

TriState Capital Holdings, Inc.  
Form 10-Q  
August 13, 2013  
Table of Contents

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

FORM 10-Q

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

For the period ended June 30, 2013

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

For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number: 001-35913

TRISTATE CAPITAL HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

Pennsylvania  
(State or other jurisdiction of incorporation or  
organization)

20-4929029  
(I.R.S. Employer Identification No.)

One Oxford Centre  
301 Grant Street, Suite 2700  
Pittsburgh, Pennsylvania 15219  
(Address of principal executive offices)  
(Zip Code)  
(412) 304-0304  
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

As of July 31, 2013, there were 28,690,279 shares of the registrant's common stock, no par value, outstanding.

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Table of Contents

TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

<u>ITEM 1. FINANCIAL STATEMENTS</u>	<u>3</u>
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION</u>	<u>3</u>
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u>	<u>4</u>
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u>	<u>5</u>
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY</u>	<u>6</u>
<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>7</u>
<u>NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>8</u>
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>35</u>
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>68</u>
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	<u>68</u>

PART II – OTHER INFORMATION

<u>ITEM 1. LEGAL PROCEEDINGS</u>	<u>68</u>
<u>ITEM 1A. RISK FACTORS</u>	<u>68</u>
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	<u>68</u>
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	<u>68</u>
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	<u>68</u>
<u>ITEM 5. OTHER INFORMATION</u>	<u>68</u>
<u>ITEM 6. EXHIBITS</u>	<u>69</u>
<u>SIGNATURES</u>	<u>70</u>
<u>EXHIBIT INDEX</u>	<u>71</u>

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Table of Contents

## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars in thousands, except share data)	June 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash	\$342	\$999
Interest-earning deposits with other institutions	147,245	192,055
Federal funds sold	11,644	7,026
Cash and cash equivalents	159,231	200,080
Investment securities available-for-sale, at fair value (cost: \$222,569 and \$188,586, respectively)	220,933	191,187
Investment securities held-to-maturity, at cost (fair value: \$19,579 and \$0, respectively)	20,323	—
Investment securities trading, at fair value	14,048	—
Total investment securities	255,304	191,187
Loans held-for-investment	1,734,565	1,641,628
Allowance for loan losses	(17,708)	(17,874)
Loans receivable, net	1,716,857	1,623,754
Accrued interest receivable	5,880	5,340
Federal Home Loan Bank stock	2,456	2,426
Office properties and equipment, net	4,384	4,317
Prepaid FDIC insurance expense	—	7,843
Bank owned life insurance	41,239	20,886
Deferred tax asset	8,471	6,841
Prepaid expenses and other assets	9,988	10,455
Total assets	\$2,203,810	\$2,073,129
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Deposits	\$1,873,150	\$1,823,379
Borrowings	20,000	20,000
Accrued interest payable on deposits and borrowings	788	809
Other accrued expenses and other liabilities	21,959	11,217
Total liabilities	1,915,897	1,855,405
<b>Shareholders' Equity:</b>		
Preferred stock, 150,000 shares authorized:		
Series C, no par value; 0 shares authorized, issued and outstanding, and 48,780 shares authorized, issued and outstanding, respectively	—	46,011
Common stock, no par value; 45,000,000 shares authorized; 28,687,779 shares issued and outstanding, and 17,444,730 shares issued and outstanding, respectively	280,495	168,351
Additional paid-in capital	8,193	7,871

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Retained earnings (accumulated deficit)	547	(6,180	)
Accumulated other comprehensive income (loss), net	(1,322	)	1,671
Total shareholders' equity	287,913		217,724
Total liabilities and shareholders' equity	\$2,203,810		\$2,073,129

See accompanying notes to unaudited condensed consolidated financial statements.

