviews the Audit Committee charter and the committee's performance;

appoints, evaluates and determines the compensation of our independent auditors;

reviews and approves the scope of the annual audit, the audit fee and the financial statements;

reviews disclosure controls and procedures, internal controls, internal audit function, and corporate policies with respect to financial information; and

oversees investigations into complaints concerning financial matters, if any.

The Audit Committee works closely with our management as well as our independent auditors. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding to engage outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties.

The members of the Audit Committee are Messrs. Dewhurst, Farrell, Graves and Seidel, each of whom satisfy the applicable independence and other requirements of the SEC and Nasdaq for Audit Committees. Mr. Farrell is the chairperson of our Audit Committee, and serves as our audit committee financial expert, as required under the applicable rules of the SEC and Nasdaq.

The Audit Committee has adopted a written charter that, among other things, specifies the scope of its rights and responsibilities. Upon closing of this offering, the charter of the Audit Committee will be available on our website.

*Compensation Committee.* The Compensation Committee is responsible for discharging the board's responsibilities relating to compensation of the executives and directors. Among other things, the Compensation Committee:

evaluates human resources and compensation strategies;

reviews and approves objectives relevant to executive officer compensation;

evaluates performance and determines the compensation of our executive officers in accordance with those objectives;

approves any changes to non-equity based benefit plans involving a material financial commitment;

recommends to the board of directors compensation for directors; and

evaluates performance in relation to the Compensation Committee charter.

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The members of the Compensation Committee are Helen Hanna Casey and Messrs. Dolan, Minnick, Yasinsky and Zappala, each of whom qualifies as an independent director as defined under the applicable rules and regulations of the SEC and Nasdaq, a non-employee director under Rule 16b-3 of the Exchange Act and an outside director under Section 162(m) of the Internal Revenue Code. James Dolan is the chairperson of our Compensation Committee.

The Compensation Committee has adopted a written charter that among other things, specifies the scope of its rights and responsibilities. Upon closing of this offering, the charter of the Compensation Committee will be available on our website.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee is responsible for discharging the board's responsibilities relating to the corporate governance of our organization. Among other things, the Nominating and Corporate Governance Committee:

identifies individuals qualified to be directors consistent with the criteria approved by the board of directors and recommending director nominees to the full board of directors;

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ensures that the Audit and Compensation Committees have the benefit of qualified independent directors ;

oversees management continuity planning;

leads the board of directors in its annual performance review; and

monitors our corporate governance principles and practices.

The members of the Nominating and Corporate Governance Committee are Helen Hanna Casey and Messrs. Seidel, Minnick, Yasinsky and Zappala, each of whom qualifies as an independent director as defined under the applicable rules and regulations of the SEC and Nasdaq. Mr. Yasinsky is the chairperson of our Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee has adopted a written charter that among other things specifies the scope of its rights and responsibilities. Upon closing of this offering, the charter of the Nominating and Corporate Governance Committee will be available on our website.

*Risk Committee.* The Risk Committee is responsible for the overseeing our enterprise-wide risk management framework.

Responsibilities of the Risk Committee involve, among other things:

enhancing the Boards oversight and understanding of enterprise-wide risk management activities and effectiveness and serving as a point of contact between our board of directors and our management-level Committees;

monitoring and reviewing with management our risk tolerance and major risk exposures, including risk concentrations and correlations;

reviewing our enterprise risk management framework, including the policies and strategies employed by our management to identify, manage and monitor risks associated with our business objectives; and

appointing, evaluating and determining the compensation for our internal auditors on non-financial reporting matters.

The members of the Risk Committee are Messrs. Dewhurst, Dolan, Farrell and Graves. Mr. Dewhurst is the chairperson of our Risk Committee.

The Risk Committee has adopted a written charter that among other things, specifies the scope of its rights and responsibilities. Upon closing of this offering, the charter of the Risk Committee will be available on our website.

**Table of Contents****EXECUTIVE COMPENSATION**

Our named executive officers for 2012, which consist of our principal executive officer and the two other most highly compensated executive officers, are:

James F. Getz, our President, Chief Executive Officer and Chairman of the Board;

A. William Schenck III, our Vice Chairman; and

Mark L. Sullivan, our Vice Chairman and Chief Financial Officer.

We have not entered into employment agreements with any of our executive officers or employees, each of whom serve at the pleasure of our board of directors and is an at will employee.

**Summary Compensation Table**

The following table provides information regarding the compensation of our named executive officers for our fiscal years ended December 31, 2012 and 2011. Except as set forth in the notes to the table, all cash compensation for each of our named executive officers was paid by TriState Capital Bank, where each serves in the same capacity.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
James F. Getz Chairman, President and Chief Executive Officer	2012	\$ 1,500,000	\$ 650,000		\$ 472,150	\$ 31,618	\$ 2,653,768
	2011	1,500,000		\$ 500,000		32,161	2,032,161
A. William Schenck III, Vice Chairman	2012	425,000	637,500			31,618	1,094,118
	2011	400,000	429,149			32,161	861,310
Mark L. Sullivan, Vice Chairman and Chief Financial Officer	2012	425,000	637,500			16,684	1,079,184
	2011	400,000	429,149			16,765	845,914

- (1) The bonus compensation plan is based upon established goals for pre-tax income and earnings per share. Performance metrics are also used to further align the interests of the Company, our shareholders and the plan participants. Those metrics encompass credit quality, profitability, budget/efficiencies and the safety and soundness. The bonus compensation plan is actively overseen by our Compensation Committee and reviewed by our full board of directors.
- (2) Represents the aggregate grant date fair value calculated in accordance with applicable accounting guidance without regard to forfeitures. For additional information on our accounting for such awards, please refer to Note 14 to our audited consolidated financial statements included elsewhere in this prospectus.
- (3) As other compensation, Mr. Getz received medical insurance premiums of approximately \$14,934 in 2012 and \$15,396 in 2011, vision insurance premiums of approximately \$184 in both 2012 and 2011, dental insurance premiums of approximately \$900 in 2012 and \$981 in 2011, life and disability insurance premiums of approximately \$1,350 in both 2012 and 2011, a car allowance of \$6,900 in each of 2012 and 2011 and employer 401(k) contributions of approximately of \$7,350 in 2012 and 2011. As other compensation, Mr. Schenck received medical insurance premiums of approximately \$14,934 in 2012 and \$15,396 in 2011, vision insurance premiums of approximately \$184 in both 2012 and 2011, dental insurance premiums of approximately \$900 in 2012 and \$981 in 2011, life and disability insurance premiums of approximately \$1,350 in both 2012 and 2011, a car allowance of \$6,900 in each of 2012 and 2011 and employer 401(k) contributions of approximately of \$7,350 in 2012 and 2011. As other compensation, Mr. Sullivan vision insurance premiums of approximately \$184 in

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both 2012 and 2011, dental insurance premiums of approximately \$900 in 2012 and \$981 in 2011, life and disability insurance premiums of approximately \$1,350 in both 2012 and 2011, a car allowance of \$6,900 in each of 2012 and 2011 and employer 401(k) contributions of approximately of \$7,350 in 2012 and 2011.



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Our Compensation Committee periodically evaluates the compensation and benefit programs for our executive officers and senior management team and makes adjustments intended to achieve our objectives, which include attracting and retaining qualified personnel, managing our compensation expense and related risks, and providing a strong link between performance and pay. For 2011 and 2012, Mr. Getz's compensation was increased as a result of the significant improvement in our performance and profitability during 2010, 2011 and 2012, which followed the net losses we incurred in the first three years of our operating history. For 2013, the Compensation Committee restructured Mr. Getz's compensation package to provide more emphasis on incentive compensation, which we believe more directly aligns his compensation with our business objectives, risk management efforts and the interests of our shareholders. As a result, Mr. Getz's base salary has been reduced to \$945,000 for 2013 and he is eligible to receive incentive bonuses that may increase or decrease his total compensation over 2012, depending on our performance. As part of our long-term incentive initiatives, the Compensation Committee also established a supplemental executive retirement plan for Mr. Getz effective as of January 31, 2013. Upon the later to occur of his retirement or completion of 60 months of employment, the plan would pay \$25,000 monthly for a period of 180 consecutive months.

### Outstanding Equity Awards at 2012 Fiscal Year-End

The following table provides information regarding outstanding equity awards held by each of our named executive officers on December 31, 2012. All of the stock options shown in the table below were granted under the TriState Capital Holdings, Inc. 2006 Stock Option Plan, as amended, or the 2006 Plan. All of the stock options shown in the table below were granted with a per share exercise price equal to the fair market value of our common stock on the grant date. No stock options were exercised by the named executive officers during 2012. In addition, on January 15, 2011, we granted 62,500 shares of restricted stock to James F. Getz as additional compensation for his services, pursuant to a restricted stock award agreement containing the terms and conditions of the grant.

Name	Grant Date	Option awards				Stock awards	
		Number of securities underlying unexercised options (#) exercisable <sup>(1)</sup>	Number of securities underlying unexercised options (#) unexercisable <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#) <sup>(2)</sup>	Market value of shares or units of stock that have not vested (\$) <sup>(3)</sup>
James F. Getz	12/31/2012		95,000	\$ 10.25	12/31/2022		
James F. Getz	1/15/2011					50,000	\$ 400,000
A. William Schenck III	1/22/2007	500,000		\$ 10.00	1/22/2017		
Mark L. Sullivan	1/22/2007	500,000		\$ 10.00	1/22/2017		

- (1) Represents stock options, 50% of which vest on the date that is two and one-half years following the grant date, and the remaining 50% of which vest on the fifth anniversary of the grant date. All of the stock options shown in the table above were granted with a per share exercise price equal to the fair market value of our common stock on the grant date. For information regarding valuation of options, please refer to Note 13 to our audited consolidated financial statements included elsewhere in this prospectus.
- (2) Represents unvested shares of restricted stock that fully vested on January 15, 2013.
- (3) Represents the aggregate grant date fair value calculated in accordance with applicable accounting guidance without regard to forfeiture. For additional information on our accounting for such awards, please refer to Note 13 to our audited consolidated financial statements included elsewhere in this prospectus.

### Stock Incentive Plan

Our board of directors adopted the 2006 Plan to provide additional incentives to officers, directors and employees for their contributions to our business. The 2006 Plan initially provided for the issuance of 2,000,000 shares of our common stock upon exercise of options. At our April 23, 2012 annual shareholders' meeting, our shareholders approved an amendment to the 2006 Plan that increased the number of shares of

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our common stock reserved for issuance upon the exercise of stock options to 4,000,000. Up to 100% of the shares reserved for issuance under the 2006 Plan may be issued upon the exercise of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, although no incentive stock options have been issued to date. Nonqualified stock options may also be granted under the 2006 Plan. All stock options granted under the 2006 Plan are made pursuant to an award agreement, which contains the specific terms and conditions of the grant.

As of December 31, 2012, an aggregate of 2,193,000 stock options were issued and outstanding with a weighted average exercise price of \$9.97 share. After taking into account all outstanding unexercised stock options and all shares of our common stock issued upon exercise of stock options, an aggregate of 1,807,000 shares of common stock remain available for issuance under the 2006 Plan.

*Administration.* The 2006 Plan is administered by the Compensation Committee of our board of directors, which has significant discretion with respect to the issuance of awards, establishment of award terms, modification of plan requirements and adoption of policies and practices related to the implementation of the plan.

*Share authorization.* As stated above, there are 4,000,000 shares of our common stock that are reserved for issuance upon the exercise of stock options granted under the 2006 Plan. Of those, 1,807,000 shares are not subject to currently-outstanding stock options and are available for issuance under the plan. In connection with recapitalizations, stock dividends, stock splits, combination of shares or other changes in the stock, our Compensation Committee will make proportionate adjustments that it deems appropriate in the aggregate number of shares of common stock that may be issued under the 2006 Plan and the terms of outstanding awards. If any shares of stock covered by an award granted under the 2006 Plan are not purchased or are forfeited or expire, or if an award otherwise terminates without delivery of any shares of stock subject thereto, or is settled in cash in lieu of shares of stock, then the number of shares of stock counted against the aggregate number of shares of stock available under the 2006 Plan with respect to the award will again be available for making awards under the plan.

*Term and vesting.* Stock options granted under the 2006 Plan contain terms that provide for a graded vesting schedule whereby portions of the options vest in increments over the requisite service period. The options vest fifty percent after two and one-half years following the award date and the remaining fifty percent vest five years following the award date. The term of an option cannot exceed 10 years from the date of grant.

*Termination of the 2006 Plan.* In accordance with IRS requirements, the 2006 Plan will terminate upon its tenth anniversary in 2016.

*Effect of certain transactions.* The existence of the 2006 Plan and the stock options granted under the plan will not affect our right or the right of our shareholders to authorize any adjustments, recapitalizations, reorganizations or other changes in our capital structure or our business. The 2006 Plan provides that if we are the surviving corporation in any merger, consolidation or share exchange, any stock options that have been granted under the 2006 Plan will pertain to and apply to the securities to which a holder of the number of shares of our common stock subject to the stock option would have been entitled as a result of the transaction. In any merger, consolidation or share exchange where we are not the surviving corporation, the 2006 Plan provides that there will be substituted for each share of our common stock that is subject to an unexercised stock option, the number of shares of stock of the surviving corporation or an amount of cash, property or assets that were distributed or are distributable to our shareholders in respect of each share of our common stock held by them, and the outstanding stock options will thereafter be exercisable for the stock, securities, cash or property in accordance with their terms.

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*Stock option activity.* Stock option activity during the periods indicated is as follows:

	Years Ended December 31,				
	2012	2011	2010	2009	2008
Number of Options Beginning Balance	1,946,500	1,893,000	1,735,000	1,633,000	1,441,000
Options Granted	271,500	171,000	203,000	124,000	197,000
Options Forfeited	25,000	117,500	45,000	22,000	5,000
Number of Options Ending Balance	2,193,000	1,946,500	1,893,000	1,735,000	1,633,000
<b>Weighted Average Exercise Price:</b>					
Options Granted	\$ 10.20	\$ 8.94	\$ 8.06	\$ 10.90	\$ 13.61
Options Forfeited	9.06	11.50	13.15	13.44	10.00
Ending Balance	\$ 9.97	\$ 9.92	\$ 10.11	\$ 10.43	\$ 10.39

*Stock option compensation expense for the year ended December 31, 2012.* We have elected to recognize compensation expense for options with graded vesting schedules on a straight-line basis over the requisite service period for the entire option grant. During the year ended December 31, 2012, we recognized share-based compensation expense related to option grants under the 2006 Plan totaling \$639,000, compared to \$1.4 million for the same period in 2011.

As of December 31, 2012, there was \$2.6 million of total unrecognized compensation cost related to non-vested options granted under the plan. The unrecognized compensation cost is expected to be recognized over a weighted average period of 4.1 years.

*Stock option compensation expense for the year ended December 31, 2011.* During the years ended December 31, 2011 and 2010, we recognized share-based compensation expense related to option grants under the 2006 Plan totaling \$1.4 million and \$1.5 million, respectively.

