

TRI COUNTY FINANCIAL CORP /MD/

Form S-1

September 12, 2013

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As filed with the Securities and Exchange Commission on September 12, 2013

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Tri-County Financial Corporation
(Exact name of registrant as specified in its charter)

Maryland	6022	52-1652138
State or other jurisdiction of	(Primary Standard Industrial	(IRS Employer
incorporation or organization	Classification Code Number)	Identification Number)

3035 Leonardtown Road

Waldorf, Maryland 20601

(301) 546-5601

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

Michael L. Middleton

Chairman and Chief Executive Officer

Tri-County Financial Corporation

3035 Leonardtown Road

Waldorf, Maryland 20601

(301) 546-5601

(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, check the following box: "

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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 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

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum Aggregate offering price(2)	Amount of registration fee
Common Stock, \$0.01 par value	1,610,000	\$19.00	\$30,590,000	\$4,173

(1) Include shares of common stock that may be purchased by the underwriters to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee. Based on the average high and low sales prices reported on the OTCQB Marketplace on September 6, 2013.

The Registrant hereby amends this Registration Statement on such date or dates 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 the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not 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 these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Preliminary Prospectus

Subject to completion, Dated [], 2013

**1,400,000 Shares of
Common Stock**

This prospectus describes the public offering of shares of common stock of Tri-County Financial Corporation, a bank holding company headquartered in Waldorf, Maryland. Our common stock is currently quoted on the OTCQB Marketplace under the symbol TCFC. On _____, 2013, the last reported sale price of our common stock was \$[] per share. We have applied to list our common stock on the NASDAQ Capital Market under the symbol TCFC.

Investing in our common stock involves risks. For additional information, see the section of this prospectus captioned Risk Factors beginning on page 11 for a discussion of the factors you should consider before you make your decision to invest in our common stock.

	Per Share	Total
Public offering price of common stock	\$	\$
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds to us before expenses	\$	\$

We have granted the underwriters a 30-day option to purchase up to 210,000 additional shares of our common stock at the public offering price, less underwriting discounts and commissions, to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a

criminal offense.

The securities are not savings accounts, deposits, or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriters expect to deliver the shares of common stock in book-entry form through the facilities of the Depository Trust Company, against payment on or about _____, 2013.

Sandler O'Neill + Partners, L.P.
The date of this prospectus is _____, 2013

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference in this prospectus or in any free writing prospectus that we may authorize to be delivered and made available to you. We have not, and the underwriters have not, authorized anyone to provide you with additional or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where those offers and sales are permitted. The information contained in or incorporated by reference in this prospectus or any free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus describes the specific details regarding this offering and the terms and conditions of the common stock being offered hereby and the risks of investing in our common stock. To the extent information in this prospectus is inconsistent with any of the documents incorporated by reference into this prospectus; you should rely on this prospectus. You should read this prospectus, the documents incorporated by reference in this prospectus, any free writing prospectus and the additional information about us described in the section entitled *Where You Can Find Additional Information* before making your investment decision.

Neither we, nor any of our officers, directors, agents or representatives or any of the underwriters, make any representation to you about the legality of an investment in our common stock. You should not interpret the contents of this prospectus or any free writing prospectus to be legal, business, investment or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial and other issues that you should consider before investing in our common stock.

No action is being taken in any jurisdictions outside the United States to permit a public offering of our common stock or possession or distribution of this prospectus in those jurisdictions. 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 that apply in those jurisdictions to this offering or the distribution of this prospectus.

In this prospectus, the terms *Tri-County Financial, Company, we, us and our* refer to Tri-County Financial Corporation and its consolidated subsidiaries, collectively, unless the context requires otherwise. References in this prospectus to *Community Bank and Bank* mean Community Bank of Tri-County, the wholly-owned banking subsidiary of Tri-County Financial. The Bank is a Maryland state-chartered commercial bank and a Federal Reserve member bank. The main office of the Bank is located in Waldorf, Maryland.

As used in this prospectus, the term *Series C preferred stock* refers to the shares of Tri-County Financial's Series C Senior Non-Cumulative Perpetual Preferred Stock having a liquidation preference of \$1,000 per share, which were issued on September 22, 2011 pursuant to the U.S. Department of Treasury's Small Business Lending Fund.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus, as well as other written communications made from time to time by us and oral communications made from time to time by our authorized officers, may contain statements relating to our future results (including certain projections and business trends) that are considered *forward-looking statements* as defined in the Private Securities Litigation Reform Act of 1995 (the *PSLRA*). Such forward-looking statements may be identified by the use of such words as *believe, expect, anticipate, should, planned, estimated, intend and potential*. Examples of forward-looking statements include, but are not limited to, possible or assumed estimates with respect to our financial condition, expected or anticipated revenue, and results of our operations and business, including earnings growth

determined using generally accepted accounting principles; loan origination volume; competitive products and pricing; demand for loan and deposits;

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asset quality, loan delinquency rates and levels of non-performing assets; impairment charges with respect to investment securities; current and future capital management programs; non-interest income levels; market share; our ability to control costs and expenses; and other business operations and strategies. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the PSLRA.

