

FINANCE **Leader – TriState Capital Bank**

Start-up bank gets off to strong start, capitalizes on competitive advantages

BY PATTY TASCARELLA

The midst of the subprime lending crisis, on the eve of a devastating recession, is hardly an auspicious time to launch a new financial institution, particularly in a region that has had just three start-up banks over the past 50 years.

But when TriState Capital Bank opened its doors in early 2007, a steady flow of customers followed. From 2008 through 2010, TriState saw sales grow 85.31 percent and employment by 22.22 percent.

“Some people won’t admit this, but business success is pure Irish luck, and we entered the market at a time when we had capital and we had funding, and some of our competitors were having what I’d refer to as legacy issues,” said CEO Jim Getz, who previously was president of Federated Securities Inc., the distribution arm of Federated Investors Inc.

“So for 2008 and 2009, we had pretty dramatic growth, and I feel we didn’t have a lot of formidable competition.”

Timing helped. TriState launched with a clean slate, as the subprime mortgage crisis already was wrapping tentacles around other banks. If financial institutions weren’t affected by that — and the Pittsburgh region was largely unblemished — they were subject to tightened credit.

That strong start gave TriState a secure foundation on which to build as competitors got back in the lending game.

“Year one, you build a base and add relationships with quality companies,” said President Bill Schenck, a former Pennsylvania Secretary of Banking and, before that, an executive at PNC Financial Services Group Inc. for more than two decades.

“Your customers have good experiences and tell others. And it becomes self-fulfilling.

“It’s blocking and tackling every day, going out and asking for business, and then asking customers if they have ideas of other people we could talk to. And it’s doing a good job.”

Staying focused was also key.

TriState is not a retail bank; it is not looking to capitalize on trends sweeping the industry or buying related business be they insurance firms or brokerages.

“We have the luxury of not being a full-service bank and target middle-market companies and private banking,” Getz said.

Getz sketched several points from TriState’s game plan that nurture growth, from emphasizing experience to implementing checks and balances.

Finance rank

- 1 **TriState Capital Bank**
- 2 **McKinley Carter Wealth Services**
- 3 **Dunbar, Bender & Zapf Inc.**
- 4 **Trustmont Advisory Group Inc.**
- 5 **Absolute Capital Management**

“We hired people with 15 or more years of banking experience,” he said.

“If you look at the bank, it’s very efficient: We’re at (\$1.76 billion in assets) with just (99) people working here. Most \$1.76 billion banks have 400 employees. We’re nimble enough to respond quickly. And we don’t look at it as a purely loan portfolio, we look at it as an investment portfolio and have 10 analysts who look at each loan and review it on a quarterly basis.”

No one person has lending authority: Everything goes to committee.

“Neither Bill nor I have the right to commit one dollar on a loan,” Getz said. “If one person dis-sents, we don’t make the loan.”

Others say Schenck’s and Getz’s own deep roots in the financial community and solid connections set the stage for TriState, enabling it to raise the most money, roughly \$85 million, by a bank start-up in Pennsylvania history. It remains among the top capital raisers in its sector in the United States.

Arnie Danielson, chairman of Bethesda-based banking consulting firm Danielson Associates, said that being so well-capitalized enabled TriState to “go out and make deals at a whole different level” than most startup banks.

“They were helped by changes in the Pittsburgh market, with PNC buying National City,” Danielson said. That combined the region’s two largest banks at the end of 2008.

“TriState is of a size that can make larger loans than typical local banks and that opened opportunities that smaller banks couldn’t or wouldn’t deal with.”

Both executives emphasized the importance of relationships.

“We’re adding lenders, and everyone we hire has a substantial amount of experience and a number of contacts in the business community,” Schenck said. “Each year, we get bigger, and we build on it.”

David Hunter, chairman of Downtown



Joe Wojcik

TriState Capital Bank CEO Jim Getz launched the bank on the eve of the recession, which enabled it to enter at a time when competitors were struggling and TriState had capital and funding.

investment firm Hunter Associates Inc. and a past chairman of Nasdaq, agreed that it really came down to people.

“Bill’s an excellent banker to start with and, in a situation like this, he’s the kind of leader you need to make a really good bank and leave the fancy stuff to others,” Hunter said.

“It doesn’t surprise me they’re doing a good job at TriState. It’s no fluff, just solid, hard work and good brains.”

Schenck’s and Getz’s expertise, along with fellow cofounder and CFO Mark Sullivan, a former executive at Ernst & Young’s Philadelphia office, helped TriState to expand into sites in Villanova, Princeton and Cleveland.

Next on the agenda is a loan production office in New York City, for which TriState is beginning the application process with federal and state regulators.

In 2012, Schenck said it hopes to add an office in either Boston or the Baltimore-Washington area.