**Restricted Stock**

We granted 62,500 shares of restricted stock Mr. James Getz, our Chairman of the Board, President and Chief Executive Officer, during January 2011 as additional compensation for his services. Under the terms of the award agreement relating to the restricted stock grant, 10% of the shares of restricted stock vested upon issuance in January 2011, another 10% of the shares of restricted stock became vested in January 2012, and the remaining 80% of the shares of restricted stock will vest in January 2013. In addition, in the event of the retirement, disability or death of Mr. Getz during the term of the agreement, any unvested shares of restricted stock would immediately vest upon such event. Except for transfers to certain family members, none of the shares of restricted stock may be sold, transferred, pledged, gifted or otherwise disposed of until the shares have vested. The award agreement includes certain additional restrictions on vesting of the shares consistent with the requirements of the Department of the Treasury's investment in our preferred stock under the Capital Purchase Program. These additional restrictions on vesting expired upon our repayment of the Department of the Treasury's investment on September 26, 2012.

The grant date fair value of the restricted stock award is equal to the price of our common stock on the grant date. We will expense the service-based restricted stock award ratably over the two-year vesting period, which commenced in January 2011. The unvested portion of the restricted stock award is subject to forfeiture if the service period is not completed.

**401(k) Retirement Plan**

We maintain a defined contribution 401(k) retirement savings plan for our employees. Our 401(k) plan is intended to qualify as a tax-qualified plan under Section 401 of the Internal Revenue Code so that contributions to our 401(k) plan and income earned on those contributions are not taxable to participants until withdrawn or distributed from the 401(k) plan. Our 401(k) plan provides that each participant may

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contribute up to 84% of his or her pre-tax compensation, up to a statutory limit of \$16,500 for 2011 and \$17,000 for 2012. Participants who are at least 50 years old are also entitled to make catch-up contributions, which in 2011 and 2012 may be up to an additional \$5,500 above the statutory limit.

Beginning in 2011, we automatically contributed three percent of the employee's semi-monthly base salary to the employee's 401(k) plan on a per pay basis, subject to IRS limitations. Full-time employees are eligible to participate upon the first month following their first day of employment or having attained age 21, whichever is later. Substantially all of our employees received an automatic contribution of three percent of their base salary in 2012. We did not make any employer contributions to the plan in 2010 or 2009. Under our 401(k) plan, each employee is fully vested in his or her deferred salary contributions. Employee contributions are held and invested by the plan's trustee.

**Compensation of Directors**

We pay our non-employee directors based on the directors' participation in board of directors and committee meetings held throughout the year, and TriState Capital Bank pays its directors in the same manner. Messrs. Getz, Schenck and Sullivan are employees of TriState Capital Bank and as such, do not receive any direct remuneration for serving as a director of TriState Capital Bank or us. During 2012, directors received annual retainer of \$30,000. In addition directors received \$1,000 per board meeting attended and \$1,000 per committee meeting attended. The chairperson of our Audit Committee receives an annual fee of \$10,000, the chairperson of our Risk Committee receives an annual fee of \$6,000, and the chairperson of each of the Compensation Committee and the Corporate Governance Committee receive annual fees of \$5,000, as compensation for their services as chairperson of such committees.

We have also granted stock options to our directors as compensation for their services. In 2012, each of our non-employee directors received options to purchase 6,000 shares of our outstanding common stock with an exercise price of \$10.25 per share. It is contemplated that non-employee directors will receive similar grants of stock options for their service as members of our board of directors in future years.

The following table sets forth compensation paid, earned or awarded during 2012 to each of our directors other than Messrs. Getz, Schenck and Sullivan, whose compensation is described in the *Summary Compensation Table* above.

Name	Fees Earned or Paid in Cash \$( <sup>1</sup> )	Option Awards \$( <sup>2</sup> )	Total (\$)
Helen Hanna Casey	\$ 53,000	\$ 29,820	\$ 82,820
E. H. (Gene) Dewhurst	79,000	29,820	108,820
James J. Dolan	63,000	29,820	92,820
Michael J. Farrell	70,000	29,820	99,820
James H. Graves	60,000	29,820	89,820
James E. Minnick	9,000	29,820	38,820
Richard B. Seidel	55,000	29,820	84,820
John B. Yasinsky	58,000	29,820	87,820
Richard A. Zappala	53,000	29,820	82,820

- (1) The amounts reported above include retainer fees of \$35,000 to Michael Farrell, \$31,000 to Gene Dewhurst, \$30,000 each to James Dolan and John Yasinsky, and \$25,000 to each of the remaining directors paid in cash, in December 2011, but earned in 2012. The amount reported for Mr. Minnick was paid during 2012 and reflects his joining our board of directors in August 2012. The amounts reported exclude retainer fees of \$40,000 to Michael Farrell, \$36,000 to Gene Dewhurst, \$35,000 each to James Dolan and John Yasinsky, and 30,000 to each of the remaining directors, paid in cash in December 2012 to be earned in 2013.
- (2) The amount reported represents the grant date fair value of stock options granted during the applicable fiscal year and does not represent an amount paid to or realized by the director

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during the applicable fiscal year. The fair market value of each option award is estimated on the date of grant using the Black-Scholes option pricing model and the weighted average assumptions. For additional information regarding valuations, please refer to Note 13 to our audited consolidated financial statements included elsewhere in this prospectus.

Directors have been and will continue to be reimbursed for travel, food, lodging and other expenses directly related to their activities as directors. Directors are also entitled to the protection provided by the indemnification provisions in our current articles of incorporation and bylaws, as well as the articles of incorporation and bylaws of TriState Capital Bank.

### **PRINCIPAL AND SELLING SHAREHOLDERS**

The following table provides information regarding the beneficial ownership of our voting stock as of February 28, 2013, and as adjusted to reflect the closing of this offering, for:

each person known to us to be the beneficial owner of more than five percent of our common stock;

each of our directors and named executive officers;

all directors and executive officers, as a group; and

the selling shareholder.

Based on the information provided to us by or on behalf of the selling shareholder, the selling shareholder is not a broker-dealer or an affiliate of a broker-dealer.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. Unless otherwise noted, the address for each shareholder listed on the table below is: c/o TriState Capital Holdings, Inc., One Oxford Centre, 301 Grant Street, Pittsburgh, Pennsylvania 15219.

The table below calculates the percentage of beneficial ownership of our common stock based on 17,444,730 shares of common stock outstanding as of February 28, 2013 and \_\_\_\_\_ shares of common stock outstanding upon closing of this offering, except as follows. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or other convertible or exercisable securities held by that person that are currently exercisable or convertible or exercisable or convertible within sixty days of February 28, 2013. However, we did not deem these shares outstanding for the purpose of computing the percentage ownership of any other person.

For the purposes of the table below, we have also included beneficial ownership information with respect to the outstanding shares of our Series C preferred stock. Holders of our Series C preferred stock vote as a class with our common stock on an as-converted basis. Upon the closing of this offering, all of the outstanding shares of our Series C preferred stock will be converted into shares of our common stock with a conversion ratio of 100 shares of common stock for each share of our Series C preferred stock.

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We entered into a Preferred Stock Purchase Agreement and a Registration Rights Agreement with the Lovell Minnick funds in connection with their August 2012 purchase of our Series C preferred stock. In addition, we entered into an Agreement Regarding Perpetual Convertible Preferred Stock, Series C, in connection with this offering. Pursuant to these agreements, the Lovell Minnick funds have certain ongoing rights including, among others, certain board representation rights, board observer rights and information and access rights. For additional information about the rights of the holders of the Lovell Minnick funds under these agreements, see *Description of Capital Stock Series C Preferred Stock*.

Name of Beneficial Owner	Beneficial Ownership Before this Offering				Shares of Common Stock being Offered		Beneficial Ownership After this Offering	
	Shares of Common Stock Number	%	Shares of Series C Preferred Stock <sup>(1)</sup> Number	%	Total Shares of Voting Stock Number	%	Number	%
<b>Greater than 5% Shareholders</b>								
Entities affiliated with Lovell Minnick <sup>(2)</sup>	4,878,049	21.9%	48,780,488	100.00%	4,878,049	21.9%		
Financial Stocks Capital Partners V LP <sup>(3)</sup>	1,500,000	8.6%			1,500,000	6.7%		
BankCap Partners Fund 1 LP <sup>(4)</sup>	1,441,666	8.3%			1,441,666	6.5%		
Stephens Investment Holdings, LLC <sup>(5)</sup>	941,667	5.4%			941,667	4.2%		
Silver Creek Special Opportunities Funds <sup>(6)</sup>	1,000,000	5.7%			1,000,000	4.5%		
<b>Directors and Executive Officers</b>								
Helen Hanna Casey <sup>(7)</sup>	41,055	*			41,055	*		
E.H. (Gene) Dewhurst <sup>(8)</sup>	517,000	3.0%			517,000	2.3%	200,000 <sup>(9)</sup>	1.2%
James J. Dolan <sup>(10)</sup>	141,125	*			141,125	*		
Michael J. Farrell <sup>(11)</sup>	12,500	*			12,500	*		
James F. Getz <sup>(12)</sup>	949,220	5.4%			949,220	4.3%		
James H. Graves <sup>(13)</sup>	12,500	*			12,500	*		
James E. Minnick <sup>(14)</sup>	4,878,049	21.9%	48,780,488	100.00%	4,878,049	21.9%		
A. William Schenck III <sup>(15)</sup>	600,125	3.3%			600,125	2.6%		
Richard B. Seidel <sup>(16)</sup>	32,405	*			32,405	*		
Mark L. Sullivan <sup>(17)</sup>	600,045	3.3%			600,045	2.6%		
John B. Yasinsky <sup>(18)</sup>	43,500	*			43,500	*		
Richard A. Zappala <sup>(19)</sup>	112,080	*			112,080	*		
All directors and executive officers as a group (12 persons)	7,939,604	33.9%	48,780,488	100.00%	7,939,604	33.9%		

\* Represents less than 1%.

- (1) Shares of Series C preferred stock will convert into shares of our common stock, with a conversion ratio of 100 shares of common stock for each share of our Series C preferred stock, immediately prior to the closing of this offering.
- (2) Represents 33,736,927 shares of our Series C preferred stock that are held of record by LM III TriState Holdings LLC and 15,043,561 shares of our Series C preferred stock that are held of record by LM III-A TriState Holdings LLC. Holders of our Series C preferred stock vote as a class with our common stock on an as-converted basis. For additional information regarding the rights of our Series C preferred stock, see *Description of Capital Stock Series C Preferred Stock*. Lovell Minnick Partners LLC is the managing member of Fund III UGP LLC, which is, in turn, the general partner of Lovell Minnick Equity Advisors III LP, which is, in turn, the general partner of each of Lovell Minnick Equity Partners III LP and Lovell Minnick Equity Partners III-A LP. Lovell Minnick Equity Partners III LP is the managing member of LM III TriState Holdings LLC and Lovell Minnick Equity Partners III-A LP is the managing member of LM III-A TriState Holdings LLC. As an officer of Lovell Minnick Partners LLC, Mr. Minnick may be deemed to share beneficial ownership of the shares of our common stock held by the Lovell Minnick funds. Mr. Minnick disclaims beneficial ownership of such shares. Lovell Minnick Partners LLC has voting and dispositive power over these shares. The business address for each of LM III TriState Holdings LLC and LM III-A TriState Holdings LLC is 150 N. Radnor Chester Road, Suite A200, Radnor, Pennsylvania 19087.
- (3) Finstocks Capital Management V, LLC is the general partner of Financial Stocks Capital Partners V LP. Finstocks Capital Management V, LLC is a subsidiary of Elbrook Holdings, LLC, which is a subsidiary of FSI Group, LLC. FSI Group, LLC is

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- controlled by Steven N. Stein and John M. Stein, who have voting and dispositive power over the shares of our common stock held by Financial Stocks Capital Partners V LP. The business address for Financial Stocks Capital Partners V LP is 441 Vine Street, Suite 1300, Cincinnati, Ohio 45202.
- (4) The general partner of BankCap Partners Fund 1 LP is BankCap Partners GP. The general partner of BankCap Partners GP is BankCap LLC. Brian D. Jones and Scott A. Reed are the managers of BankCap LLC and share voting and dispositive power over the shares of our common stock held by BankCap Partners Fund 1 LP. The business address of BankCap Partners Fund 1 L.P. is 2000 McKinney Avenue, Suite 820, Dallas, Texas 75201.
  - (5) Curtis F. Bradbury, Jr., Douglas H. Martin, and Warren A. Stephens, as the managing members of Stephens Investment Holdings, LLC, have voting and dispositive power over these shares. Stephens Investment Holdings, LLC is under common control with Stephens Inc., a registered broker-dealer. The business address for the Stephens Investment Holdings, LLC is 111 Center Street, Little Rock, Arkansas 72201.
  - (6) Includes 500,000 shares held by Silver Creek-Special Opportunities Fund FD Cayman II L.P. and 500,000 shares held by Silver Creek Special Opportunities Fund II LP. The business address for Silver Creek Special Opportunities Fund is 1301 Fifth Avenue, 40<sup>th</sup> Floor, Seattle, Washington 98101.
  - (7) Includes 5,000 shares held by Ms. Casey jointly of record with her spouse, Stephen Casey, and vested options to purchase 16,000 shares of common stock that were granted under the 2006 Plan.
  - (8) Includes 500,000 shares held of record by Falcon Seaboard Investment Company, LP for which Mr. Dewhurst serves as the Vice President-Finance, Treasurer and Authorized Representative, and vested options to purchase 16,000 shares of common stock that were granted under the 2006 Plan.
  - (9) Consists of 200,000 shares of our common stock to be sold in this offering by Falcon Seaboard Investment Company, LP. Mr. Dewhurst, one of our directors, serves as the Vice President-Finance, Treasurer and Authorized Representative of Falcon Seaboard Investment Company, LP and has voting and dispositive power over such shares.
  - (10) Includes 125,000 shares held by Mr. Dolan jointly of record with his spouse, Patricia D. Dolan, and vested options to purchase 16,000 shares of common stock that were granted under the 2006 Plan.
  - (11) Includes of 10,000 shares held of record by the Farrell Family Limited Partnership for which Mr. Farrell is the General Partner.
  - (12) Includes of 173,118 shares held by Barclays Capital, Inc., FBO James F. Getz Individual Retirement Account, 284,173 shares held by Getz Enterprises, L.P. of which Mr. Getz is the General Partner, 1,720 shares held by Mr. Getz jointly of record with his spouse, Elinor M. Getz, and 62,500 fully-vested shares of restricted stock.
  - (13) Does not include shares of common stock held by BankCap Partners Fund 1, LP. Director James H. Graves currently serves on the Fund Board of BankCap Equity Fund LLC, which is the general partner of BankCap Partners GP, L.P., which, in turn, is the general partner of BankCap Partners Fund 1, L.P. Mr. Graves disclaims beneficial ownership of the shares held by investment funds affiliated with BankCap Partners Fund 1, L.P.
  - (14) See footnote 2 above.
  - (15) Includes 100,000 shares held by the A. William Schenck III Revocable Trust for which Mr. Schenck serves as Trustee, and vested options to purchase 500,000 shares of common stock that were granted under the 2006 Plan.
  - (16) Includes vested options to purchase 11,000 shares of common stock that were granted under the 2006 Plan.
  - (17) Includes vested options to purchase of 500,000 shares of common stock that were granted under the 2006 Plan.
  - (18) Includes 27,500 shares held by Mr. Yasinsky jointly of record with his wife, Marlene A. Yasinsky, and vested options to purchase 16,000 shares of common stock that were granted under the 2006 Plan.
  - (19) Includes vested options to purchase 11,000 shares of common stock that were granted under the 2006 Plan.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

In addition to the compensation arrangements with directors and executive officers described in *Executive Compensation* above, the following is a description of each transaction since January 1, 2009, and each proposed transaction in which:

we have been or are to be a participant;

the amount involved exceeds or will exceed \$120,000; and

any of our directors, executive officers or beneficial holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

**Lovell Minnick Investment**

In connection with our most recent private placement, which closed on August 10, 2012, we sold an aggregate of 48,780.488 shares of our Series C preferred stock at a price of \$1,025.00 per share to the Lovell Minnick funds, which are investment funds managed by Lovell Minnick Partners LLC. For additional information on the terms of the Series C preferred stock, see *Description of Capital Stock Series C Preferred Stock*.