We caution you that a number of important factors could cause actual results to differ materially from those currently anticipated in any forward-looking statement. Such factors include, but are not limited to:

the factors identified below and in this prospectus under the heading *Risk Factors*;

prevailing economic conditions, either nationally or locally in some or all areas in which we conduct business, or conditions in the banking industry;

interest rate trends, changes in interest rates, deposit flows, loan demand, real estate values and competition, which can materially affect, among other things, loan origination levels and the level of defaults, losses and prepayments on loans we have made and make;

changes in the quality or composition of the loan or investment portfolios;

factors driving impairment charges on investments;

our ability to retain key members of management;

our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames;

our timely development of new and competitive products or services in a changing environment, and the acceptance of such products or services by customers;

operational issues and/or capital spending necessitated by the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;

changes in accounting principles, policies, and guidelines;

changes in any applicable law, rule, regulation or practice with respect to tax or legal issues;

litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of other matters before regulatory agencies, whether pending or commencing in the future; and

other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services.

Additionally, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control. Investors in our common stock are cautioned not to place undue reliance on these forward-looking statements, which are made as of the date of this prospectus. Except as may be required by applicable law or regulation, we assume no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

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PROSPECTUS SUMMARY

*This summary highlights selected information contained or incorporated by reference in this prospectus and may not contain all of the information that you need to consider in making your investment decision. To understand this offering fully, you should carefully read this summary together with the more detailed information contained in or incorporated by reference into this prospectus. You should carefully consider the section titled *Risk Factors* in this prospectus, our consolidated financial statements and the documents identified in the section *Incorporation of Certain Information by Reference*.*

The Company

Tri-County Financial Corporation, headquartered in Waldorf, Maryland and organized in 1989, is the bank holding company for Community Bank, a Maryland-chartered commercial bank subject to supervision and regulation by the Federal Reserve and the Maryland Commissioner of Financial Regulation (the Maryland Commissioner). Community Bank was founded in 1950 as Tri-County Building and Loan Association of Waldorf, a mutual savings and loan association. In 1986, the Bank converted to a federal stock savings bank and, in 1997, converted to a Maryland-chartered commercial bank and adopted its current name.

Community Bank provides an array of financial products and services for businesses and retail customers primarily through its ten full-service offices located in Calvert, Charles and St. Mary's Counties in Southern Maryland (the tri-county area) and one full-service branch office in King George County, Virginia. In addition, Community Bank originates loans through loan production offices in La Plata and Prince Frederick, Maryland and Fredericksburg, Virginia. Community Bank focuses its commercial business generation efforts on targeting small and medium sized businesses with revenues between \$5.0 million and \$35.0 million headquartered in Southern Maryland and in King George County and Fredericksburg, Virginia. In addition, Community Bank services the retail banking needs of the communities surrounding its 11 full-service branch locations with a full array of retail deposit and loan products. Community Bank's deposit accounts are insured by the Deposit Insurance Fund administered by the Federal Deposit Insurance Corporation (the FDIC) to the maximum permitted by law.

Effective October 18, 2013, Community Bank will change its name to Community Bank of the Chesapeake. This new name reflects Community Bank's recent expansion into the Northern Neck of Virginia and will align the Bank's name with its strategy of being the premier community banking institution throughout the Chesapeake Bay region. In addition, Tri-County Financial will change its name to The Community Financial Corporation, to better align the parent company name with the bank name.

As of June 30, 2013, Tri-County Financial had consolidated assets of \$980.1 million, consolidated deposits of \$784.7 million and consolidated stockholders' equity of \$81.1 million. Shares of our common stock are traded on the OTCQB Marketplace under the trading symbol TCFC. Following the name change described above, shares of our common stock will continue to trade under the trading symbol TCFC. As of [], 2013, there were [] shares of our common stock outstanding.

