TriState Capital Holdings, Inc.
Form S-1/A
April 16, 2013
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As Filed with the Securities and Exchange Commission on April 16, 2013

Registration No. 333-187681

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

TRISTATE CAPITAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**6022**	**20-4929029**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

One Oxford Centre

301 Grant Street, Suite 2700

Pittsburgh, Pennsylvania 15219

(412) 304-0304

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

James F. Getz

Chairman, President and Chief Executive Officer

TriState Capital Holdings, Inc.

One Oxford Centre

301 Grant Street, Suite 2700

Pittsburgh, Pennsylvania 15219

(412) 304-0304

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

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

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

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

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

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

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

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

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

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

SUBJECT TO COMPLETION, DATED APRIL 16, 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 200,000 shares of our common stock. We will not receive any proceeds from sales by the selling shareholder.

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

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

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

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

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

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
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 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)				
Summary financial data:[1]					
Total assets	$ 2,073,129	$ 1,833,450	$ 1,659,752	$ 239,679	13.1%
Total loans[2]	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[3]	62,445	49,966	46,497	12,479	25.0%
Pre-tax, pre-provision net revenue[3]	24,580	15,972	12,905	8,608	53.9%
Net income (loss) available (attributable) to common shareholders[4]	9,147	5,700	13,410	3,447	60.5%
Diluted earnings (loss) per share[4]	$ 0.47	$ 0.33	$ 0.83	$ 0.14	42.4%
Summary asset quality data:[1]					
Net charge-offs to average loans	0.43%	0.46%	0.31%		
Nonperforming assets to total assets[6]	1.10%	0.90%	0.92%		
Key ratios:[1]					
Net interest margin[5]	3.00%	2.72%	2.66%		
Efficiency ratio[3]	60.64%	68.03%	72.25%		
Return on average equity[4]	5.24%	3.97%	9.68%		
Tier 1 leverage capital ratio	10.35%	10.18%	9.85%		
Tier 1 risk-based capital ratio	10.95%	10.63%	11.48%		
Total risk-based capital ratio	11.88%	11.60%	12.59%		

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

Our Executive Management Team and Board of Directors

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

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

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

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

Our Business Strategy

The genesis of our formation was a belief by our founder and cofounders that the banking needs of middle market businesses in our primary markets and many high net worth individuals were not adequately served by the banking industry. Our founder and cofounders believed that a sales oriented, conservatively managed and scalable *de novo* bank, with highly experienced bankers and without the cost structure of a traditional branch network, could grow and generate attractive returns for shareholders. With this plan, our founder and cofounders were successful in raising gross proceeds of approximately $104.1 million through the sale of our common stock to charter the Bank and fund our initial growth. Since then, we have raised gross proceeds of approximately $122.3 million though 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(1)	4,000	N/A	N/A	4,000	N/A
Total middle market banking channel loans	1,211,766	1,126,866	1,049,873	84,900	7.5%
Total private banking channel loans	435,580	285,352	240,073	150,228	52.6%
Total loans, before deferred loan fees	$ 1,647,346	$ 1,412,218	$ 1,289,946	$ 235,128	16.6%

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

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

- deposits of high net worth individuals and business customers from our private banking channel, including family offices, trust companies and wealth management firms;
- deposits of businesses and municipalities located within our primary markets; and
- deposit accounts from financial institutions.

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

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

Our Competitive Strengths

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

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

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

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

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

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

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

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

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

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

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

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

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

Recent Developments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our Challenges

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

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

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

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

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

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

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. 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	200,000 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.(1)
Common stock outstanding after closing of this offering	shares of common stock, assuming the underwriters do not exercise their over-allotment option.(1)
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 have applied to list our common stock on Nasdaq under the symbol TSC.

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

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

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

- assumes the conversion of all 48,780.488 shares of our outstanding Series C preferred stock into 4,878,049 shares of our common stock in connection with our initial public offering;

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

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

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

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

Conversion of Series C Preferred Stock

As of December 31, 2012, there were 48,780.488 outstanding shares of our Series C preferred stock. On an as-converted basis as of December 31, 2012, these shares represented approximately 21.9% of our outstanding common stock, or approximately % 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

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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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