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In connection with the investment, we entered into an agreement with the Lovell Minnick funds that, among other things, permits them to designate one representative who we have appointed to our board of directors and to the board of directors of TriState Capital Bank, and one nonvoting observer to our board of directors and to the board of directors of TriState Capital Bank. We have further agreed that, following the closing of this offering, we will continue to nominate the representative designated by the Lovell Minnick funds for election to our board of directors and to the board of directors of the Bank for so long as the Lovell Minnick funds collectively own more than 4.9% of our outstanding common stock. James E. Minnick was appointed in August 2012 to, and currently serves on, our board of directors and the board of directors of TriState Capital Bank as the designee for the Lovell Minnick funds.

Also in connection with the Lovell Minnick investment, we made certain representations and warranties and covenants regarding TriState Capital Bank and us. We believe the terms and conditions set forth in such agreements are reasonable and customary for transactions of this type. For additional information on our agreements with the Lovell Minnick funds, including modifications to those agreements effective upon conversion of the Series C preferred stock upon the closing of this offering, see *Description of Capital Stock Series C Preferred Stock*.

Finally, we entered into a Registration Rights Agreement for the benefit of the Lovell Minnick funds that purchased shares of our Series C preferred stock in our August 2012 private placement. Under that agreement we have granted certain demand and piggyback registration rights with respect to the shares of common stock into which shares of our Series C preferred stock are convertible. For additional information about the Registration Rights Agreement, see *Description of Capital Stock Registration Rights*.

### **Private Placement Offerings**

We have engaged in two private offerings of our capital stock since January 1, 2009, in which certain of our executive officers, directors and principal shareholders participated. In addition to the shares of our Series C preferred stock purchased by LM III TriState Holdings LLC and LM III-A TriState Holdings LLC, which are separately described above, the following is a list of our directors, executive officers or principal shareholder that purchased at least \$120,000 in shares of our common stock during any calendar year since January 1, 2009:

Our principal shareholder, Financial Stocks Capital Partners V, LP, purchased 1,500,000 shares of common stock at a price of \$8.00 per share in our July 2010 private placement.

TriState Investment Partners II is owned by employees of Stephens Inc. The managers are executives of Stephens Inc., which is under common control with Stephens Investment Holdings, LLC, which is one of our principal shareholders. TriState Investment Partners II purchased 70,796 shares of common stock at a price of \$8.00 per share in our July 2010 private placement.

### **Directed Share Program**

At our request, the underwriters have reserved up to \_\_\_\_\_ shares of our common stock offered by this prospectus, which represents approximately \_\_\_\_\_ % of our outstanding common stock as of \_\_\_\_\_, 2013, for sale, at the initial public offering price, to our executive officers, employees, business associates and related persons. Reserved shares purchased by our directors, executive officers, employees, business associates and related persons will be subject to the lock-up provisions described in *Underwriting Lock-Up Agreements*.

### **Ordinary Banking Relationships**

Certain of our officers, directors and principal shareholders, as well as their immediate family members and affiliates, are customers of, or have or have had transactions with, TriState Capital Bank or us in the ordinary course of business. These transactions include deposits, loans and other financial services related transactions. Related party transactions are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, and do not involve more than normal risk of



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collectability or present other features unfavorable to us. As of the date of this prospectus, no related party loans were categorized as nonaccrual, past due, restructured or potential problem loans. We expect to continue to enter into transactions in the ordinary course of business on similar terms with our officers, directors and principal shareholders, as well as their immediate family members and affiliates.

### **Policies and Procedures Regarding Related Party Transactions**

Transactions by TriState Capital or us with related parties are subject to a formal written policy, as well as regulatory requirements and restrictions. These requirements and restrictions include Sections 23A and 23B of the Federal Reserve Act (which govern certain transactions by TriState Capital Bank with its affiliates) and the Federal Reserve's Regulation O (which governs certain loans by TriState Capital Bank to its executive officers, directors, and principal shareholders). We and our wholly owned subsidiary, TriState Capital Bank, have adopted policies designed to ensure compliance with these regulatory requirements and restrictions.

In addition, prior to closing of this offering, our board of directors will adopt a written policy governing the approval of related party transactions that complies with all applicable requirements of the SEC and Nasdaq concerning related party transactions. Related party transactions are transactions in which we are a participant, the amount involved exceeds \$120,000 and a related party has or will have a direct or indirect material interest. Related parties of TriState Capital Holdings, Inc. include directors (including nominees for election as directors), executive officers, beneficial holders of more than 5% of our capital stock and the immediate family members of these persons. Our Chief Risk Officer, in consultation with management and outside counsel, as appropriate, will review potential related party transactions to determine if they are subject to the policy. If so, the transaction will be referred to the Nominating and Corporate Governance Committee for approval. In determining whether to approve a related party transaction, the Nominating and Corporate Governance Committee will consider, among other factors, the fairness of the proposed transaction, the direct or indirect nature of the related party's interest in the transaction, the appearance of an improper conflict of interests for any director or executive officer taking into account the size of the transaction and the financial position of the related party, whether the transaction would impair an outside director's independence, the acceptability of the transaction to our regulators and the potential violations of other corporate policies. Upon closing of this offering, our Related Party Transactions Policy will be available on our website.

## **DESCRIPTION OF CAPITAL STOCK**

### **General**

Our articles of incorporation, as amended, authorize us to issue a total of 45,000,000 shares of common stock, no par value per share, and 150,000 shares of preferred stock, no par value per share, of which 48,780,488 shares have been designated as Series C preferred stock. The authorized but unissued shares of our capital stock will be available for future issuance without shareholder approval, unless otherwise required by applicable law or the rules of any applicable securities exchange.

### **Common Stock**

As of December 31, 2012, 17,444,730 shares of our common stock were issued and outstanding and held by approximately 456 shareholders of record. We have reserved an additional 4,878,049 shares for issuance upon the conversion of our issued and outstanding Series C preferred stock. We have also reserved 4,000,000 shares for issuance in connection with stock options that may be granted under our stock incentive plan, 2,193,000 of which are subject to options are outstanding as of December 31, 2012.

*Voting.* Each holder of our common stock is entitled to one vote for each share on all matters submitted to the shareholders, except as otherwise required by law and subject to the rights and preferences of the

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holders of any outstanding shares of our preferred stock. Holders of our common stock are not entitled to cumulative voting in the election of directors.

*Dividends and other distributions.* Subject to certain regulatory restrictions discussed in this prospectus and to the rights of holders of any preferred stock that we may issue, all shares of our common stock are entitled to share equally in dividends from legally available funds, when, as, and if declared by our board of directors. Upon any voluntary or involuntary liquidation, dissolution or winding up of our affairs, all shares of our common stock would be entitled to share equally in all of our remaining assets available for distribution to our shareholders after payment of creditors and subject to any prior distribution rights related to our preferred stock. For additional information, see *Supervision and Regulation Dividends*.

*Preemptive rights.* Holders of our common stock do not have preemptive or subscription rights to acquire any authorized but unissued shares of our capital stock upon any future issuance of shares.

### **Preferred Stock**

Our articles of incorporation permit us to issue one or more series of preferred stock and authorize our board of directors to designate the preferences, limitations and relative rights of any such series of preferred stock. Each share of a series of preferred stock will have the same relative rights as, and be identical in all respects with, all the other shares of the same series. Preferred stock may have voting rights, subject to applicable law and determination at issuance of our board of directors. While the terms of preferred stock may vary from series to series, holders of our common stock should assume that all shares of preferred stock will be senior to our common stock in respect of distributions and on liquidation.

Although the creation and authorization of preferred stock does not, in and of itself, have any effect on the rights of the holders of our common stock, the issuance of one or more series of preferred stock may affect the holders of common stock in a number of respects, including the following: by subordinating our common stock to the preferred stock with respect to dividend rights, liquidation preferences, and other rights, preferences, and privileges; by diluting the voting power of our common stock; by diluting the earnings per share of our common stock; and by issuing common stock, upon the conversion of the preferred stock, at a price below the fair market value or original issue price of the common stock that is outstanding prior to such issuance.

At this time, the only series of our preferred stock that is authorized, issued and outstanding consists of 48,780,448 shares of our Series C preferred stock. Our Series A and Series B preferred shares, which were issued to the Department of the Treasury in connection with our participation in its Capital Purchase Program, were redeemed on September 26, 2012, and those series have since been cancelled.

### **Series C Preferred Stock**

In connection with our most recent private placement, which closed on August 10, 2012, we sold an aggregate of 48,780,488 shares of our Series C preferred stock at a price of \$1,025.00 per share to the Lovell Minnick funds, which are investment funds managed by Lovell Minnick Partners LLC. On an as-converted basis as of December 31, 2012, these shares represented approximately 21.9% of our outstanding common stock, or approximately % of our outstanding common stock on a pro forma basis after the closing of this offering.

### ***Conversion of Series C Preferred Stock in Connection with this Offering***

In connection with this offering, the Lovell Minnick funds have agreed, subject to certain terms and conditions, including the closing this offering, to convert all of the outstanding shares of our Series C preferred stock into shares of our common stock, with a conversion ratio of 100 shares of common stock for each share of our Series C preferred stock, immediately prior to the closing of this offering. In connection with the 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. For additional information about the preemptive rights of our Series C preferred shareholders, see *Summary of the Material Terms of our Series C Preferred Stock Preemptive rights*.

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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. For additional information about the board representation rights of our Series C preferred shareholders, see *Summary of the Material Terms of the Preferred Stock Purchase Agreement Board representation*.

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. For additional information about the board observer rights of our Series C preferred shareholders, see *Summary of the Material Terms of the Preferred Stock Purchase Agreement Observer rights*.

The Lovell Minnick funds have waived their piggyback registration rights in connection with this offering. For additional information about the registration rights of our Series C preferred shareholders, see *Registration Rights*.

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. For additional information, see *Summary of Material Terms of the Preferred Stock Purchase Agreement Transfer restrictions*.

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, see *Summary of Material Terms of the Preferred Stock Purchase Agreement Board representation*.

### ***Summary of the Material Terms of our Series C Preferred Stock***

A summary of the material terms and conditions of our Series C preferred stock is set forth below. As discussed above, however, all of the outstanding shares of our Series C preferred stock will be converted into shares of our common stock upon the closing of this offering. Accordingly, no shares of our Series C preferred stock will remain outstanding following the closing of this offering.

*Duration and ranking.* Our Series C preferred stock is perpetual, although it is subject to mandatory conversion as described below. Our Series C preferred stock generally ranks on par with our common stock with respect to dividends and it ranks senior to our common stock with respect to rights or distributions upon liquidation or dissolution.

*Dividends and other distributions.* In the event that we declare or pay any dividends on our common stock, we must also declare and pay a dividend on our Series C preferred stock in the amount that would have been declared and paid with respect to the number of shares of common stock into which the shares of Series C preferred stock are convertible. Our Series C preferred stock does not have preferred or separate dividend rights.

*Liquidation, dissolution or winding up.* Upon any liquidation, dissolution or winding of up TriState Capital, each holder of our Series C preferred stock will be entitled to be paid before any distribution or payment is made on any of our common stock an amount equal to the liquidation value of the Series C preferred stock of \$1,025.00 (subject to adjustments necessary to account for subdivisions, combinations, or certain fundamental transactions), plus an additional amount that the holder would be entitled to receive upon our liquidation if all of the holder's shares of Series C preferred stock were converted into common stock immediately prior to the liquidation.

*Voting.* The holders of our Series C preferred stock are entitled to notice of all meetings of our shareholders and, except as otherwise required by applicable law, the holders of our Series C preferred stock are entitled to vote in all matters submitted to a vote of our shareholders. The holders of our Series C preferred stock vote together with the holders of our common stock as a single class on an as-converted basis. This means that, as of the date of this prospectus, the holders of our Series C preferred stock would be entitled to 100 votes for each share of Series C preferred stock held by them in all matters submitted to a vote of our common shareholders.

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*Conversion.* Our Series C preferred stock is convertible into shares of our common stock, with a conversion ratio of 100 shares of common stock for each share of Series C preferred stock (subject to adjustment in certain events, including combinations or divisions of our common stock), by the holders at any time provided that, upon conversion, the holders of the Series C preferred stock will not own or control in the aggregate more than 24.9% of our voting securities. Any calculation of a holder's percentage of our voting securities for the purposes of this ownership limitation will be made in accordance with the control requirements of Federal Reserve Regulation Y (12 C.F.R. § 225, *et. seq.*).

In addition, subject to the ownership limitations described above, each share of our Series C preferred stock will automatically convert into shares of our common stock, with a conversion ratio of 100 shares of common stock for each share of Series C preferred stock (subject to adjustment in certain events, including combinations or divisions of common stock) upon: (1) the consummation of any offering by us of our equity securities to the public pursuant to an effective registration statement under the Securities Act that generates aggregate proceeds to us of at least \$100 million prior to the exercise of any underwriter's over-allotment option; or (2) the written consent or vote of the holders of a majority of our then-outstanding Series C preferred stock. As described above, the Lovell Minnick funds have agreed to convert all of the outstanding shares of our Series C preferred stock into shares of our common stock in connection with this offering.

*Preemptive rights.* Except as set forth below, any new equity securities that we issue must first be offered to the holders of our Series C preferred stock. Notwithstanding this requirement, we are permitted to issue new equity securities without triggering the preemptive rights of the holders of our Series C preferred stock in the following circumstances:

in connection with offers at the written direction of our primary federal banking regulator or the primary federal banking regulator of TriState Capital Bank;

upon exercise, conversion or exchange of other equity securities which are issued by us in compliance with the requirements of the Series C preferred stock designation;

equity securities issued pursuant to stock dividends, stock splits or similar transactions;

issuances of equity securities (and/or grant of options or warrants) to our employees, directors, contractors, consultants or advisors pursuant to incentive agreements, stock option plans, stock bonuses or awards or incentive contracts;

issuances of equity securities by us in connection with mergers, bona fide acquisitions or similar transactions for the purpose of acquiring other entities or substantially all of their assets; or

issuances of equity securities expressly excluded from preemption in a written consent signed by, or by vote of, the holders of at least a majority of the then-outstanding shares of our Series C preferred stock voting independently as a separate class.

The above-described preemptive rights, as well as all other rights of the Series C preferred stock terminate upon any offering of our equity securities to the public pursuant to an effective registration statement under the Securities Act that generates aggregate proceeds to us of at least \$100 million prior to the exercise of any underwriter's over-allotment option.