Our Recent Growth and Performance

With the efforts of our strong management team, we were able to continue our growth in loans and maintain our strong track record of performance through the recent economic recession. From December 31, 2008 through June 30, 2013, net loans grew 37.3%, from \$543.0 million to \$745.3 million. This growth was driven by our ability to provide superior service to our targeted small and medium sized business customers as compared to our larger, regional and national banking competition and our financial stability versus our locally-based competition. This loan growth was

achieved while maintaining our focus on our strong underwriting standards, which has been reflected in our low net charge-off levels. Additionally, we have improved our net interest margin from 3.13% for the year ended December 31, 2008 to 3.50% for the six months ended June 30, 2013 (on an

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annualized basis) and our return on average common equity from 7.59% to 10.47% over the same time period. Our profitability has been positively impacted by our continued focus on lowering our cost of deposits, maintaining our yield on earning assets and controlling our credit costs. During the recent recession, we were able to achieve positive profitability in each quarter and, further, have achieved positive net income to our common shareholders each year for 27 consecutive years.

Our Strategy

Our strategies center on our approach as a full-service, community-oriented bank and the expansion of our market share. To realize these objectives, we are pursuing the following strategies:

Continue to Grow Our Market Share. We employ a community banking strategy that emphasizes providing high-quality, responsive and personalized service to our business and retail customers. We believe there is a significant opportunity for us as a locally-managed, community-focused bank capable of providing a full-range of financial services to continue expanding our market share for both loans and deposits. By offering quicker decision making in the delivery of banking products and services, offering customized products where appropriate, and providing customer access to our senior decision makers, we distinguish ourselves from the larger, regional and national banks operating in our market areas, while our larger capital base and product mix enable us to compete effectively against smaller banks. As a result, according to the FDIC's website, as of June 30, 2012 (the latest date as of which such information was available), we held 20.0% of the deposits in Calvert, Charles and St. Mary's counties, Maryland, which represented the largest market share of deposits of the thirteen banking institutions in the tri-county area. Our goal is to continue to leverage on our excellent reputation and brand recognition to build market share in our existing Maryland markets and also to use the same, proven approach to build market share in King George County, Virginia, where we opened a branch office in June 2012.

Improve Asset Quality. We have relied on the expertise of our lending and credit administration staff, executive officers, and our disciplined underwriting and credit monitoring processes to lower our level of non-performing assets, performing non-accrual loans and troubled debt restructurings (TDRs) from 4.58% of total assets at December 31, 2010 to 2.87% of total assets at June 30, 2013. We have achieved this decrease in non-performing assets without incurring significant charge-offs as net charge-offs to average loans was 0.16% (annualized), 0.27%, 0.61%, and 0.61% for the six months ended June 30, 2013 and the years ended December 31, 2012, 2011 and 2010, respectively. While overall credit losses and problem assets still remain elevated as compared to historic levels primarily due to tumultuous economic conditions, credit quality remains a primary focus. We are vigilant in rapidly responding to changing economic conditions and to specific problem credits, as well as working to minimize losses.

Emphasize Commercial Lending. Net loans have increased \$90.8 million, or 13.9%, from \$654.5 million at December, 2010 to \$745.3 million at June 30, 2013. During that time, we have focused on increasing our origination and retention of commercial loans (commercial real estate, commercial business loans and commercial equipment loans), which have increased from \$458.8 million, or 69.2% of the loan portfolio, at December, 2010 to \$537.0 million, or 71.2% of the total loan portfolio, at June 30, 2013. We believe the continuing transition of our balance sheet to resemble that of a commercial bank will improve our net interest margin and differentiate us in our marketplace, which contains few locally-based community banks

with a commercial lending focus. To accelerate our loan growth, we operate three loan production offices, the most recent of which was opened in August 2013 in Fredericksburg, Virginia.

Increase Transaction Accounts. A key part of our business strategy is focusing on the growth of transaction accounts, which include checking, money market and savings accounts. These deposits allow us to increase our banking relationships with our customers and provide a stable, low-cost funding source for our asset growth. Our level of transaction accounts has increased from 39.5% of

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total deposits at December 31, 2010 to 49.7% at June 30, 2013. This has contributed to the decrease in the average cost of funds from 1.78% for the year ended December 31, 2010 to 0.93% for the six months ended June 30, 2013.

Our Competitive Advantages

We believe the following competitive advantages will allow us to successfully execute our business strategies:

Superior Customer Relationship Focus. We offer high-quality service by having locally-based lending teams in each of the counties we serve, minimizing personnel turnover, allowing customer access to senior decision makers and by providing more direct, personal attention than we believe is offered by competing financial institutions. The majority of our commercial lending competition is from banks headquartered outside of our market area, many of whom attempt to serve the market area through out-of-market loan production officers. By emphasizing the need for a professional, responsive and knowledgeable staff, we offer a superior level of service to our customers.