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)				
Statements of operations data:					
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(1)	1,525	1,518	1,818	782	
Net income (loss) available (attributable) to common shareholders(2)	$ 9,147	$ 5,700	$ 13,410	$ (13,081)	$ (14,156)
Per share data:					
Earnings (loss) per share(2)					
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(3)	9.75	9.21	8.77	7.96	8.63
Tangible book value per share with preferred converted to common(3)	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(3)	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
Annualized performance ratios:					
Return on average assets(2)	0.55%	0.41%	0.91%	(0.86%)	(2.13%)
Return on average common equity(2)	6.35%	4.56%	11.36%	(10.42%)	(14.26%)
Return on average equity(2)	5.24%	3.97%	9.68%	(8.83%)	(14.26%)
Net interest margin(4)	3.00%	2.72%	2.66%	2.26%	2.22%
Efficiency ratio(3)	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%
Asset quality ratios:					
Nonperforming assets to total assets(5)	1.10%	0.90%	0.92%	0.74%	0.51%
Nonperforming loans to total loans(5)(6)	1.37%	1.17%	1.19%	0.85%	0.70%
Allowance for loan losses to total loans(6)	1.09%	1.16%	1.33%	1.22%	1.24%

Allowance for loan losses to nonperforming loans[5]	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)				
Balance sheet data:					
Investment securities available-for-sale	$ 191,187	$ 163,392	$ 143,837	$ 47,699	$ 90,184
Total loans[6]	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)[7]	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
Capital ratios:					
Total shareholders equity to assets	10.50%	10.06%	10.58%	9.36%	9.84%
Tangible equity to tangible assets[3]	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 tangi assets, common shares outstanding with preferred converted to common, book value per share with preferred converted to common and tangible book value per share with preferred converted to common. Although we believe these non-GAAP financial measures provide a greater understanding of our business, these measures are not necessarily comparable to similar measures that may be presented by other companies.

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

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

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

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

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

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

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

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

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

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

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	March 31, 2013	December 31, 2012	2011	2010	2009	2008
		(Dollars in thousands, except share and per share data)				
Book value per share with preferred converted to common:						
Common shareholders equity	$ 174,141	$ 171,713	$ 160,744	$ 152,116	$ 116,103	$ 125,876
Preferred stock Series C (convertible)	46,011	46,011				
Total common shareholders equity and preferred stock Series C	$ 220,152	$ 217,724	$ 160,744	$ 152,116	$ 116,103	$ 125,876
Preferred shares outstanding	48,780.488	48,780.488				
Conversion factor	100	100				
Preferred shares converted to common shares outstanding	4,878,049	4,878,049				
Common shares outstanding	17,444,730	17,444,730	17,444,730	17,353,480	14,592,907	14,592,907
Common shares with preferred shares converted to common	22,322,779	22,322,779	17,444,730	17,353,480	14,592,907	14,592,907
Book value per share with preferred converted to common	$ 9.86	$ 9.75	$ 9.21	$ 8.77	$ 7.96	$ 8.63
Tangible book value per share with preferred converted to common:						
Book value per common share	$ 9.98	$ 9.84	$ 9.21	$ 8.77	$ 7.96	$ 8.63
Less: Effects of intangible assets						
Tangible book value	$ 9.98	$ 9.84	$ 9.21	$ 8.77	$ 7.96	$ 8.63
Common shares with preferred shares converted to common	22,322,779	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	$ 9.86	$ 9.75	$ 9.21	$ 8.77	$ 7.96	$ 8.63
Tangible equity to tangible assets:						
Total shareholders equity	$ 220,152	$ 217,724	$ 184,452	$ 175,560	$ 139,300	$ 125,876
Less: Intangible assets						
Tangible equity	$ 220,152	$ 217,724	$ 184,452	$ 175,560	$ 139,300	$ 125,876
Total assets	$ 2,073,240	$ 2,073,129	$ 1,833,450	$ 1,659,752	$ 1,487,611	$ 1,279,301
Less: Intangible assets						
Tangible assets	$ 2,073,240	$ 2,073,129	$ 1,833,450	$ 1,659,752	$ 1,487,611	$ 1,279,301
Tangible equity to tangible assets	10.62%	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 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 factors such as 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 on a quarterly basis 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 roll over 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

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. federal government. 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.

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 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 investment or 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 investments or 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 or returns on investment;
- 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 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 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 have applied 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 6,852,103 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 4,000,000 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 March 31, 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, we expect these funds to 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 March 31, 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 to 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 amended and restated articles of incorporation, or our Articles of Incorporation, and our bylaws, as amended, or our 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.

Any shares of our common stock you purchase in this offering will not be savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries 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, 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 entitled *Risk Factors*, beginning on page 16.

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.

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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[1]
		(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
Total shareholders equity	$ 217,724	$ 217,724	$
Book value per common share	$ 9.84	$ 9.75	
Tangible book value per share[2]	$ 9.84	$ 9.75	
Capital ratios:			
Total shareholders equity to assets	10.50%	10.50%	%
Tangible equity to tangible assets[2]	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 $217.7 million, or $9.75 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	$ 9.75	
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 new 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	
	(Dollars in thousands, except per-share data)				
Existing shareholders	22,322,779		$ 226,579		$ 10.15
New investors in this offering					
Total		100%		100%	

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.