Notwithstanding the preemptive rights described above, we may not offer and holders of our Series C preferred stock may not purchase equity securities in excess of an amount that would cause such holder's ownership to exceed 24.9% of our voting securities outstanding at the time, or in excess of 24.9% of our equity outstanding at that time.

As described above, the Lovell Minnick funds have agreed to waive their preemptive rights in connection with this offering.

*Tag-along rights.* The terms of our Series C preferred stock provides that any person who holds collectively more than 20% of our capital stock may not transfer all or any portion of that stock unless the



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terms of the transfer contain an offer to each holder of the Series C preferred stock to include in the transfer a number of shares of our Series C preferred stock determinate in accordance with the procedures described in the related terms of our Series C preferred stock.

### ***Summary of the Material Terms of the Preferred Stock Purchase Agreement***

In connection with our issuance of the Series C preferred stock, we entered into a Preferred Stock Purchase Agreement, dated as of April 24, 2012, as amended, with the Lovell Minnick funds. Pursuant to the Preferred Stock Purchase Agreement, we have agreed to comply with certain continuing obligations which are described in more detail below.

*Board representation.* We have agreed under the terms of the Preferred Stock Purchase Agreement to appoint one individual who has been designated by the Lovell Minnick funds to serve in the following positions for us and for TriState Capital Bank: (1) a Class IV director (with a term expiring April 24, 2016) and, in the case of the Bank, a director; (2) a member of the Compensation Committee; and (3) a member of the Nominating and Corporate Governance Committee. James E. Minnick was appointed in August 2012 to, and currently serves on, our board of directors and the board of directors of TriState Capital Bank as the representative of the Lovell Minnick funds, and he also serves on certain of our committees. For additional information, see *Management Board Committees*.

We have agreed that we will not reduce the term of the Class IV director appointed pursuant to our obligations under the Preferred Stock Purchase Agreement. Further, for as long as holders of our Series C preferred stock hold at least 9.9% of our common stock on an as-converted basis, we have agreed that we will nominate the director designated by the Lovell Minnick funds for successive four-year terms and we will take any other lawful action within our power to cause the designee to be elected for terms as a director of TriState Capital and TriState Capital Bank. We have also agreed that vacancies created by any resignation or otherwise of a director designated by the Lovell Minnick funds will be filled with a successor director that has been designated by the Lovell Minnick funds.

If a director nominee that has been designated by the Lovell Minnick funds is not elected for any reason, we have agreed that we will increase the number of directors, creating a vacancy on our board of directors, and then fill that vacancy with the Lovell Minnick fund's designee. Unless increased pursuant to this covenant, we have agreed that the number of directors on our board will not exceed 14.

The director representation rights of the Lovell Minnick funds are supported by certain agreements that we have entered into with the Lovell Minnick funds and certain of our larger shareholders, which we refer to collectively as the shareholder agreements. Pursuant to the shareholder agreements, as of December 31, 2012, holders of in excess of 45.0% of our outstanding common stock (not including shares of our common stock into which shares of our Series C preferred stock are convertible) have agreed, among other things, that they will vote their shares to elect the director nominee who has been designated to serve on our board of directors by the Lovell Minnick funds. The shareholder agreements also prohibit certain transfers by these holders of common stock of their shares of our common stock unless the transferee agrees to be bound by the terms of the applicable shareholder agreement. In addition, we agreed pursuant to the Preferred Stock Purchase Agreement that, for as long as the holders of our Series C preferred stock hold at least 9.9% of our common stock on an as-converted basis, we will not transfer any shares of our common stock (except upon exercise of previously outstanding stock options) to any person other than an existing member of our board of directors (all of whom are parties to these shareholder agreements) or enter into new option agreements, unless the transferee or optionee agrees to be bound by the applicable shareholders agreement.

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As described above, effective immediately prior to the closing of this offering, the Lovell Minnick funds will have these representation rights for so long as the Lovell Minnick funds collectively hold more than 4.9% of our outstanding common stock. In addition, the obligation of the Lovell Minnick designee to resign when the Lovell Minnick funds' ownership falls below this threshold will be eliminated. The above-described shareholder agreements will also terminate immediately prior to the closing of this offering.

*Transfer restrictions.* As described above, we have agreed that we will not sell shares of our common stock to third parties unless they agree to vote their shares in favor of the nominee to our board of directors who has been designated by the Lovell Minnick funds. The Lovell Minnick funds have agreed to the termination of this requirement upon the closing of this offering.

*Observer rights.* In addition to the above-described board representation rights, we have also agreed under the terms of the Preferred Stock Purchase Agreement that, for so long as the holders of our Series C preferred stock own at least 9.9% of our collective common stock on an as-converted basis, we and TriState Capital Bank will invite one observer designated by the Lovell Minnick funds to our respective board meetings. This observer will be entitled to attend meetings and take notes, but will not be entitled to vote or participate in discussions at the meetings.

As described above, effective immediately prior to the closing of this offering, Lovell Minnick will have the above-described observer rights for so long as the Lovell Minnick funds continue to collectively hold more than 4.9% of our outstanding common stock.

*Financial reporting and access rights.* We have also agreed under the terms of the Preferred Stock Purchase Agreement that, for as long as any Lovell Minnick fund holds at least 25% of our Series C preferred stock, we must deliver to the Lovell Minnick funds: (1) our unaudited quarterly financial statements that have been certified by our Chief Executive Officer or our Chief Financial Officer; (2) our audited annual financial statements that have been certified by our Chief Executive Officer or our Chief Financial Officer; and (3) copies of all of our shareholder communications or any other reports or registration statements that we file with the SEC or any securities exchange. In addition, for as long as the Lovell Minnick funds hold any of our equity securities we have agreed to grant them reasonable access on a quarterly basis to inspect our properties and corporate and financial records and to discuss our business with key personnel.

*Qualification as a Venture Capital Operating Company.* The above-described access and representation rights are intended to provide the Lovell Minnick funds the types of management and access rights that will enable the funds to qualify as Venture Capital Operating Companies under the applicable regulations of the U.S. Department of Labor. To the extent that it is determined that the rights granted in the Preferred Stock Purchase Agreement are not sufficient for the Lovell Minnick funds to qualify as Venture Capital Operating Companies, we have agreed under the terms of the Preferred Stock Purchase Agreement that we will cooperate and agree on additional mutually satisfactory management access rights that will satisfy the applicable requirements.

*Indemnification.* We have agreed under the terms of the Preferred Stock Purchase Agreement that we will be the indemnitor of first resort with respect to any claims against the director designated by the Lovell Minnick funds for indemnification claims that are indemnifiable by both us and the Lovell Minnick funds. Accordingly, to the extent that indemnification is permissible under applicable law, we will have full liability for such claims (including for the advancement of any expenses) and we have waived all related rights of contribution, subrogation or other recovery that we might otherwise have against the Lovell Minnick funds.

### ***Registration Rights***

In connection with our issuance of the Series C preferred stock, we have entered into a Registration Rights Agreement with the Lovell Minnick funds. The Registration Rights Agreement provides that, after August 10, 2017, holders of at least 50% of our common stock (on an as-converted basis) that is held by the

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Lovell Minnick funds may require that we file a Form S-1 or similar long-form registration statement with the SEC to register the shares of our common stock that are issuable upon conversion of our Series C preferred stock. It is a condition to any such long-form demand registration that the aggregate offering price of the securities to be registered be at least \$25.0 million.

In addition, after August 10, 2017, holders of at least 25% of our common stock (on an as-converted basis) that is held by the Lovell Minnick funds may require that we file a Form S-3 or similar short-form registration statement with the SEC to register the shares of our common stock that are issuable upon conversion of our Series C preferred stock. It is a condition to any such short-form demand registration that the aggregate offering price of the securities to be registered be at least \$10.0 million.

All demand registrations pursuant to the Registration Rights Agreement will be short-form registrations whenever we are permitted to use any applicable short form. After we become subject to the reporting requirements of the Exchange Act, we have agreed to use our best efforts to make short-form registrations available for the sale of any securities for which registration rights are available under the Registration Rights Agreement.

We will be required to pay the expenses associated with the above-described demand registrations, even if the registration is not completed. Holders of a majority of the securities included in any demand registration will have the right to select investment bankers and managers to administer the offering.

The Registration Rights Agreement also provides certain piggyback registration rights to the Lovell Minnick funds. Subject to certain limitations, in the event that we register any of our equity securities under the Securities Act (other than pursuant to an above-described demand registration or in connection with registration statements on Form S-4 or Form S-8), we must give notice to the Lovell Minnick funds of our intention to effect such a registration and must include in the registration statement all registerable securities for which we have received a written request for inclusion. We will be required to pay for all piggyback registration expenses, even if the registration is not completed. We will retain the right to select the investment bankers and managers to administer any underwritten offering in which piggyback registration rights are granted. As described above, the Lovell Minnick funds have agreed to waive their piggyback registration rights in connection with this offering.

The rights of any person to request a demand registration or to request inclusion in a piggyback registration pursuant to the Registration Rights Agreement will terminate upon the earliest time after an initial public offering at which a holder of the registerable securities: (1) can sell all shares held by it in compliance with Rule 144(b)(1)(i) or (ii) of the Securities Act; or (2) holds 1% or less of our outstanding common stock and all of the registerable securities held by such holder may be sold in any three-month period without registration in compliance with Rule 144.

## **Anti-Takeover Effect of Governing Documents and Applicable Law**

*Provisions of governing documents.* Our articles of incorporation and bylaws contain certain provisions that may have the effect of deterring or discouraging, among other things, a nonnegotiated tender or exchange offer for our common stock, a proxy contest for control of TriState Capital, the assumption of control of TriState Capital by a holder of a large block of our voting stock and the removal of our management. These provisions:

empower our board of directors, without shareholder approval, to issue our preferred stock, the terms of which, including voting power, are set by our board of directors;

divide our board of directors into four classes serving staggered four-year terms;

eliminate cumulative voting in elections of directors;

require the request of holders of at least 10% of the outstanding shares of our capital stock entitled to vote at a meeting to call a special shareholders meeting; and





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require at least 60 days advance notice of nominations for the election of directors and the presentation of shareholder proposals at meetings of shareholders.

*Provisions of applicable law.* The Pennsylvania Business Corporation Law also contains certain provisions applicable to us which may have the effect of impeding a change in control of TriState Capital. These provisions, among other things:

prohibit shareholders from calling a special meeting, in most circumstances, or by acting by less than unanimous written consent;

prohibit shareholders from proposing amendments to a corporation's articles of incorporation;

require (under Subchapter E of Chapter 25) that, following any acquisition by any person or group of 20% of a public corporation's voting power, the remaining shareholders have the right to receive payment for their shares, in cash, from such person or group in an amount equal to the fair value of the shares, including an increment representing a proportion of any value payable for control of the corporation;

prohibit (under Subchapter F of Chapter 25) for five years, subject to certain exceptions, a business combination (which includes a merger or consolidation of the corporation or a sale, lease or exchange of assets) with a person or group beneficially owning 20% or more of a public corporation's voting power, provided that this provision does not apply to any business combinations approved by a corporation's board of directors;

generally prohibit (under Subchapter G of Chapter 25) a person or group who or which acquires voting power in an election of directors in excess of certain thresholds (20%, 33 1/3% and 50%) for the first time from voting the control shares (i.e., the shares acquired which result in the person exceeding the applicable threshold, plus all voting shares acquired in the preceding 180 days and any other voting shares acquired with the intent of making a control-share acquisition) unless voting rights are restored at a shareholders meeting requested by the acquiring shareholder by the affirmative vote of a majority of the shares eligible to vote in elections of directors of both (1) the disinterested shareholders and (2) all voting shares;

require (under Subchapter H of Chapter 25) any person or group that publicly announces that it may acquire control of a public company, or that acquires or publicly discloses an intent to acquire twenty percent (20%) or more of the voting power of a public company, to disgorge to the corporation any profits that it receives from sales of the corporation's equity securities purchased over the prior 24 or subsequent 18 months;

require (under Subchapter I of Chapter 25) the payment of minimum severance benefits to certain employees whose employment is terminated within two years of the approval of a control-share acquisition under Subchapter G of Chapter 25 of the Act;

prohibit (under Subchapter I of Chapter 25) the cancellation of certain labor contracts in connection with a control-share acquisition under Subchapter G of Chapter 25 of the Act ;

expand the factors and groups (including, without limitation, shareholders) that a corporation's board of directors can consider in determining whether an action or transaction is in the best interests of the corporation;

provide that a corporation's board of directors need not consider the interests of any particular stakeholder group as dominant or controlling in determining whether an action or transaction is in the best interests of the corporation;

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provide that a corporation's directors, in order to satisfy the presumption that they have acted in the best interests of the corporation, need not satisfy any greater obligation or higher burden of proof with respect to actions relating to an acquisition or potential acquisition of control; and

provide that the fiduciary duty of a corporation's directors is due solely to the corporation and may be enforced by the corporation or by a shareholder in a derivative action, but not directly by a shareholder.

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In addition to the foregoing, the Pennsylvania Business Corporation Law also explicitly provides that the fiduciary duties of directors do not require them to:

redeem any rights under, or to modify or render inapplicable, any shareholder rights plan;

render inapplicable, or make determinations under, provisions of the Act relating to control transactions, business combinations, control-share acquisitions or disgorgement by certain controlling shareholders following attempts to acquire control; or

act as the board of directors, a committee of the board or an individual director, solely because of the effect that the action could have on an acquisition or potential acquisition of control of the corporation or the consideration that might be offered or paid to shareholders in such an acquisition.

The Pennsylvania Business Corporation Law further provides that any act of the board of directors, a committee of the board or an individual director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested directors have assented will be presumed to satisfy the standard of care set forth in the statute, unless it is proven by clear and convincing evidence that disinterested directors did not consent to such act in good faith after reasonable investigation. As a result of this and the other provisions of the Pennsylvania Business Corporation Law, our directors have broad discretion with respect to actions that may be taken in response to acquisitions or proposed acquisitions of corporate control.

Through amendments to our articles of incorporation effective as of December 20, 2012, we have opted out of coverage by Subchapters E, G and H of the Pennsylvania Business Corporation Law which are described above. As a result, those provisions would not apply to a nonnegotiated attempt to acquire control of TriState Capital, although such an attempt would still be subject to the special provisions of our governing documents described in the paragraphs above.

In addition, certain of terms, conditions and agreements that we have entered into in connection with the issuance of our Series C preferred stock, including certain tag-along rights and transfer restrictions, could have the effect of deterring or discouraging a nonnegotiated attempt to acquire control of TriState Capital. These rights will terminate upon the closing of this offering. For additional information, see the discussion above entitled *Series C Preferred Stock*.

**The overall effect of these provisions may be to deter a future offer or other merger or acquisition proposals that a majority of our shareholders might view to be in their best interests as the offer might include a substantial premium over the market price of our common stock at that time. In addition, these provisions may have the effect of assisting our board of directors and our management in retaining their respective positions and placing them in a better position to resist changes that the shareholders may want to make if dissatisfied with the conduct of our business.**

## **Listing and Trading**

Our common stock and our Series C preferred stock currently are not listed on any securities exchange. We intend to apply to have our common stock approved for listing on Nasdaq under the symbol TSC.