Few Locally-Based, Commercial Focused Community Banking Competitors. Within our primary market area, there are few similarly sized, commercial lending focused institutions which can compete directly with us for lending relationships. The majority of our in-market competition comes from government sponsored credit unions or smaller commercial banking institutions that are not able to serve all of the loan and deposit needs of our targeted small and medium sized business customers. Additionally, we compete against larger banking institutions headquartered out of our market area. We believe our size combined with our legal lending limit of approximately \$14.9 million provides us with a competitive advantage over smaller local institutions and our superior customer service provides us with a competitive advantage over larger out-of-market institutions competing for lending relationships in our market area.

Experienced Management Team and Personnel. Our executive management team brings an average of nearly 30 years of experience in the banking industry. Additionally, our management team was responsible for guiding the Company through the recent economic recession without sustaining a single quarter of losses to common shareholders. In addition to their experience with the Company and the Bank, several members of our management team have a long history of banking experience in the Southern Maryland market with the former leading institution in the market, Mercantile Bankshares Corporation, which was acquired by PNC Financial Services Group, Inc. in 2007. Prior to and following the acquisition we were able to make several strategic hires within our executive management and locally-based lending teams. We believe the significant local banking experience of our employees throughout our organization provides us with a significant advantage over other competitors within the markets we serve.

Market Reputation. We believe that our market reputation has become and will remain a competitive advantage within our historical markets in the tri-county area of Southern Maryland. During the recent economic recession, many of our competitors actively reduced lending to our targeted small and medium sized business customers. Our financial strength during this time allowed us to continue to expand our loan portfolio and service these customers, which enhanced our reputation as a lender and customer-focused banking institution. Accordingly, we have been able to focus our attention on building upon our strong relationships with these businesses and leveraging this reputation into additional relationships with new

customers. We expect to continue to take advantage of the strong reputation and relationships that have been forged by our management team and our frontline lending staff in our legacy tri-county area, while leveraging our reputation to expand our market share in contiguous markets.

Table of Contents**Our Market Area**

The Bank considers its principal lending and deposit market area to consist of the tri-county area in Southern Maryland and King George County in Virginia. In addition, as a result of the Bank's expansion into the greater Fredericksburg market in 2013, it is expected that Stafford County will become part of the Bank's principal leading and deposit market area. One of the fastest growing regions in the country, this area is home to a mix of federal facilities, industrial and high-tech businesses. The 2010 U.S. Census estimates place King George County as the third fastest growing locality in Virginia with population growth of 40.36% since 2000. In addition, according to the U.S. Census Bureau, St. Mary's County's population has grown 22% over the past decade, the highest growth rate in Maryland between 2000 and 2010. According to St. Mary's County Department of Economic & Community Development, St. Mary's County was the third fastest growing county in Maryland from 2011 to 2012.

Helping to spur this growth is the influence of several major federal facilities located both within the Bank's footprint and within adjoining counties. Major federal facilities include the Patuxent River Naval Air Station in St. Mary's County, the Indian Head Division, Naval Surface Warfare Center in Charles County and the Naval Surface Warfare Naval Support Facility in King George County. Collectively, these facilities employ over 33,000 people. According to the St. Mary's County Comprehensive Plan, the Patuxent Naval Air Station alone employs approximately 22,000 people and provides an approximate annual economic impact of \$2.3 billion. In addition, there are several major federal facilities located in adjoining markets including Andrews Air Force Base and Defense Intelligence Agency & Defense Intelligence Analysis Center in Prince Georges County, Maryland and the U.S. Marine Base Quantico, Drug Enforcement Administration Quantico facility and Federal Bureau of Investigation Quantico facility in Prince William County, Virginia.

The economic health of the region, while stabilized by the influence of the federal government, is not solely dependent on this sector. Calvert County is home to the Dominion Power Cove Point Liquid Natural Gas Terminal, which is one of the nation's largest liquefied natural gas terminals and Dominion Power is currently constructing liquefaction facilities for exporting liquefied natural gas. According to Dominion Power, the construction of these liquefaction facilities is expected to create 4,000 jobs in the state of Maryland during the construction phase and would support another 14,600 jobs once the facility is operational with approximately \$1 billion annually of additional federal, state and local government revenues being generated. In addition, King George County has finalized an agreement with Columbia Gas to bring a high-pressure, steel pipe natural gas line into the county to service the King George Industrial Park in 2014.

