TriState Capital Holdings, Inc.
Form 424B4
May 10, 2013
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Filed Pursuant to Rule 424(b)(4)
Registration Statement No. 333-187681

PROSPECTUS

5,700,000 Shares

COMMON STOCK

This prospectus relates to the initial public offering of TriState Capital Holdings, Inc. s common stock. The initial public offering price of our common stock is $11.50 per share. We are offering 5,500,000 shares of our common stock. The selling shareholder identified in this prospectus is offering 200,000 shares of our common stock. We will not receive any proceeds from sales by the selling shareholder. Prior to this offering, there has been no established public market for our common stock. Our common stock has been approved for listing 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	$ 11.50	$65,550,000
Underwriting discount(1)	$ 0.805	$ 4,588,500
Proceeds to us, before expenses	$ 10.695	$ 58,822,500
Proceeds to selling shareholder, before expenses	$ 10.695	$ 2,139,000

(1) See *Underwriting* for additional information regarding the underwriting discount and certain expenses payable to the underwriters by us.

We have granted the underwriters an option to purchase up to an additional 855,000 shares of our common stock at the initial public offering price less the underwriting discount, within 30 days from the date of this prospectus, to cover over allotments, if any.

The underwriters expect to deliver the shares of our common stock against payment on or about May 14, 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 May 8, 2013

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Successful Track Record of Growth

Total Assets

($ in Millions)

Total Revenue [1]

($ in Millions)

Pre-Tax, Pre-Provision Net Revenue [1]

($ in Millions)

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

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ABOUT THIS PROSPECTUS

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

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

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PROSPECTUS SUMMARY

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

Overview

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

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

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

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

Our Growth and Performance

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

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

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

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

	As of or for the Year Ended December 31,			2012 Change from 2011	
	2012	2011	2010	Amount	Percent
	(Dollars in thousands, except per share data)				
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. We have also experienced continued growth in the number of customers resulting from our existing referral relationships. For example, one of our largest private banking referral relationships resulted in approximately 11 loan customers as of December 31, 2010, 57 loan customers as of December 31, 2011, and 123 loan customers as of December 31, 2012. As we deepen our existing referral relationships and add new referral relationships, we expect continued growth in our marketable securities loans.

	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.

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

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

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

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

Our Competitive Strengths

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

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

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

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

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

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

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

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

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

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

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

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

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

Recent Developments

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

	For the Three Months Ended March 31,	
	2013	**2012**
	(unaudited)	