## **Transfer Agent and Registrar**

Upon closing of this offering, the transfer agent and registrar for our common stock will be Registrar and Transfer Company.

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**SHARES ELIGIBLE FOR FUTURE SALE**

Actual or anticipated issuances or sales of substantial amounts of our common stock following this offering could cause the market price of our common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by shareholders prior to such issuance.

Upon closing of this offering, we will have \_\_\_\_\_ shares of our common stock issued and outstanding ( \_\_\_\_\_ shares if the underwriters exercise in full their over-allotment option). In addition, \_\_\_\_\_ shares of our common stock are issuable upon the exercise of outstanding stock options.

Of these shares, the \_\_\_\_\_ shares of our common stock sold by us and the selling shareholder in this offering (or \_\_\_\_\_ shares, if the underwriters exercise in full their over-allotment option) will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our affiliates may generally only be resold in compliance with Rule 144 under the Securities Act, which is described below. The remaining \_\_\_\_\_ outstanding shares will be deemed to be restricted securities as that term is defined in Rule 144. Restricted securities may be resold in the U.S. only if they are registered for resale under the Securities Act or exemption from registration is available.

**Lock-Up Agreements**

Our executive officers and directors, certain executive officers and directors of TriState Capital, the selling shareholder and certain other persons, who will own in the aggregate approximately \_\_\_\_\_ shares of our common stock after this offering (assuming they do not purchase any shares in this offering), have entered into lock-up agreements under which they have generally agreed not to sell or otherwise transfer their shares for a period of 180 days after the closing of this offering. For additional information, see *Underwriting Lock-Up Agreements*. As a result of these contractual restrictions, shares of our common stock subject to lock-up agreements will not be eligible for sale until these agreements expire or the underwriters waive or release the shares of our common stock from these restrictions.

Following the lock-up period, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for resale in the U.S. only if they are registered for resale under the Securities Act or an exemption from registration, such as Rule 144, is available.

**Rule 144**

All shares of our common stock held by our affiliates, as that term is defined in Rule 144 under the Securities Act, generally may be sold in the public market only in compliance with Rule 144. Rule 144 defines an affiliate as any person who directly or indirectly controls, or is controlled by, or is under common control with, the issuer, which generally includes our directors, executive officers, 10% shareholders and certain other related persons. Upon closing of this offering, we expect that approximately \_\_\_\_\_ % of our outstanding common stock ( \_\_\_\_\_ % of our outstanding common stock if the underwriters exercise in full their over-allotment option) will be held by affiliates.

Under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is deemed to be, or to have been during the three months preceding the sale, an affiliate of ours would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of our common stock, which would be approximately \_\_\_\_\_ shares of our common stock immediately after this offering assuming the underwriters do not elect to exercise their over-allotment option, or the average weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to a six-month holding period and requirements relating to manner of sale, the availability of current public information about us and the filing of a form in certain circumstances.

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Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock subject only to the availability of current public information regarding us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144.

### **Form S-8 Registration Statement**

We intend to file with the SEC a registration statement on Form S-8 covering the shares of common stock reserved for issuance upon the exercise of stock options under our stock incentive plan. That registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Upon effectiveness, the shares of common stock covered by that registration statement will be eligible for sale in the public market, subject to the lock-up agreements and Rule 144 restrictions described above.

### **Registration Rights Agreement**

As described in more detail under the heading *Description of our Capital Stock Registration Rights*, we entered into a Registration Rights Agreement for the benefit of the Lovell Minnick funds that purchased shares of our Series C preferred stock in our August 2012 private placement. Under that agreement we have agreed to certain demand and piggyback registration rights with respect to the shares of common stock into which shares of our Series C preferred stock are convertible.

## **SUPERVISION AND REGULATION**

### **General**

Banking is highly regulated under federal and state law. We are a bank holding company registered under the Bank Holding Company Act of 1956, as amended, and are subject to supervision, regulation and examination by the Federal Reserve. TriState Capital Bank is a commercial bank chartered under the laws of the State of Pennsylvania that is not a member of the Federal Reserve System and is subject to supervision, regulation and examination by the Pennsylvania Department of Banking and Securities and the FDIC. This system of supervision and regulation establishes a comprehensive framework for our operations and, consequently, can have a material and adverse impact on our operations and activities, financial condition, results of operations, growth plans and future prospects.

The primary goals of the bank regulatory scheme are to maintain a safe and sound banking system and to facilitate the conduct of sound monetary policy. This system is intended primarily for the protection of the FDIC's Deposit Insurance Fund and bank depositors, rather than our shareholders and creditors. The banking agencies have broad enforcement power over bank holding companies and banks, including the authority, among other things, to enjoin unsafe or unsound practices, require affirmative action to correct any violation or practice, issue administrative orders that can be judicially enforced, direct increases in capital, direct the sale of subsidiaries or other assets, limit dividends and distributions, restrict growth, assess civil monetary penalties, remove officers and directors, and, with respect to banks, terminate deposit insurance or place the bank into conservatorship or receivership. In general, these enforcement actions may be initiated for violations of laws and regulations or unsafe or unsound practices.

The following is a summary of material laws, rules and regulations governing banks and bank holding companies, but does not purport to be a complete summary of all applicable laws, rules and regulations. These laws and regulations may change from time to time and the regulatory agencies often have broad discretion in interpreting them. We cannot predict the outcome of any future changes to these laws,

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regulations, regulatory interpretations, guidance and policies, which may have a material and adverse impact on the financial markets in general, and our operations and activities, financial condition, results of operations, growth plans and future prospects specifically.

### **Dodd-Frank Act**

On July 21, 2010, the Dodd-Frank Act was enacted. The Dodd-Frank Act aims to restore responsibility and accountability to the financial system by significantly altering the regulation of financial institutions and the financial services industry. Many of the provisions of the Dodd-Frank Act have delayed effective dates and require rulemaking by federal regulatory agencies over the next several years, which will affect how financial institutions are regulated in the future. The ultimate effect of the Dodd-Frank Act and its implementing regulations on the financial services industry in general, and on us in particular, is uncertain at this time.

The Dodd-Frank Act, among other things:

establishes the Consumer Financial Protection Bureau, an independent organization within the Federal Reserve with centralized responsibility for promulgating rules for, and enforcing, federal consumer financial protection laws applicable to all entities offering consumer financial products or services;

establishes the Financial Stability Oversight Council, tasked with the authority to identify and monitor institutions and systems that pose a systemic risk to the financial system;

changes the assessment base for federal deposit insurance from the amount of insured deposits held by the depository institution to the institution's average total consolidated assets less tangible equity;

increases the minimum reserve ratio for the Deposit Insurance Fund from 1.15% to 1.35%;

permanently increases the deposit insurance coverage amount from \$100,000 to \$250,000 and provided unlimited federal deposit insurance until January 1, 2013 for noninterest-bearing transaction accounts at all insured depository institutions;

requires the FDIC to make its capital requirements for insured depository institutions countercyclical, so that capital requirements increase in times of economic expansion and decrease in times of economic contraction;

requires bank holding companies and banks to be well capitalized and well managed in order to acquire banks located outside of their home state and requires any bank holding company electing to be treated as a financial holding company to be well capitalized and well managed ;

directs the Federal Reserve to establish interchange fees for debit cards under a reasonable and proportional cost per transaction standard;

limits the ability of banking organizations to sponsor or invest in private equity and hedge funds and to engage in proprietary trading;

increases regulation of consumer protections regarding mortgage originations, including originator compensation, minimum repayment standards, and prepayment consideration;

restricts the preemption of select state laws by federal banking law applicable to national banks and removes federal preemption for subsidiaries and affiliates of national banks;

authorizes national and state banks to establish *de novo* branches in any state that would permit a bank chartered in that state to open a branch at that location; and

repeals the federal prohibition on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts.

Some of these provisions may have the consequence of increasing our expenses, decreasing our revenues, and changing or limiting the activities in which we engage. The environment in which banking



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organizations will operate after the financial crisis, including legislative and regulatory changes affecting capital, liquidity, supervision, permissible activities, corporate governance and compensation, changes in fiscal policy and steps to eliminate government support for banking organizations, may have long-term effects on the business model and profitability of banking organizations that cannot now be foreseen. The specific impact on our current activities or new financial activities we may consider in the future, our financial performance and the market in which we operate will depend on the rules the relevant agencies develop, their implementation and the reaction of market participants to these regulatory developments. Many aspects of the Dodd-Frank Act are subject to further rulemaking and will take effect over several years. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on us, these changes could be materially adverse to our operations and activities, financial condition, results of operations, growth plans and future prospects.

### **Regulatory Capital Requirements**

*Capital adequacy.* The Federal Reserve monitors the capital adequacy of our holding company, on a consolidated basis, and the FDIC and the Pennsylvania Department of Banking and Securities monitor the capital adequacy of TriState Capital Bank. The regulatory agencies use a combination of risk-based guidelines and a leverage ratio to evaluate capital adequacy and consider these capital levels when taking action on various types of applications and when conducting supervisory activities related to safety and soundness. The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profiles among financial institutions and their holding companies, to account for off-balance sheet exposure, and to minimize disincentives for holding liquid assets. Assets and off-balance sheet items, such as letters of credit and unfunded loan commitments, are assigned to broad risk categories, each with appropriate risk weights. Regulatory capital, in turn, is classified in one of two tiers. Tier 1 capital includes common equity, retained earnings, qualifying non-cumulative perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, less goodwill, most intangible assets and certain other assets. Tier 2 capital includes, among other things, qualifying subordinated debt and allowances for loan and lease losses, subject to limitations. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

FDIC and Federal Reserve regulations currently require banks and bank holding companies generally to maintain three minimum capital standards: (1) a tier 1 capital to total assets ratio, or leverage capital ratio, of at least 4%; (2) a tier 1 capital to risk-weighted assets ratio, or tier 1 risk-based capital ratio, of at least 4%; and (3) a total risk-based capital (tier 1 plus tier 2) to risk-weighted assets ratio, or total risk-based capital ratio, of at least 8%. In addition, the prompt corrective action standards discussed below, in effect, increase the minimum regulatory capital ratios for banking organizations. These capital requirements are minimum requirements. Higher capital levels may be required if warranted by the particular circumstances or risk profiles of individual institutions, or if required by the banking regulators due to the economic conditions impacting our primary markets. For example, FDIC regulations provide that higher capital may be required to take adequate account of, among other things, interest rate risk and the risks posed by concentrations of credit, nontraditional activities or securities trading activities. Because it has been fewer than seven years since the inception of TriState Capital Bank, FDIC policy requires that TriState Capital Bank maintain a leverage capital ratio of at least 8%, a tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10%. In addition, in connection with the Federal Reserve's approval of our application to become a registered bank holding company for TriState Capital Bank in January 2007, we have agreed that we will not permit our leverage capital ratio to fall below 9% without the prior written approval of the Federal Reserve Bank of Cleveland.

Failure to meet capital guidelines could subject us to a variety of enforcement remedies, including issuance of a capital directive, a prohibition on accepting brokered deposits, other restrictions on our business and the termination of deposit insurance by the FDIC.

The Dodd-Frank Act directs federal banking agencies to establish minimum leverage capital requirements and minimum risk-based capital requirements for depository institution holding companies and non-bank

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financial companies supervised by the Federal Reserve that are not less than the generally applicable leverage and risk-based capital requirements applicable to insured depository institutions, in effect applying the same leverage and risk-based capital requirements that apply to insured depository institutions to most bank holding companies. In addition, the Dodd-Frank Act requires the federal banking agencies to adopt capital requirements that address the risks that the activities of an institution pose to the institution and the public and private stakeholders, including risks arising from certain enumerated activities. The federal banking agencies have proposed changes to existing capital guidelines, as described below under *Basel III*. We cannot be certain what impact any changes to existing capital guidelines will ultimately have on TriState Capital Bank or us.

*Prompt corrective action regulations.* Under the prompt corrective action regulations, the FDIC is required and authorized to take supervisory actions against undercapitalized financial institutions. For this purpose, a bank is placed in one of the following five categories based on its capital: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Under prompt corrective action regulations, as currently in effect, to be well capitalized, a bank must have a leverage capital ratio of at least 5%, a tier I risk-based capital ratio of 6% and a total risk-based capital ratio of at least 10% and must not be subject to any order or written agreement or directive by a federal banking agency to meet and maintain a specific capital level for any capital measure. As discussed below under *Basel III*, the federal banking agencies have proposed changes to the capital thresholds applicable to each of the five categories under the prompt corrective action regulations.

Federal banking regulators are required to take various mandatory supervisory actions and are authorized to take other discretionary actions with respect to institutions in the three undercapitalized categories. The severity of the action depends upon the capital category in which the institution is placed. Subject to a narrow exception, banking regulators must appoint a receiver or conservator for an institution that is critically undercapitalized. The federal banking agencies have specified by regulation the relevant capital level for each category. An institution that is categorized as undercapitalized, significantly undercapitalized, or critically undercapitalized is required to submit an acceptable capital restoration plan to its appropriate federal banking agency. An undercapitalized institution also is generally prohibited from increasing its average total assets, making acquisitions, establishing any branches or engaging in any new line of business, except under an accepted capital restoration plan or with FDIC approval. The regulations also establish procedures for downgrading an institution to a lower capital category based on supervisory factors other than capital.

Furthermore, a bank holding company must guarantee that a subsidiary depository institution meets its capital restoration plan, subject to various limitations. The bank holding company's obligation to fund a capital restoration plan is limited to the lesser of 5% of an undercapitalized subsidiary's assets at the time it became undercapitalized or the amount required to meet regulatory capital requirements.

The capital classification of a bank affects the frequency of regulatory examinations, the bank's ability to engage in certain activities and the deposit insurance premiums paid by the bank. As of December 31, 2012, TriState Capital Bank met the requirements to be categorized as well capitalized based on the aforementioned ratios for purposes of the prompt corrective action regulations, as currently in effect.

*Basel III.* The current risk-based capital guidelines that apply to TriState Capital Bank and us are based on the 1988 capital accord, referred to as Basel I, of the Basel Committee on Banking Supervision, a committee of central banks and bank supervisors, as implemented by federal bank regulators. In 2004, the Basel Committee published a new capital accord, Basel II. Basel II modifies risk weightings in an attempt to make capital requirements more risk sensitive and provides two approaches for setting capital standards for credit risk: an advanced, internal ratings-based approach tailored to individual institutions' circumstances, and a standardized approach that bases risk weightings on external credit assessments to a much greater extent than permitted under existing risk-based capital guidelines. Basel II also sets capital requirements for operational risk and refines the existing capital requirements for market risk exposures. In 2007, the federal

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banking agencies adopted final rules implementing the advanced approaches of Basel II for core bank holding companies and banks having \$250.0 billion or more in total consolidated assets or \$10.0 billion or more of foreign exposures. These rules did not apply to TriState Capital Bank or us.

In December 2010, the Basel Committee released a final framework for a strengthened set of capital requirements, known as Basel III. In June 2012, the federal banking agencies announced two proposed rulemakings relevant to us: a rule to implement the Basel III requirements, and a rule to implement the standardized approach of Basel II for non-core banks and bank holding companies, such as TriState Capital Bank and us.