Assuming no shares are sold to existing shareholders in this offering, 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 22,122,779, 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.

	Key Financial Measures[1] Years ended December 31,		
	2012	**2011**	**2010**
	(Dollars in thousands, except per share data)		
Selected balance sheet measures:			
Total assets	$ 2,073,129	$ 1,833,450	$ 1,659,752
Total loans[2]	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
Selected statements of operations measures:			
Total revenue[3]	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[3]	24,580	15,972	12,905
Income before tax	17,509	11,956	7,654
Net income[4]	10,672	7,218	15,228
Basic earnings per share[4]	0.47	0.33	0.83
Diluted earnings per share[4]	0.47	0.33	0.83
Other financial measures and ratios:			
Return on average assets[4]	0.55%	0.41%	0.91%
Return on average equity[4]	5.24%	3.97%	9.68%
Net interest margin[5]	3.00%	2.72%	2.66%
Efficiency ratio[3]	60.64%	68.03%	72.25%
Revenue per average full-time equivalent employees[3]	$ 564	$ 508	$ 497
Pre-tax, pre-provision net revenue per average full-time equivalent employees[3]	$ 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[6]	1.10%	0.90%	0.92%
Allowance for loan losses to nonperforming loans[6]	79.50%	99.53%	112.41%
Allowance for loan losses to total loans[2]	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)

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

2012 Operating Performance

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 28 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 28 basis points, to 3.00% for the year ended December 31, 2012, as compared to 2.72% 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 four 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 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 as of December 31, 2012, 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 2.72% for the year ended December 31, 2011, as compared to 2.66% 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® 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 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	3.71%	3.75%	3.91%
Cost of interest-bearing liabilities	0.89%	1.26%	1.40%
Net interest spread	2.82%	2.49%	2.51%
Net interest margin(1)	3.00%	2.72%	2.66%

(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(1)/ Expense	Average Yield/ Rate	Average Balance	Interest Income(1)/ Expense	Average Yield/ Rate	Average Balance	Interest Income(1)/ Expense	Average Yield/ Rate
	(Dollars in thousands)								
Assets									
Interest-earning deposits	$ 180,621	$ 582	0.32%	$ 257,741	$ 744	0.29%	$ 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	4.36%	1,327,771	62,198	4.68%	1,245,543	62,113	4.99%
Total interest-earning assets	1,918,590	71,163	3.71%	1,743,008	65,367	3.75%	1,653,473	64,688	3.91%
Cash and other assets	33,557			28,951			16,109		
Total assets	$ 1,952,147			$ 1,771,959			$ 1,669,582		
Liabilities and Shareholders Equity									
Interest-bearing deposits:									
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®)	470,219	5,995	1.27%	346,366	6,164	1.78%	249,220	5,721	2.30%
CDARS® 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%
Total interest-bearing liabilities	1,541,985	13,674	0.89%	1,425,039	17,986	1.26%	1,472,956	20,652	1.40%
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		
Total liabilities and shareholders equity	$ 1,952,147			$ 1,771,959			$ 1,669,582		
Net interest income		$ 57,489			$ 47,381			$ 44,036	
Net interest spread			2.82%			2.49%			2.51%
Net interest margin(1)			3.00%			2.72%			2.66%

(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 28 basis points to 3.00%. 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 32 basis points 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 32 basis points, the overall yield on interest-earning assets declined only four basis points to 3.71% for the year ended December 31, 2012, as compared to 3.75%

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 six basis points, to 2.72%, 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 31 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 31 basis points, the overall yield on interest-earning assets declined only 16 basis points to 3.75% for the year ended December 31, 2011, as compared to 3.91% 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.

	Years Ended December 31, 2012 over 2011		
	Yield/Rate	Volume	Change(1)
		(In thousands)	
Increase (decrease) in:			
Interest income:			
Interest-earning deposits	$ 103	$ (265)	$ (162)
Federal funds sold	2	(1)	1
Investment securities trading	26	26	52
Investment securities available-for-sale	137	660	797
Total loans	(3,766)	8,874	5,108
Total increase (decrease) in interest income	(3,498)	9,294	5,796
Interest expense:			
Interest-bearing deposits:			
Interest-bearing checking accounts	(17)	(7)	(24)
Money market deposits accounts	(1,953)	533	(1,420)
Time deposits (excluding CDARS®)	(2,025)	1,856	(169)
CDARS® 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	$ 1,774	$ 8,334	$ 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.

	Years Ended December 31, 2011 over 2010		
	Yield/Rate	Volume	Change(1)
		(In thousands)	
Increase (decrease) in:			
Interest income:			
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
Interest expense:			
Interest-bearing deposits:			

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.