3

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Table of ContentsTRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Interest income:				
Loans	\$17,217	\$16,610	\$33,555	\$32,531
Investments	800	752	1,707	1,481
Interest-earning deposits	166	111	320	269
Total interest income	18,183	17,473	35,582	34,281
Interest expense:				
Deposits	2,877	3,448	5,911	7,035
Borrowings	22	—	43	—
Total interest expense	2,899	3,448	5,954	7,035
Net interest income before provision for loan losses	15,284	14,025	29,628	27,246
Provision for loan losses	671	2,393	2,803	3,624
Net interest income after provision for loan losses	14,613	11,632	26,825	23,622
Non-interest income				
Service charges	123	106	236	199
Net gain on the sale of investment securities available-for-sale	—	1,015	784	1,015
Swap fees	321	463	375	713
Commitment and other fees	514	745	1,055	1,222
Other income	346	181	642	385
Total non-interest income	1,304	2,510	3,092	3,534
Non-interest expense				
Compensation and employee benefits	6,266	5,903	12,542	11,578
Premises and occupancy costs	774	658	1,554	1,301
Professional fees	797	685	1,395	1,373
FDIC insurance expense	322	271	687	689
State capital shares tax	337	311	657	624
Travel and entertainment expense	374	337	659	599
Data processing expense	202	224	379	432
Other operating expenses	888	863	1,715	1,418
Total non-interest expense	9,960	9,252	19,588	18,014
Income before tax	\$5,957	\$4,890	\$10,329	\$9,142
Income tax expense	2,085	1,912	3,602	3,378
Net income	\$3,872	\$2,978	\$6,727	\$5,764
Preferred stock dividends and discount amortization on Series A and B	—	383	—	765
Net income available to common shareholders	\$3,872	\$2,595	\$6,727	\$4,999
Earnings per common share:				
Basic	\$0.15	\$0.15	\$0.28	\$0.29
Diluted	\$0.15	\$0.15	\$0.28	\$0.29

See accompanying notes to unaudited condensed consolidated financial statements.



Table of Contents

## TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$3,872	\$2,978	\$6,727	\$5,764
Other comprehensive income (loss):				
Increase (decrease) in unrealized holding gains (losses) net of tax of \$1,302, (\$87), \$1,384 and (\$583), respectively	(2,340	)205	(2,489	)1,126
Reclassification adjustment for gains included in net income, net of tax of \$0, \$363, \$280 and \$363, respectively	—	(652	) (504	) (652
Other comprehensive income (loss)	\$(2,340	)\$(447	) \$(2,993	) \$474
Total comprehensive income	\$1,532	\$2,531	\$3,734	\$6,238

See accompanying notes to unaudited condensed consolidated financial statements.



Table of Contents

TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Dollars in thousands)	Preferred Stock (Series A and B)	Preferred Stock (Series C)	Common Stock	Additional Paid-in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss), net	Total Shareholders' Equity
Balance, December 31, 2011	\$23,708	\$—	\$168,351	\$ 6,982	\$(15,327)	)\$738	\$184,452
Net income	—	—	—	—	5,764	—	5,764
Other comprehensive income	—	—	—	—	—	474	474
Preferred stock dividend	—	—	—	—	(627)	)—	(627 )
Amortization of discount on preferred stock, series A	138	—	—	—	(138)	)—	—
Stock-based compensation expense	—	—	—	444	—	—	444
Balance, June 30, 2012	\$23,846	\$—	\$168,351	\$ 7,426	\$(10,328)	)\$1,212	\$190,507
Balance, December 31, 2012	\$—	\$46,011	\$168,351	\$ 7,871	\$(6,180)	)\$1,671	\$217,724
Net income	—	—	—	—	6,727	—	6,727
Other comprehensive loss	—	—	—	—	—	(2,993)	)(2,993 )
Issuance of common stock (net of offering costs and discounts of \$7,093)	—	—	65,990	—	—	—	65,990
Conversion of preferred stock to common stock	—	(46,011)	)46,011	—	—	—	—
Exercise of stock options	—	—	143	(43 )	—	—	100
Stock-based compensation expense	—	—	—	365	—	—	365
Balance, June 30, 2013	\$—	\$—	\$280,495	\$ 8,193			