The capital framework under the Basel III proposal would replace the existing regulatory capital rules for all banks, savings associations and U.S. bank holding companies with greater than \$500.0 million in total assets, and all savings and loan holding companies. The Basel III proposals were initially expected to begin phasing in on January 1, 2013, but in a statement released on November 9, 2012, the joint federal banking regulatory agencies announced that the implementation of the proposed rules to effect Basel III in the United States was indefinitely delayed. No new time frame for implementation has been provided.

If implemented as currently proposed, among other things, the Basel III rules would impact regulatory capital ratios of banking organizations in the following manner, when fully phased in:

Create a new requirement to maintain a ratio of common equity tier 1 capital to total risk-weighted assets of not less than 4.5%;

Increase the minimum leverage capital ratio to 4.0% for all banking organizations (currently 3.0% for certain banking organizations);

Increase the minimum tier 1 risk-based capital ratio from 4.0% to 6.0%; and

Maintain the minimum total risk-based capital ratio at 8.0%.

In addition, the proposed rules would subject a banking organization to certain limitations on capital distributions and discretionary bonus payments to executive officers if the organization did not maintain a capital conservation buffer of common equity tier 1 capital in an amount greater than 2.5% of its total risk-weighted assets. The effect of the capital conservation buffer will be to increase the minimum common equity tier 1 capital ratio to 7.0%, the minimum tier 1 risk-based capital ratio to 8.5% and the minimum total risk-based capital ratio to 10.5%, for banking organizations seeking to avoid the limitations on capital distributions and discretionary bonus payments to executive officers.

As currently proposed, at the beginning of the Basel III phase-in period, banks and bank holding companies will be required to maintain a ratio of common equity tier 1 capital to risk-weighted assets of 3.5%, a ratio of tier 1 capital to risk-weighted assets of 4.5%, and a ratio of total capital to risk-weighted assets of 8.0%.

The proposed rules would also change the capital categories for insured depository institutions for purposes of prompt corrective action. Under the proposed rules, to be categorized as well capitalized, an insured depository institution would be required to maintain a minimum common equity tier 1 capital ratio of at least 6.5%, a tier 1 risk-based capital ratio of at least 8.0%, a total risk-based capital ratio of at least 10.0%, and a leverage capital ratio of at least 5.0%. In addition, the Basel III proposal would establish more conservative standards for including an instrument in regulatory capital and impose certain deductions from and adjustments to the measure of common equity tier 1 capital.

The second proposal that federal banking agencies announced in June 2012, the Basel II standardized approach, would revise the method for calculating risk-weighted assets to enhance risk sensitivity, particularly with respect to equity exposures to investment funds (including mutual funds), foreign exposures, and residential real estate assets. It would also establish alternatives to credit ratings for calculating risk-weighted assets consistent with the Dodd-Frank Act.

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We are currently reviewing the ultimate impact of the proposed capital standards on TriState Capital Bank and us. However, if the proposed capital standards are adopted by the federal banking agencies, we expect that we and TriState Capital Bank will meet all minimum capital requirements when effective and that we and TriState Capital Bank would also meet all capital requirements as if fully phased in. We cannot predict whether the proposed rules will be adopted, if at all, in the form proposed or if they will be modified in any material respect during the rulemaking process.

The final Basel III framework also requires banks and bank holding companies to measure their liquidity against specific liquidity tests. Although similar in some respects to liquidity measures historically applied by banks and regulators for management and supervisory purposes, the Basel III framework would require specific liquidity tests by rule. The implementation of the Basel III liquidity framework has been delayed by four years, and the federal banking agencies have not yet proposed rules implementing the Basel III liquidity framework or announced if the framework will apply to non-core banks and bank holding companies.

### **Acquisitions by Bank Holding Companies**

We must obtain the prior approval of the Federal Reserve before: (1) acquiring more than five percent of the voting stock of any bank or other bank holding company; (2) acquiring all or substantially all of the assets of any bank or bank holding company; or (3) merging or consolidating with any other bank holding company. The Federal Reserve may determine not to approve any of these transactions if it would result in or tend to create a monopoly or substantially lessen competition or otherwise function as a restraint of trade, unless the anti-competitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned, the convenience and needs of the community to be served, and the record of a bank holding company and its subsidiary bank(s) in combating money laundering activities.

### **Scope of Permissible Bank Holding Company Activities**

In general, the Bank Holding Company Act limits the activities permissible for bank holding companies to the business of banking, managing or controlling banks and such other activities as the Federal Reserve has determined to be so closely related to banking as to be properly incident thereto.

A bank holding company may elect to be treated as a financial holding company if it and its depository institution subsidiaries are categorized as well capitalized and well managed. A financial holding company may engage in a range of activities that are (1) financial in nature or incidental to such financial activity or (2) complementary to a financial activity and which do not pose a substantial risk to the safety and soundness of a depository institution or to the financial system generally. These activities include securities dealing, underwriting and market making, insurance underwriting and agency activities, merchant banking and insurance company portfolio investments. Expanded financial activities of financial holding companies generally will be regulated according to the type of such financial activity: banking activities by banking regulators, securities activities by securities regulators and insurance activities by insurance regulators. We currently have no plans to make a financial holding company election.

The Bank Holding Company Act does not place territorial limitations on permissible non-banking activities of bank holding companies. The Federal Reserve has the power to order any bank holding company or its subsidiaries to terminate any activity or to terminate its ownership or control of any subsidiary when the Federal Reserve has reasonable grounds to believe that continuation of such activity or such ownership or control constitutes a serious risk to the financial soundness, safety or stability of any bank subsidiary of the bank holding company.

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### **Source of Strength Doctrine for Bank Holding Companies**

Under longstanding Federal Reserve policy which has been codified by the Dodd-Frank Act, we are expected to act as a source of financial strength to, and to commit resources to support, TriState Capital Bank. This support may be required at times when we may not be inclined to provide it. In addition, any capital loans that we make to TriState Capital Bank are subordinate in right of payment to deposits and to certain other indebtedness of TriState Capital Bank. In the event of our bankruptcy, any commitment by us to a federal bank regulatory agency to maintain the capital of TriState Capital Bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

### **Dividends**

As a bank holding company, we are subject to certain restrictions on dividends under applicable banking laws and regulations. The Federal Reserve has issued a policy statement that provides that a bank holding company should not pay dividends unless: (1) its net income over the last four quarters (net of dividends paid) has been sufficient to fully fund the dividends; (2) the prospective rate of earnings retention appears to be consistent with the capital needs, asset quality and overall financial condition of the bank holding company and its subsidiaries; and (3) the bank holding company will continue to meet minimum required capital adequacy ratios. Accordingly, a bank holding company should not pay cash dividends that exceed its net income or that can only be funded in ways that weaken the bank holding company's financial health, such as by borrowing. The Dodd-Frank Act imposes, and Basel III, if adopted in the form proposed, would result in, additional restrictions on the ability of banking institutions to pay dividends. In addition, in the current financial and economic environment, the Federal Reserve has indicated that bank holding companies should carefully review their dividend policy and has discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong. Finally, in connection with the Federal Reserve's approval of our application to become a registered bank holding company for TriState Capital Bank, we have agreed that we will not declare or pay any cash dividends without the prior written approval of the Federal Reserve Bank of Cleveland.

Substantially all of our income is derived from, and the principal source of our liquidity is, dividends from TriState Capital Bank. The ability of TriState Capital Bank to pay dividends to us is also restricted by federal and state laws, regulations and policies. Under applicable Pennsylvania law, TriState Capital Bank may only pay cash dividends out of its accumulated net earnings. Prior to the declaration of any dividend, if the surplus of TriState Capital Bank is less than the amount of its capital, it must, until surplus is equal to its capital, transfer to surplus an amount which is at least ten percent of its net earnings for the period since the end of the last fiscal year or for any shorter period since the declaration of a dividend. If the surplus of TriState Capital Bank is less than fifty percent of the amount of its capital, then it will not be permitted to pay any dividends without the prior approval of the Pennsylvania Department of Banking and Securities.

Under federal law, TriState Capital Bank may not pay any dividend to us if the Bank is undercapitalized or the payment of the dividend would cause it to become undercapitalized. The FDIC may further restrict the payment of dividends by requiring TriState Capital Bank to maintain a higher level of capital than would otherwise be required for it to be adequately capitalized for regulatory purposes. Moreover, if, in the opinion of the FDIC, TriState Capital Bank is engaged in an unsafe or unsound practice (which could include the payment of dividends), the FDIC may require, generally after notice and hearing, the Bank to cease such practice. The FDIC has indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe banking practice. The FDIC has also issued policy statements providing that insured depository institutions generally should pay dividends only out of current operating earnings.

### **Incentive Compensation Guidance**

The federal banking agencies have issued comprehensive guidance intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of those organizations by encouraging excessive risk-taking. The incentive compensation guidance sets expectations for

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banking organizations concerning their incentive compensation arrangements and related risk-management, control and governance processes. The incentive compensation guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon three primary principles: (1) balanced risk-taking incentives; (2) compatibility with effective controls and risk management; and (3) strong corporate governance. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or take other actions. In addition, under the incentive compensation guidance, a banking organization's federal supervisor may initiate enforcement action if the organization's incentive compensation arrangements pose a risk to the safety and soundness of the organization. Further, a provision of the Basel III proposals described above would limit discretionary bonus payments to bank executives if the institution's regulatory capital ratios fail to exceed certain thresholds. The scope and content of the U.S. banking regulators' policies on executive compensation are continuing to develop and are likely to continue evolving the near future.

**Restrictions on Transactions with Affiliates and Loans to Insiders**

Federal law strictly limits the ability of banks to engage in transactions with their affiliates, including their bank holding companies. Section 23A and 23B of the Federal Reserve Act, and the Federal Reserve's Regulation W, impose quantitative limits, qualitative standards, and collateral requirements on certain transactions by a bank with, or for the benefit of, its affiliates, and generally require those transactions to be on terms at least as favorable to the bank as transactions with non-affiliates. The Dodd-Frank Act significantly expands the coverage and scope of the limitations on affiliate transactions within a banking organization, including an expansion of the covered transactions to include credit exposures related to derivatives, repurchase agreements and securities lending arrangements and an increase in the amount of time for which collateral requirements regarding covered transactions must be satisfied.

Federal law also limits a bank's authority to extend credit to its directors, executive officers and 10% shareholders, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. In addition, the terms of such extensions of credit may not involve more than the normal risk of repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the bank's capital.

**FDIC Deposit Insurance Assessments**

FDIC-insured banks are required to pay deposit insurance assessments to the FDIC. The amount of the deposit insurance assessment for institutions with less than \$10.0 billion in assets is based on its risk category, with certain adjustments for any unsecured debt or brokered deposits held by the insured bank. Institutions assigned to higher risk categories (that is, institutions that pose a higher risk of loss to the Deposit Insurance Fund) pay assessments at higher rates than institutions that pose a lower risk. An institution's risk classification is assigned based on a combination of its financial ratios and supervisory ratings, reflecting, among other things, its capital levels and the level of supervisory concern that the institution poses to the regulators. In addition, the FDIC can impose special assessments in certain instances. Deposit insurance assessments fund the Deposit Insurance Fund, which is currently under-funded. The FDIC recently raised assessment rates to increase funding for the Deposit Insurance Fund.

The Dodd-Frank Act changes the way that deposit insurance premiums are calculated. The assessment base is no longer the institution's deposit base, but rather its average consolidated total assets less its average tangible equity. The Dodd-Frank Act also increases the minimum designated reserve ratio of the Deposit Insurance Fund from 1.15% to 1.35% of the estimated amount of total insured deposits, eliminates the upper limit for the reserve ratio designated by the FDIC each year, and eliminates the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds.

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Continued action by the FDIC to replenish the Deposit Insurance Fund, as well as the changes contained in the Dodd-Frank Act, may result in higher assessment rates, which could reduce our profitability or otherwise negatively impact our operations.

### **Branching and Interstate Banking**

Under Pennsylvania law, TriState Capital Bank is permitted to establish additional branch offices within Pennsylvania, subject to the approval of the Pennsylvania Department of Banking and Securities. The Bank may also establish additional branch offices outside of Pennsylvania, subject to prior regulatory approval.

TriState Capital Bank currently has only one branch located in the State of New Jersey, and it operates three representative offices, with one each located in the states of Pennsylvania, Ohio and New York. Although our New Jersey office is a branch for purposes of applicable state law, we limit its activities to those we conduct at our representative offices. Because our representative offices are not branches for purposes of applicable state law and FDIC regulations, there are restrictions on the types of activities we may conduct through our representative offices. Relationship managers in our representative offices may solicit loan and deposit products and services in their markets and act as liaisons to our headquarters in Pittsburgh, Pennsylvania. However, consistent with our centralized operations and regulatory requirements, we do not disburse or transmit funds, accept loan repayments or accept or contract for deposits or deposit-type liabilities through our representative offices.

### **Community Reinvestment Act**

TriState Capital Bank has a responsibility under the Community Reinvestment Act, or CRA, and related FDIC regulations to help meet the credit needs of its communities, including low- and moderate-income borrowers. In connection with its examination of TriState Capital Bank, the FDIC is required to assess the Bank's record of compliance with the CRA. The Bank's failure to comply with the provisions of the CRA could, at a minimum, result in denial of certain corporate applications, such as for branches or mergers, or in restrictions on its or our activities, including additional financial activities if we elect to be treated as a financial holding company.

TriState Capital Bank is currently evaluated under the FDIC's large bank test for CRA compliance. However, revised CRA regulations provide that a financial institution may elect to have its CRA performance evaluated under the strategic plan option. The strategic plan enables the institution to tailor its CRA goals and objectives to address the needs of its community consistent with its business strategy, operational focus, capacity and constraints. TriState Capital Bank is currently in the process of working with the FDIC to develop a workable strategic plan for future CRA assessments. The strategic plan must address the Bank's lending, investment and service criteria that would have been part of its usual evaluation. The FDIC must approve the strategic plan and rate it at least satisfactory. If TriState Capital Bank receives a lower rating on its plan, it will still have the option of submitting to the applicable large bank test for the purposes of evaluating its CRA compliance.

TriState Capital Bank has received a satisfactory CRA rating on each CRA examination since inception. The CRA requires all FDIC-insured institutions to publicly disclose their rating.

### **Financial Privacy**

The federal banking regulators have adopted rules that limit the ability of banks and other financial institutions to disclose non-public information about consumers to non-affiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a non-affiliated third party. These regulations affect how consumer information is transmitted through financial services companies and conveyed to outside vendors. In addition, consumers may also prevent disclosure of certain information among affiliated companies that is

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assembled or used to determine eligibility for a product or service, such as that shown on consumer credit reports and asset and income information from applications. Consumers also have the option to direct banks and other financial institutions not to share information about transactions and experiences with affiliated companies for the purpose of marketing products or services. In addition to applicable federal privacy regulations, TriState Capital Bank is subject to certain state privacy laws.

### **Anti-Money Laundering and OFAC**

Under federal law, including the Bank Secrecy Act and the USA PATRIOT Act of 2001, certain financial institutions must maintain anti-money laundering programs that include established internal policies, procedures and controls; a designated compliance officer; an ongoing employee training program; and testing of the program by an independent audit function. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence and customer identification in their dealings with foreign financial institutions and foreign customers. Financial institutions must take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious transactions, and law enforcement authorities have been granted increased access to financial information maintained by financial institutions.

