

TriState Capital Holdings, Inc.  
Form 10-Q  
July 31, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the period ended June 30, 2015

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

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

Commission file number: 001-35913

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

Pennsylvania  
(State or other jurisdiction of incorporation or  
organization)

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

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

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

As of July 20, 2015, there were 28,000,695 shares of the registrant's common stock, no par value, outstanding.

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TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars in thousands)	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Cash	\$1,106	\$411
Interest-earning deposits with other institutions	91,035	99,551
Federal funds sold	8,094	5,748
Cash and cash equivalents	100,235	105,710
Investment securities available-for-sale, at fair value (cost: \$174,747 and \$167,232, respectively)	174,707	166,572
Investment securities held-to-maturity, at cost (fair value: \$45,431 and \$40,113, respectively)	44,955	39,591
Total investment securities	219,662	206,163
Loans held-for-sale	4,084	—
Loans held-for-investment	2,554,343	2,400,052
Allowance for loan losses	(21,407)	(20,273)
Loans held-for-investment, net	2,532,936	2,379,779
Accrued interest receivable	6,492	6,279
Investment management fees receivable	6,530	6,818
Federal Home Loan Bank stock	4,402	5,730
Goodwill and other intangibles, net	51,595	52,374
Office properties and equipment, net	4,276	4,128
Bank owned life insurance	59,133	53,323
Deferred tax asset, net	11,330	11,874
Prepaid expenses and other assets	16,486	14,679
Total assets	\$3,017,161	\$2,846,857
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Deposits	\$2,550,695	\$2,336,953
Borrowings	125,000	165,000
Accrued interest payable on deposits and borrowings	1,691	1,735
Accrued earnout liability related to Chartwell acquisition	—	17,236
Other accrued expenses and other liabilities	25,377	20,543
Total liabilities	2,702,763	2,541,467
<b>Shareholders' Equity:</b>		
Preferred stock, no par value; Shares authorized - 150,000; Shares issued - none	—	—
Common stock, no par value; Shares authorized - 45,000,000; Shares issued - 29,000,695 and 28,739,779, respectively; Shares outstanding - 28,000,695 and 28,060,888, respectively	280,966	280,895

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Additional paid-in capital	10,152	9,253	
Retained earnings	33,399	22,615	
Accumulated other comprehensive income (loss), net	(215	) (627	)
Treasury stock (1,000,000 and 678,891 shares, respectively)	(9,904	) (6,746	)
Total shareholders' equity	314,398	305,390	
Total liabilities and shareholders' equity	\$3,017,161	\$2,846,857	

See accompanying notes to unaudited condensed consolidated financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest income:				
Loans	\$19,541	\$18,184	\$38,641	\$35,508
Investments	796	633	1,588	1,466
Interest-earning deposits	89	174	192	325
Total interest income	20,426	18,991	40,421	37,299
Interest expense:				
Deposits	3,176	2,692	6,068	5,117
Borrowings	632	261	1,279	282
Total interest expense	3,808	2,953	7,347	5,399
Net interest income	16,618	16,038	33,074	31,900
Provision for loan losses	185	9,109	1,110	9,717
Net interest income after provision for loan losses	16,433	6,929	31,964	22,183
Non-interest income:				
Investment management fees	7,514	7,509	15,169	9,963
Service charges	176	154	339	284
Net gain on the sale of investment securities available-for-sale	—	414	17	1,428
Swap fees	697	255	1,014	409
Commitment and other fees	493	486	1,000	980
Other income	751	303	1,150	537
Total non-interest income	9,631	9,121	18,689	13,601
Non-interest expense:				
Compensation and employee benefits	11,604	9,991	23,018	18,229
Premises and occupancy costs	1,144	1,010	2,266	1,915
Professional fees	885	895	1,761	1,795
FDIC insurance expense	545	454	1,013	862
General insurance expense	313	281	607	534
State capital shares tax	309	313	582	627
Travel and entertainment expense	636	691	1,162	1,126
Data processing expense	268	233	530	456
Intangible amortization expense	390	390	779	520
Other operating expenses	1,488	1,226	2,966	2,212
Total non-interest expense	17,582	15,484	34,684	28,276
Income before tax	8,482	566	15,969	7,508
Income tax expense	2,754	52	5,185	2,378
Net income	\$5,728	\$514	\$10,784	\$5,130
Earnings per common share:				
Basic	\$0.21	\$0.02	\$0.39	\$0.18
Diluted	\$0.20	\$0.02	\$0.38	\$0.18

See accompanying notes to unaudited condensed consolidated financial statements.



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## TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$5,728	\$514	\$10,784	\$5,130
Other comprehensive income (loss):				
Increase in unrealized holding gains net of tax of \$(72), \$(481), \$(243) and \$(1,191) respectively	130	863	423	2,136
Reclassification adjustment for gains included in net income, net of tax of \$0, \$148, \$6 and \$511 respectively	—	(266	) (11	)(917
Other comprehensive income	130	597	412	1,219
Total comprehensive income	\$5,858	\$1,111	\$11,196	\$6,349

See accompanying notes to unaudited condensed consolidated financial statements.



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## TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Dollars in thousands)	Common Stock	Additional Paid-in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss), net	Treasury Stock	Total Shareholders' Equity
Balance, December 31, 2013	\$280,531	\$ 8,471	\$ 6,687	\$ (1,744	) \$—	\$293,945
Net income	—	—	5,130	—	—	5,130
Other comprehensive income (loss)	—	—	—	1,219	—	1,219
Exercise of stock options	364	(114	) —	—	—	250
Stock-based compensation	—	439	—	—	—	439
Balance, June 30, 2014	\$280,895	\$ 8,796	\$ 11,817	\$ (525	) \$—	\$300,983
Balance, December 31, 2014	\$280,895	\$ 9,253	\$ 22,615	\$ (627	) \$(6,746	) \$305,390
Net income	—	—	10,784	—	—	10,784
Other comprehensive income (loss)	—	—	—	412	—	412
Exercise of stock options	71	(21	) —	—	—	50
Purchase of treasury stock	—	—	—	—	(3,158	) (3,158
Stock-based compensation	—	920	—	—	—	920
Balance, June 30, 2015	\$280,966	\$ 10,152	\$ 33,399	\$ (215	) \$(9,904	) \$314,398

See accompanying notes to unaudited condensed consolidated financial statements.

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## TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Six Months Ended June 30,		
	2015	2014	
Cash Flows from Operating Activities:			
Net income	\$10,784	\$5,130	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and intangible amortization expense	1,459	1,112	
Amortization of deferred financing costs	101	16	
Provision for loan losses	1,110	9,717	
Stock-based compensation expense	920	439	
Net gain on the sale of investment securities available-for-sale	(17	)(1,428	)
Net amortization of premiums and discounts	358	844	
Decrease (increase) in investment management fees receivable	288	(1,577	)
Decrease (increase) in accrued interest receivable	(213		