	Years Ended December 31, 2012	Years Ended December 31, 2011	2012 Change from 2011 Amount	2012 Change from 2011 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(1)	1,033	235	798	339.6%
Total non-interest income	$ 6,199	$ 3,908	$ 2,291	58.6%

(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	Years Ended December 31, 2010	2011 Change from 2010 Amount	2011 Change from 2010 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)(1)	235	(129)	364	(282.2%)
Total non-interest income	$ 3,908	$ 2,461	$ 1,447	58.8%

(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(1)	2,775	2,037	738	36.2%
Total non-interest expense	$ 37,865	$ 33,994	$ 3,871	11.4%
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(1)	2,037	1,584	453	28.6%
Total non-interest expense	$ 33,994	$ 33,592	$ 402	1.2%
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 full-time equivalent 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.

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 (In thousands)	2009	2008
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.

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

(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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Loan Maturities and Interest Rate Sensitivity

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.

	December 31, 2012			
	One Year or Less	**Over One Year Through Five Years**	**Over Five Years**	**Total**
	(In thousands)			
Loan maturity:				
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
Total loans, before deferred loan fees	$ 1,282,282	$ 302,104	$ 62,960	$ 1,647,346
Interest rate sensitivity:				
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
Total loans, before deferred loan fees	$ 1,282,282	$ 302,104	$ 62,960	$ 1,647,346

	December 31, 2011			
	One Year or Less	**Over One Year Through Five Years**	**Over Five Years**	**Total**
	(In thousands)			
Loan maturity:				
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
Total loans, before deferred loan fees	$ 1,069,790	$ 295,883	$ 46,545	$ 1,412,218
Interest rate sensitivity:				
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
Total loans, before deferred loan fees	$ 1,069,790	$ 295,883	$ 46,545	$ 1,412,218

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.

	December 31, 2012	2011	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
Total allowance for loan losses	$ 17,874	$ 16,350	$ 17,111	$ 15,764	$ 11,623
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.

	December 31, 2012			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%
Total allowance for loan losses	$ 17,874	100.0%	100.0%	$ 16,350	100.0%	100.0%	$ 17,111	100.0%	100.0%

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)			

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

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 property that was 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 property that was 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.

	December 31, 2012	2011	2010
	(Dollars in thousands)		
Non-accrual loans:			
Commercial and industrial	$ 15,825	$ 2,324	$ 461
Commercial real estate	6,808	14,249	14,765
Private banking-personal			
Total non-accrual loans, before deferred loan fees	22,633	16,573	15,226
Net deferred loan fees	(150)	(145)	(4)
Total non-accrual loans, net of deferred loan fees	$ 22,483	$ 16,428	$ 15,222
Other real estate owned	290		
Total nonperforming assets	$ 22,773	$ 16,428	$ 15,222
Nonperforming troubled debt restructured loans[1]	$ 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 Past Due	60-89 Days Past Due	Loans Past Due 90 Days or More	Total Past Due	Current Loans	Total Loans Receivable
				(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

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 Past Due	60-89 Days Past Due	Loans Past Due 90 Days or More	Total Past Due	Current Loans	Total Loans Receivable
	(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 Past Due	60-89 Days Past Due	Loans Past Due 90 Days or More	Total Past Due	Current Loans	Total Loans Receivable
	(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			
	Commercial and Industrial	Commercial Real Estate	Private Banking-Personal	Total Loans
	(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
Total loans, before deferred loan fees	$ 876,443	$ 474,679	$ 296,224	$ 1,647,346

	As of December 31, 2011			
	Commercial and Industrial	Commercial Real Estate	Private Banking-Personal	Total Loans
	(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
Total loans, before deferred loan fees	$ 709,558	$ 499,676	$ 202,984	$ 1,412,218

	As of December 31, 2010			
	Commercial and Industrial	Commercial Real Estate	Private Banking-Personal	Total Loans
	(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
Total loans, before deferred loan fees	$ 600,702	$ 497,418	$ 191,826	$ 1,289,946

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.

	As of December 31, 2012			
	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Estimated Fair Value
	(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
Total investment securities available-for-sale	$ 188,586	$ 3,347	$ 746	$ 191,187

	As of December 31, 2011			
	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Estimated Fair Value
	(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
Total investment securities available-for-sale	$ 162,256	$ 1,911	$ 775	$ 163,392

	As of December 31, 2010			
	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Estimated Fair Value
	(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
Total investment securities available-for-sale	$ 144,355	$ 1,183	$ 1,701	$ 143,837

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.

	As of December 31, 2012									
	One Year or Less		One Year Through Five Years		Five Years Through 10 Years		Over 10 Years		Total Fair Value	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(Dollars in thousands)									
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					