The Office of Foreign Assets Control, or OFAC, administers laws and Executive Orders that prohibit U.S. entities from engaging in transactions with certain prohibited parties. OFAC publishes lists of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. Generally, if a bank identifies a transaction, account or wire transfer relating to a person or entity on an OFAC list, it must freeze the account or block the transaction, file a suspicious activity report and notify the appropriate authorities.

Bank regulators routinely examine institutions for compliance with these obligations and they must consider an institution's compliance in connection with the regulatory review of applications, including applications for bank mergers and acquisitions. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing and comply with OFAC sanctions, or to comply with relevant laws and regulations, could have serious legal, reputational and financial consequences for the institution.

### **Safety and Soundness Standards**

Federal bank regulatory agencies have adopted guidelines that establish general standards relating to internal controls and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth and compensation, fees and benefits. Additionally, the agencies have adopted regulations that provide the authority to order an institution that has been given notice by an agency that it is not satisfying any of these safety and soundness standards to submit a compliance plan. If, after being so notified, an institution fails to submit an acceptable compliance plan or fails in any material respect to implement an acceptable compliance plan, the agency must issue an order directing action to correct the deficiency and may issue an order directing other actions of the types to which an undercapitalized institution is subject under the prompt corrective action provisions of the Federal Deposit Insurance Act. If an institution fails to comply with such an order, the agency may seek to enforce such order in judicial proceedings and to impose civil money penalties.

In addition to federal consequences for failure to satisfy applicable safety and soundness standards, the Pennsylvania Department of Banking and Securities Code grants the Pennsylvania Department of Banking and Securities the authority to impose a civil money penalty of up to \$25,000 per violation against a Pennsylvania financial institution, or any of its officers, employees, directors, or trustees for: (1) violations of any law or department order; (2) engaging in any unsafe or unsound practice; or (3) breaches of a fiduciary duty in conducting the institution's business.



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Bank holding companies are also not permitted to engage in unsound banking practices. For example, the Federal Reserve's Regulation Y requires a holding company to give the Federal Reserve prior notice of any redemption or repurchase of its own equity securities, if the consideration to be paid, together with the consideration paid for any repurchases in the preceding year, is equal to 10% or more of the company's consolidated net worth. The Federal Reserve may oppose the transaction if it believes that the transaction would constitute an unsafe or unsound practice or would violate any law or regulation. As another example, a holding company could not impair its subsidiary bank's soundness by causing it to make funds available to non-banking subsidiaries or their customers if the Federal Reserve believed it not prudent to do so. The Federal Reserve has broad authority to prohibit activities of bank holding companies and their non-banking subsidiaries that present unsafe and unsound banking practices or that constitute violations of laws or regulations.

### **Consumer Laws and Regulations**

TriState Capital Bank is subject to numerous laws and regulations intended to protect consumers in transactions with the Bank. These laws include, among others, laws regarding unfair, deceptive and abusive acts and practices, usury laws, and other federal consumer protection statutes. These federal laws include the Electronic Fund Transfer Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Real Estate Procedures Act of 1974, the S.A.F.E. Mortgage Licensing Act of 2008, the Truth in Lending Act and the Truth in Savings Act, among others. Many states and local jurisdictions have consumer protection laws analogous, and in addition, to those enacted under federal law. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits, making loans and conducting other types of transactions. Failure to comply with these laws and regulations could give rise to regulatory sanctions, customer rescission rights, action by state and local attorneys general and civil or criminal liability.

In addition, the Dodd-Frank Act created a new independent Consumer Finance Protection Bureau that has broad authority to regulate and supervise retail financial services activities of banks and various non-bank providers. The Consumer Finance Protection Bureau has authority to promulgate regulations, issue orders, guidance and policy statements, conduct examinations and bring enforcement actions with regard to consumer financial products and services. In general, however, banks with assets of \$10.0 billion or less, such as TriState Capital Bank, will continue to be examined for consumer compliance by their primary federal bank regulator.

### **Effect of Governmental Monetary Policies**

The commercial banking business is affected not only by general economic conditions but also by U.S. fiscal policy and the monetary policies of the Federal Reserve. Some of the instruments of monetary policy available to the Federal Reserve include changes in the discount rate on member bank borrowings, the fluctuating availability of borrowings at the discount window, open market operations, the imposition of and changes in reserve requirements against member banks' deposits and assets of foreign branches, and the imposition of and changes in reserve requirements against certain borrowings by banks and their affiliates. These policies influence to a significant extent the overall growth of bank loans, investments, and deposits and the interest rates charged on loans or paid on deposits. We cannot predict the nature of future fiscal and monetary policies or the effect of these policies on our operations and activities, financial condition, results of operations, growth plans or future prospects.

### **Impact of Current Laws and Regulations**

The cumulative effect of these laws and regulations, while providing certain benefits, add significantly to the cost of our operations and thus have a negative impact on our profitability. There has also been a notable expansion in recent years of financial service providers that are not subject to the examination, oversight, and other rules and regulations to which we are subject. Those providers, because they are not so highly

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regulated, may have a competitive advantage over us and may continue to draw large amounts of funds away from traditional banking institutions, with a continuing adverse effect on the banking industry in general.

**Future Legislation and Regulatory Reform**

New regulations and statutes are regularly proposed that contain wide-ranging proposals for altering the structures, regulations and competitive relationships of financial institutions operating in the United States. We cannot predict whether or in what form any proposed regulation or statute will be adopted or the extent to which our business may be affected by any new regulation or statute. Future legislation and policies, and the effects of that legislation and those policies, may have a significant influence on our operations and activities, financial condition, results of operations, growth plans or future prospects and the overall growth and distribution of loans, investments and deposits. Such legislation and policies have had a significant effect on the operations and activities, financial condition, results of operations, growth plans and future prospects of commercial banks in the past and are expected to continue.

**CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

**FOR NON-U.S. HOLDERS OF COMMON STOCK**

The following is a summary of certain United States federal income tax consequences relevant to non-U.S. holders, as defined below, of the purchase, ownership and disposition of our common stock. The following summary is based on current provisions of the Internal Revenue Code of 1986, as amended, or the Code, Department of the Treasury regulations and judicial and administrative authority, all of which are subject to change, possibly with retroactive effect. This section does not consider state, local, estate or foreign tax consequences, nor does it address tax consequences to special classes of investors including, but not limited to, tax-exempt organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for United States federal income tax purposes, dealers in securities, persons liable for the alternative minimum tax, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, or persons that will hold our common stock as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to non-U.S. holders who will hold our common stock as capital assets (generally, property held for investment). Each potential investor should consult its own tax advisor as to the United States federal, state, local, foreign and any other tax consequences of the purchase, ownership and disposition of our common stock.

You are a non-U.S. holder if you are a beneficial owner of our common stock for United States federal income tax purposes that is (1) a nonresident alien individual; (2) a corporation (or other entity that is taxable as a corporation) not created or organized in the United States or under the laws of the United States or of any State (or the District of Columbia); (3) an estate whose income falls outside of the federal income tax jurisdiction of the United States, regardless of the source of such income; or (4) a trust that is not subject to United States federal income tax on a net income basis on income or gain from our shares.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are treated as a partner in such an entity holding our common stock, you should consult your tax advisor as to the United States federal income tax consequences applicable to you.

**Distributions**

Distributions with respect to our common stock will be treated as dividends when paid to the extent of our current or accumulated earnings and profits as determined for United States federal income tax purposes.

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Except as described below, if you are a non-U.S. holder of our shares, dividends paid to you are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividends paid to you, unless you have furnished to us or another payor:

A valid Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, your status as a non-United States person and your entitlement to the lower treaty rate with respect to such payments; or

In the case of payments made outside the United States to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the United States), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with Department of the Treasury regulations.

If you are eligible for a reduced rate of U.S. withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by timely filing a refund claim with the Internal Revenue Service.

If dividends paid to you are effectively connected with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the United States, we and other payors generally are not required to withhold tax from the dividends, provided that you have furnished to us or another payor a valid Internal Revenue Service Form W-8ECI or an acceptable substitute form upon which you represent, under penalties of perjury, that:

You are a non-United States person; and

The dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income.

Effectively connected dividends are taxed at rates applicable to United States citizens, resident aliens and domestic United States corporations. If you are a corporate non-U.S. holder, effectively connected dividends that you receive may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

## **Sale or Redemption**

If you are a non-U.S. holder, you generally will not be subject to United States federal income or withholding tax on gain realized on the sale, exchange or other disposition of our common stock unless (1) you are an individual, you hold our shares as a capital asset, you are present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist, or (2) the gain is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition to subjecting you to United States taxation on a net income basis.

## **Information Reporting and Backup Withholding**

Payment of dividends, and the tax withheld on those payments, are subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Under the provisions of an applicable income tax treaty or agreement, copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides. U.S. backup withholding will generally apply on payment of dividends to non-U.S. holders unless such non-U.S. holders furnish to the payor a Form W-8BEN (or other applicable form), or otherwise establish an exemption and the payor does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, that is not an exempt recipient.

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Payment of the proceeds of a sale of our common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to information reporting and, depending on the circumstances, backup withholding, unless the non-U.S. holder, or beneficial owner thereof, as applicable, certifies that it is a non-U.S. holder on Form W-8BEN (or other applicable form), or otherwise establishes an exemption and the payor does not have actual knowledge or reason to know the holder is a U.S. person, as defined under the Code, that is not an exempt recipient.

Any amount withheld under the backup withholding rules from a payment to a non-U.S. holder is allowable as a credit against the non-U.S. holder's United States federal income tax, which may entitle the non-U.S. holder to a refund, provided that the non-U.S. holder timely provides the required information to the Internal Revenue Service. Moreover, certain penalties may be imposed by the Internal Revenue Service on a non-U.S. holder who is required to furnish information but does not do so in the proper manner. Non-U.S. holders should consult their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Department of the Treasury regulations.

## **Recent Legislation Relating to Foreign Accounts**

Under recently enacted legislation, certain payments that are made after December 31, 2012 to certain foreign financial institutions, investment funds and other non-United States persons that fail to comply with information reporting requirements in respect of their direct and indirect U.S. shareholders will be subject to withholding at a rate of 30%. These payments would include dividends and the gross proceeds from the sale or other disposition of our shares. However, under administrative guidance and proposed regulations, withholding would only be made to payments of dividends made on or after January 1, 2014, and to payments of gross proceeds from a sale or other disposition of our shares made on or after January 1, 2015.

Non-U.S. Holders are encouraged to consult with their tax advisors regarding the possible implications of the legislation on their investment in our common stock.

**Table of Contents****UNDERWRITING**

We and the selling shareholder are offering the shares of our common stock described in this prospectus through several underwriters for whom Stephens Inc. is acting as the representative. We and the selling shareholder have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase, and we and the selling shareholder have severally agreed to sell, the number of shares of common stock in the following table:

<b>Underwriter</b>	<b>Number of Shares</b>
Stephens Inc.	
Keefe, Bruyette & Woods, Inc.	
Robert W. Baird & Co. Incorporated	
Macquarie Capital (USA) Inc.	
<b>Total</b>	

The underwriters are offering the shares of our common stock subject to a number of conditions, including receipt and acceptance of the common stock by the underwriters. The obligations of the underwriters to pay for and accept delivery of the shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, including the listing of our common stock on Nasdaq.

**Commission and Discounts**

Shares of our common stock sold by the underwriters to the public will be offered at the initial public offering price set forth on the cover of this prospectus. Any shares of our common stock sold by the underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial public offering price. Any of these securities dealers may resell any shares of our common stock purchased from the underwriters to other brokers or dealers at a discount of up to \$ per share from the initial public offering price. If all of the shares of our common stock are not sold at the initial public offering price, the representative may change the offering price and the other selling terms. Sales of shares of our common stock made outside of the United States may be made by affiliates of the underwriters.

The following table shows the initial public offering price, underwriting discount and proceeds before expenses to us and to the selling shareholder. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option to purchase an additional shares, discussed below:

	<b>Per Share</b>	<b>No Exercise</b>	<b>Full Exercise</b>
Public offering price	\$	\$	\$
Underwriting discount	\$	\$	\$
Proceeds to us, before expenses	\$	\$	\$
Proceeds to selling shareholder, before expenses	\$	\$	\$

We and the selling shareholder estimate the expenses of this offering, not including the underwriting discounts, to be \$ million and are payable by us.

**Option to Purchase Additional Shares**

We have granted the underwriters an option to buy up to additional shares of our common stock, at the public offering price less underwriting discounts, to cover over-allotments. The underwriters may exercise this option, in whole or from time to time in part, solely for the purpose of covering over-allotments, if any, made in connection with this offering. The underwriters have 30 days from the date of this prospectus to exercise this option. If the underwriters exercise this option, each underwriter will be obligated, subject to the conditions in the underwriting agreement, to purchase a number of additional shares of our common stock proportionate to such underwriter's initial amount relative to the total amount reflected next to their name in the table above.



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### **Lock-Up Agreements**

We, our executive officers and directors, certain executive officers and directors of TriState Capital, the selling shareholder and certain other persons have entered into lock-up agreements with the underwriters. Under these agreements, we and each of these persons may not, without the prior written approval of the representative, subject to limited exceptions,

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock, whether now owned or hereafter acquired or with respect to which such person has or hereafter acquires the power of disposition, or exercise any right with respect to the registration thereof, or file or cause to be filed any registration statement in connection therewith under the Securities Act; or

enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the shares of our common stock or such other securities, whether any such swap or transaction is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise.

These restrictions will be in effect for a period of 180 days after the date of the underwriting agreement. The representative may, in its sole discretion, waive or release all or some of the securities from these lock-up agreements. However, as to any of our executive officers or directors, the representative has agreed to notify us at least three business days before the effective date of any release or waiver, and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver.

These restrictions also apply to any issuer-directed or friends and family shares of our common stock we sell in this offering, including those described below under *Directed Share Program*.

### **Pricing of the Offering**

Prior to this offering, there has been no established public market for our common stock. The initial public offering price will be determined by negotiations among us, the selling shareholder, and the representative of the underwriters. In addition to prevailing market conditions, among the factors to be considered in determining the initial public offering price of our common stock will be our historical performance, estimates of our business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. An active trading market for the shares of our common stock may not develop. It is also possible that the shares will not trade in the public market at or above the initial public offering price following the closing of this offering.

We intend to apply to have our common stock approved for listing on Nasdaq under the symbol TSC.

### **Indemnification and Contribution**

We and the selling shareholder have agreed to indemnify the underwriters and their affiliates, selling agents and controlling persons against certain liabilities, including certain liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments the underwriters and their affiliates, selling agents and controlling persons may be required to make in respect of those liabilities.

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### **Price Stabilization, Short Positions and Penalty Bids**

To facilitate this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock, including:

stabilizing transactions;

short sales; and

purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering. Short sales may be covered short sales, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be naked short sales, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which they may purchase shares through the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering.

