

TriState Capital Holdings, Inc.
Form 10-Q
November 07, 2013
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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 September 30, 2013

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

For the transition period from ____ to ____

Commission file number: 001-35913

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

Pennsylvania
(State or other jurisdiction of incorporation or organization)

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

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

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

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

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

Large accelerated filer 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 October 31, 2013, there were 28,690,279 shares of the registrant's common stock, no par value, outstanding.

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TRISTATE CAPITAL HOLDINGS, INC. AND SUBSIDIARY

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

(Dollars in thousands, except share data)	September 30, 2013	December 31, 2012
ASSETS		
Cash	\$ 889	\$ 999
Interest-earning deposits with other institutions	135,340	192,055
Federal funds sold	3,612	7,026
Cash and cash equivalents	139,841	200,080
Investment securities available-for-sale, at fair value (cost: \$216,277 and \$188,586, respectively)	214,113	191,187
Investment securities held-to-maturity, at cost (fair value: \$24,687 and \$0, respectively)	25,293	—
Total investment securities	239,406	191,187
Loans held-for-investment	1,766,504	1,641,628
Allowance for loan losses	(18,281)	(17,874)
Loans receivable, net	1,748,223	1,623,754
Accrued interest receivable	5,708	5,340
Federal Home Loan Bank stock	2,336	2,426
Office properties and equipment, net	4,230	4,317
Prepaid FDIC insurance expense	—	7,843
Bank owned life insurance	41,559	20,886
Deferred tax asset	8,654	6,841
Prepaid expenses and other assets	10,940	10,455
Total assets	\$2,200,897	\$2,073,129
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits	\$1,878,694	\$1,823,379
Borrowings	20,000	20,000
Accrued interest payable on deposits and borrowings	568	809
Other accrued expenses and other liabilities	12,569	11,217
Total liabilities	1,911,831	1,855,405
Shareholders' Equity:		
Preferred stock, 150,000 shares authorized:		
Series C, no par value; 0 shares authorized, issued and outstanding, and 48,780 shares authorized, issued and outstanding, respectively	—	46,011
Common stock, no par value; 45,000,000 shares authorized; 28,690,279 shares issued and outstanding, and 17,444,730 shares issued and outstanding, respectively	280,531	168,351
Additional paid-in capital	8,308	7,871
Retained earnings (accumulated deficit)	1,877	(6,180)

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Accumulated other comprehensive income (loss), net	(1,650) 1,671
Total shareholders' equity	289,066	217,724
Total liabilities and shareholders' equity	\$2,200,897	\$2,073,129

See accompanying notes to unaudited condensed consolidated financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands, except per share data)	2013	2012	2013	2012
Interest income:				
Loans	\$17,252	\$17,197	\$50,807	\$49,728
Investments	1,002	812	2,709	2,293
Interest-earning deposits	130	137	450	406
Total interest income	18,384	18,146	53,966	52,427
Interest expense:				
Deposits	2,591	3,325	8,502	10,360
Borrowings	21	2	64	2
Total interest expense	2,612	3,327	8,566	10,362
Net interest income before provision for loan losses	15,772	14,819	45,400	42,065
Provision for loan losses	4,911	1,537	7,714	5,161
Net interest income after provision for loan losses	10,861	13,282	37,686	36,904
Non-interest income				
Service charges	120	123	356	322
Net gain on the sale of investment securities available-for-sale	—	99	784	1,114
Swap fees	163	61	538	774
Commitment and other fees	506	881	1,561	2,103
Other income	329	381	971	766
Total non-interest income	1,118	1,545	4,210	5,079
Non-interest expense				
Compensation and employee benefits	5,904	6,333	18,446	17,911
Premises and occupancy costs	777	758	2,331	2,059
Professional fees	678	811	2,073	2,184
FDIC insurance expense	375	343	1,062	1,032
State capital shares tax	368	321	1,025	945
Travel and entertainment expense	447	282	1,106	881
Data processing expense	203	190	582	622
Other operating expenses	1,264	956	2,979	2,374
Total non-interest expense	10,016	9,994	29,604	28,008
Income before tax	\$1,963	\$4,833	\$12,292	\$13,975
Income tax expense	633	1,881	4,235	5,259
Net income	\$1,330	\$2,952	\$8,057	\$8,716
Preferred stock dividends and discount amortization on Series A and B	—	760	—	1,525
Net income available to common shareholders	\$1,330	\$2,192	\$8,057	\$7,191
Earnings per common share:				
Basic	\$0.05	\$0.11	\$0.31	\$0.39

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Diluted	\$0.05	\$0.11	\$0.31	\$0.39
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See accompanying notes to unaudited condensed consolidated financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)	Three Months Ended September		Nine Months Ended September 30,	
	30, 2013	2012	2013	2012
Net income	\$1,330	\$2,952	\$8,057	\$8,716
Other comprehensive income (loss):				
Increase (decrease) in unrealized holding gains (losses) net of tax of \$182, (\$668), \$1,567 and (\$1,251), respectively	(328	) 1,057	(2,817	) 2,183
Reclassification adjustment for gains included in net income, net of tax of \$0, \$35, — \$280 and \$398, respectively		(64	) (504	) (716
Other comprehensive income (loss)	\$(328	) \$993	\$(3,321	) \$1,467
Total comprehensive income	\$1,002	\$3,945	\$4,736	\$10,183

See accompanying notes to unaudited condensed consolidated financial statements.

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

(Dollars in thousands)	Preferred Stock (Series A and B)	Preferred Stock (Series C)	Common Stock	Additional Paid-in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss), net	Total Shareholders' Equity
Balance, December 31, 2011	\$23,708	\$—	\$168,351	\$ 6,982	\$(15,327)	)\$738	\$184,452
Net income	—	—	—	—	8,716	—	8,716
Other comprehensive income	—	—	—	—	—	1,467	1,467
Issuance of preferred stock (net of offering costs of \$3,989)	—	46,011	—	—	—	—	46,011
Retirement of preferred stock	(24,150)	)—	—	—	—	—	(24,150)
Preferred stock dividend	—	—	—	—	(1,083)	)—	(1,083)
Amortization of discount on preferred stock, series A	592	—	—	—	(592))—	—
Accretion of premium on preferred stock, series B	(150)	)—	—	—	150	—	—
Stock-based compensation expense	—	—	—	677	—	—	677
Balance, September 30, 2012	\$—	\$46,011	\$168,351	\$ 7,659	\$(8,136)	)\$2,205	\$216,090
Balance, December 31, 2012	\$—	\$46,011	\$168,351	\$ 7,871	\$(6,180)	)\$1,671	\$217,724
Net income	—	—	—	—	8,057	—	8,057
Other comprehensive loss	—	—	—	—	—	(3,321)	) (3,321)
Issuance of common stock (net of offering costs and discounts of \$7,093)	—	—	65,990	—	—	—	65,990
Conversion of preferred stock to common stock	—	(46,011)	)46,011	—	—	—	—
Exercise of stock options	—	—	179	—	—	—	—