As an additional means of facilitating our initial public offering, the underwriters may bid for, and purchase, shares of our common stock in the open market. The underwriting syndicate also may reclaim selling concessions allowed to an underwriter or a dealer for distributing shares of our common stock in this offering, if the syndicate repurchases previously distributed shares of our common stock to cover syndicate short positions or to stabilize the price of our common stock.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time without notice. The underwriters may carry out these transactions on Nasdaq, in the over-the-counter market or otherwise.

### **Passive Market Making**

In connection with this offering, the underwriters and selling group members may engage in passive market making transactions in our common stock on Nasdaq in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of our common stock and extending through the completion of the distribution of this offering. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in a passive market making and may end passive market making activities at any time.

### **Electronic Distribution**

A prospectus in electronic format may be made available by e-mail or on the websites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective



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investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained on any other website maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by the underwriters or us and should not be relied upon by investors.

### **Directed Share Program**

At our request, the underwriters have reserved up to \_\_\_\_\_ shares of our common stock offered by this prospectus, which represents approximately \_\_\_\_\_ % of our outstanding common stock as of \_\_\_\_\_, 2013, for sale, at the initial public offering price, to our directors, executive officers, employees, business associates and related persons. Reserved shares purchased by our directors, executive officers, employees, business associates and related persons will be subject to the lock-up provisions described above. The number of shares of our common stock available for sale to the general public will be reduced to the extent these persons purchase the reserved shares. Any reserved shares of our common stock that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus.

### **Affiliations**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment advisory, investment research, principal investment, hedging, financing, loan referrals, valuation and brokerage activities. From time to time, the underwriters and/or their respective affiliates have directly and indirectly engaged, and may in the future engage, in various financial advisory, investment banking loan referrals and commercial banking services with us and our affiliates, for which they received or paid, or may receive or pay, customary compensation, fees and expense reimbursement. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and those investment and securities activities may involve securities and/or instruments of ours. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of those securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in those securities and instruments.

Stephens Investment Holdings, LLC is under common control with the representative. Stephens Investment Holdings, LLC purchased 500,000 shares of our common stock at a price of \$10.00 per share in our 2007 private placement, and 441,667 shares at \$12.00 per share in our 2008 private placement. As of the date of this prospectus, Stephens Investment Holdings, LLC held 941,667 shares of our common stock. TriState Investment Partners and TriState Investment Partners II are owned by employees of the representative. Their managers are executives of the representative, which is under common control with Stephens Investment Holdings, LLC. TriState Investment Partners purchased 87,834 shares of our common stock at a price of \$12.00 per share in our 2008 private placement, which it continues to hold as of the date of this prospectus. TriState Investment Partners II purchased 70,796 shares of our common stock at a price of \$8.00 per share in our July 2010 private placement, which it continues to hold as of the date of this prospectus. These shares were purchased at the same price and on the same terms as those sold to other investors in the respective private placements.

The representative was engaged as our placement agent for our August 2012 private placement, pursuant to which we paid the representative aggregate placement agent fees of approximately \$3.0 million. The terms of the placement agent engagement granted the representative a right of first refusal to provide certain investment banking services for an 18 month period following the closing of the placement.

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From time to time, certain underwriters refer brokerage account customers to us as prospective private banking customers. If we extend a loan to such customers, we have agreed to pay those underwriters a referral fee. In 2012, we paid aggregate service fees to the representative for such referrals of less than \$100,000 and aggregate fees to Robert W. Baird & Co. of less than \$140,000.

### **Selling Restrictions**

#### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares of common stock offered hereby which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive) subject to obtaining the prior consent of the representative for any such offer; or

in any other circumstances which do not require the publication by us of a prospectus under Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### ***United Kingdom***

Each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the FSMA)) received by it in connection with the issue or sale of the shares of common stock offered hereby in circumstances in which Section 21(1) of the FSMA does not apply to us; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of common stock offered hereby in, from or otherwise involving the United Kingdom.



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**LEGAL MATTERS**

The validity of the shares of our common stock offered by this prospectus will be passed upon for us by Keevican Weiss Bauerle & Hirsch LLC, Pittsburgh, Pennsylvania. Certain matters will be passed upon for the underwriters by DLA Piper LLP (US), Washington, D.C.

**EXPERTS**

The consolidated financial statements of TriState Capital Holdings, Inc. and subsidiary as of December 31, 2012 and 2011, and for the years ended December 31, 2012, 2011 and 2010, have been included herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

This prospectus, which constitutes a part of a registration statement on Form S-1 filed with the SEC, does not contain all of the information set forth in the registration statement and the related exhibits and schedules. Some items are omitted in accordance with the rules and regulations of the SEC. Accordingly, we refer you to the complete registration statement, including its exhibits and schedules, for further information about us and the shares of common stock to be sold in this offering. Statements or summaries in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete and, where that contract or document is filed as an exhibit to the registration statement, each statement or summary is qualified in all respects by reference to the exhibit to which the reference relates. You may read and copy the registration statement, including the exhibits and schedules to the registration statement, at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information about the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Our filings with the SEC, including the registration statement, are also available to you for free on the SEC's Internet website at [www.sec.gov](http://www.sec.gov).

Upon closing of this offering, we will become subject to the informational and reporting requirements of the Exchange Act and, in accordance with those requirements, will file reports and proxy and information statements with the SEC. You will be able to inspect and copy these reports and proxy and information statements and other information at the addresses set forth above. We intend to furnish to our shareholders our annual reports containing our audited consolidated financial statements certified by an independent registered public accounting firm.

We also maintain an Internet website at [www.tscbank.com](http://www.tscbank.com). Information on, or accessible through, our website is not part of this prospectus.

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**KPMG LLP**  
BNY Mellon Center

Suite 2500

500 Grant Street

Pittsburgh, PA 15219-2598

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders

TriState Capital Holdings, Inc.:

We have audited the accompanying consolidated statements of financial condition of TriState Capital Holdings, Inc. and subsidiary as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TriState Capital Holdings, Inc. and subsidiary as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Pittsburgh, Pennsylvania

March 19, 2013

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative (KPMG International), a Swiss entity.

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TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
AT DECEMBER 31, 2012 AND 2011

<i>(Dollars in thousands, except share data)</i>	2012	2011
<b><u>ASSETS</u></b>		
Cash	\$ 999	\$ 47
Interest-earning deposits with other institutions	192,055	228,606
Federal funds sold	7,026	6,811
<b><u>Cash and cash equivalents</u></b>	<b>200,080</b>	<b>235,464</b>
Investment securities available-for-sale, at fair value	191,187	163,392
Loans held-for-investment	1,641,628	1,406,995
Allowance for loan losses	(17,874)	(16,350)
<b><u>Loans receivable, net</u></b>	<b>1,623,754</b>	<b>1,390,645</b>
Accrued interest receivable	5,340	4,802
Federal Home Loan Bank stock	2,426	1,580
Office properties and equipment, net	4,317	4,045
Prepaid FDIC insurance expense	7,843	9,127
Bank owned life insurance	20,886	10,375
Deferred tax asset	6,841	6,579
Prepaid expenses and other assets	10,455	7,441
<b>Total assets</b>	<b>\$ 2,073,129</b>	<b>\$ 1,833,450</b>
<b><u>Liabilities and Shareholders' Equity</u></b>		
<b><u>Liabilities:</u></b>		
Deposits	\$ 1,823,379	\$ 1,637,126
Borrowings	20,000	
Accrued interest payable on deposits and borrowings	809	1,350
Other accrued expenses and other liabilities	11,217	10,522
Total liabilities	1,855,405	1,648,998
<b><u>Shareholders' Equity:</u></b>		
Preferred stock, 150,000 shares authorized:		
Series A, no par value; 0 shares authorized and issued, and 23,000 shares authorized and issued, respectively		22,370
Series B, no par value; 0 shares authorized and issued, and 1,150 shares authorized and issued, respectively		1,338
Series C, no par value; 48,780 shares authorized and issued, and 0 shares authorized and issued, respectively	46,011	
Common stock, no par value; 45,000,000 and 30,000,000 shares authorized, respectively; 17,444,730 and 17,444,730 shares issued, respectively	168,351	168,351
Additional paid-in capital	7,871	6,982
Accumulated deficit	(6,180)	(15,327)
Accumulated other comprehensive income, net	1,671	738
Total shareholders' equity	217,724	184,452
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,073,129</b>	<b>\$ 1,833,450</b>

See accompanying notes to consolidated financial statements.

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**Table of Contents****TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF INCOME****FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010**

<i>(Dollars in thousands, except per share data)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b><u>Interest income:</u></b>			
Loans	\$ 67,268	\$ 62,198	\$ 62,113
Investments	3,174	2,416	1,636
Interest-earning deposits	592	753	939
<b>Total interest income</b>	<b>71,034</b>	<b>65,367</b>	<b>64,688</b>
<b><u>Interest expense:</u></b>			
Deposits	13,651	17,986	20,652
Borrowings	23		
<b>Total interest expense</b>	<b>13,674</b>	<b>17,986</b>	<b>20,652</b>
Net interest income before provision for loan losses	57,360	47,381	44,036
Provision for loan losses	8,185	5,339	5,251
Net interest income after provision for loan losses	49,175	42,042	38,785
<b><u>Non-interest income</u></b>			
Service charges	433	393	357
Net gain on the sale of investment securities available-for-sale	1,114	1,323	
Net gain on the sale of loans		5	486
Swap fees	903	70	189
Commitment and other fees	2,716	1,882	1,558
Other income (loss)	1,033	235	(129)
<b>Total non-interest income</b>	<b>6,199</b>	<b>3,908</b>	<b>2,461</b>
<b><u>Non-interest expense</u></b>			
Compensation and employee benefits	24,106	21,115	19,334
Premises and occupancy costs	2,826	2,380	2,123
Professional fees	3,025	3,070	2,378
FDIC insurance expense	1,397	1,917	5,012
State capital shares tax	806	1,319	1,082
Travel and entertainment expense	1,231	1,139	1,039
Data processing expense	843	701	666
Charitable contributions	856	316	374
Other operating expenses	2,775	2,037	1,584
<b>Total non-interest expense</b>	<b>37,865</b>	<b>33,994</b>	<b>33,592</b>
<b>Income before tax</b>	<b>\$ 17,509</b>	<b>\$ 11,956</b>	<b>\$ 7,654</b>
Income tax expense (benefit)	6,837	4,738	(7,574)
<b>Net income</b>	<b>\$ 10,672</b>	<b>\$ 7,218</b>	<b>\$ 15,228</b>

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Preferred stock dividends and discount amortization on Series A and B	1,525	1,518	1,818
Net income available to common shareholders	\$ 9,147	\$ 5,700	\$ 13,410
<b><u>Earnings per common share:</u></b>			
Basic	\$ 0.47	\$ 0.33	\$ 0.83
Diluted	\$ 0.47	\$ 0.33	\$ 0.83

See accompanying notes to consolidated financial statements.

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TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

<i>(Dollars in thousands)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net income	\$ 10,672	\$ 7,218	\$ 15,228
<b><u>Other comprehensive income:</u></b>			
Unrealized holding gains net of tax of (\$929), (\$1,037) and (\$176) for the year ended December 31, 2012, 2011 and 2010, respectively	1,649	1,940	482
Reclassification adjustment for (gains) included in net income, net of tax of \$398, \$463 and \$0 for the year ended December 31, 2012, 2011 and 2010, respectively	(716)	(860)	
Other comprehensive income	\$ 933	\$ 1,080	\$ 482
<b><u>Total comprehensive income</u></b>	<b>\$ 11,605</b>	<b>\$ 8,298</b>	<b>\$ 15,710</b>

See accompanying notes to consolidated financial statements.

**Table of Contents****TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010**

<i>(Dollars in thousands)</i>	Preferred Stock (Series A and B)	Preferred Stock (Series C)	Common Stock	Additional Paid-in- Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), net	Total Shareholders' Equity
<b>Balance, December 31, 2009</b>	\$ 23,197	\$	\$ 147,484	\$ 3,880	\$ (34,437)	\$ (824)	\$ 139,300
Net income					15,228		15,228
Other comprehensive income						482	482
Issuance of common stock (net of offering costs of \$1,448)			20,637				20,637
Preferred stock dividend					(1,571)		(1,571)
Amortization of discount on preferred stock, series A	247				(247)		
Stock-based compensation expense				1,484			1,484
<b>Balance, December 31, 2010</b>	\$ 23,444	\$	\$ 168,121	\$ 5,364	\$ (21,027)	\$ (342)	\$ 175,560
Net income					7,218		7,218
Other comprehensive income						1,080	1,080
Issuance of common stock (net of offering costs of \$0)			230				230
Preferred stock dividend					(1,254)		(1,254)
Amortization of discount on preferred stock, series A	264				(264)		
Stock-based compensation expense				1,618			1,618
<b>Balance, December 31, 2011</b>	\$ 23,708	\$	\$ 168,351	\$ 6,982	\$ (15,327)	\$ 738	\$ 184,452
Net income					10,672		10,672
Other comprehensive income						933	933
Issuance of preferred stock (net of offering costs of \$3,989)		46,011					46,011
Retirement of preferred stock	(24,150)						(24,150)
Preferred stock dividend					(1,083)		(1,083)
Amortization of discount on preferred stock, series A	592				(592)		
Accretion of premium on preferred stock, series B	(150)				150		
Stock-based compensation expense				889			889
<b>Balance, December 31, 2012</b>	\$	\$ 46,011	\$ 168,351	\$ 7,871	\$ (6,180)	\$ 1,671	\$ 217,724

See accompanying notes to consolidated financial statements.



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TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	2012	2011	2010
<i>(Dollars in thousands)</i>			
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 10,672	\$ 7,218	\$ 15,228
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	878	832	772
Provision for loan losses	8,185	5,339	5,251
Provision for losses on unfunded commitments	9	24	105
Net decrease in prepaid FDIC insurance expense	1,284	1,717	4,606
Compensation expense related to stock options and restricted stock	889	1,618	1,484
Net gain on the sale of investment securities available-for-sale	(1,114)	(1,323)	
Net gain on the sale of investment securities trading	(507)		
Net gain on the sale of loans		(5)	(486)
Proceeds from the sale of loans held-for-sale			8,046
Purchase of investment securities trading	(108,957)		
Proceeds from the sale of investment securities trading	109,466		
Net amortization of premiums and discounts	2,205	1,443	1,408
Decrease (increase) in accrued interest receivable	(538)	408	(457)
Increase (decrease) in accrued interest payable	(541)	(1,166)	757
BOLI income	(512)	(346)	(29)
Decrease in taxes payable	(966)	(147)	
Deferred tax provision (benefit)	(793)	808	(7,785)
Accretion of allowance for leasehold improvements	(248)	(222)	(94)
Other, net	(1,115)	(956)	1,381
<b>Net cash provided by operating activities</b>	<b>18,297</b>	<b>15,242</b>	<b>30,187</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of investment securities available-for-sale	(68,190)	(121,798)	(107,413)
Proceeds from the sale of investment securities available-for-sale	19,748	90,763	
Principal repayments and maturities of investment securities available-for-sale	21,018	13,013	10,351
Purchase of bank owned life insurance	(10,000)		(10,000)
Purchase of FHLB stock	(846)		
Redemption of FHLB stock		360	102
Net increase in loans held-for-investment	(245,521)	(140,768)	(60,373)
Proceeds from loan sales	4,228	11,423	