Even though Southern Maryland is generally considered to have more affordable housing than many other Washington and Baltimore area suburbs, during the recession, growth in the Bank's market area was dampened as the demand for new housing in the tri-county area fell in conjunction with the overall housing market. According to the Maryland Department of Planning, new housing unit starts fell from 2006 through 2010. However, after 2010, real estate values stabilized and there were positive trends in housing during 2012. According to Real Estate Business Intelligence, LLC, St. Mary's, Charles and Calvert Counties saw an increase in the average price of residential homes sold from 2011 to 2012 of 4.21%, 3.30% and 0.47%, respectively.

Based on information from the U.S. Bureau of Labor Statistics, unemployment rates at July 2013 remained well below the national average (not seasonally adjusted) of 7.7% at 6.6%, 6.7% and 6.5% for St. Mary's County, Charles County and Calvert County, respectively, and 6.6% in King George County, Virginia. According to a University of Maryland study, projected job growth within the tri-county area from 2005 through 2030 is 31%, 28% and 45% in St. Mary's, Charles and Calvert Counties, respectively. Similarly, according to the King George County Comprehensive Plan, employment in King George County is projected to increase by 33% from 2010 to and 2020.

The Bank is currently in the process of expanding in the greater Fredericksburg market and opened a loan production office in Fredericksburg, Virginia in August 2013. According to the Fredericksburg Regional

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Alliance, the Fredericksburg Region, including the City of Fredericksburg and the counties of Caroline, King George, Spotsylvania, and Stafford, Virginia, has been the fastest growing region in the Commonwealth of Virginia for the past eight years. Based on information from the Fredericksburg Regional Alliance, this region boasts an impressive array of over 10,000 small businesses and a highly skilled labor force of over one million within a 40-mile commute.

The Bank's primary market area also boasts a strong median household income relative to the median household income of their respective states. According to the U.S. Census Bureau, the median household income from 2007 to 2011 was \$82,529, \$92,981, and \$92,135 for St. Mary's, Calvert and Charles Counties, Maryland, respectively, compared to \$72,149 for the State of Maryland. Similarly, according to the U.S. Census Bureau, the median household income from 2007 to 2011 was \$82,173 and \$94,658 for King George and Stafford Counties, Virginia, respectively, compared to \$63,302 for the Commonwealth of Virginia.

Management

One of our key strengths is our executive management team, as this group of six executives brings an average of nearly 30 years in banking experience, including an average of 16 years with the Company. Further, our executive team's experience provides a beneficial mix of experience not only within the Company and the Bank, but also experience with larger institutions. Supported by our strong credit culture, the executive management team has successfully managed our credit risks through the recent challenging economic conditions. We also benefit from an involved board of directors, which is composed of accomplished local business executives with a wide array of leadership skills and experience beneficial to our organization.

The interests of our executive management team and directors are aligned with those of our shareholders through common stock ownership. At _____, 2013, our directors and officers beneficially owned approximately []% of our outstanding common stock, excluding [] shares that may be acquired upon the exercise of options.

The table below highlights the key members of our management team and their positions with the Company and the Bank:

Name	Positions
Michael L. Middleton	Chairman and Chief Executive Officer of Tri-County Financial and Community Bank
William J. Pasenelli	President and Chief Financial Officer of Tri-County Financial and President of Community Bank
James M. Burke	Executive Vice President and Chief Risk Officer of Tri-County Financial and Community Bank
Todd L. Capitani	Executive Vice President and Senior Financial Officer of Tri-County Financial and Community Bank and Chief Financial Officer of Community Bank
Gregory C. Cockerham	Executive Vice President and Chief Lending Officer and Corporate Secretary of Tri- County Financial and Community Bank
James F. DiMisa	Executive Vice President and Chief Operating Officer of Tri-County Financial and Community Bank

Risk Factors

An investment in our common stock involves certain risks. You should carefully consider the risks described in the section entitled *Risk Factors*, as well as other information included or incorporated by reference into this prospectus, including our consolidated financial statements and the notes thereto, before making an investment decision.

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Corporate Information

Our principal executive offices are located at 3035 Leonardtown Road, Waldorf, Maryland 20604 and our telephone number is (301) 645-5601. We maintain an Internet website at www.cbtc.com. Neither this website nor the information on this website is included or incorporated in, or is a part of, this prospectus.

Additional information about us and our subsidiaries is included in documents incorporated by reference in this prospectus. See *Where You Can Find Additional Information* on page ___.

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THE OFFERING

<i>Shares offered by us</i>	1,400,000 shares of common stock (1,610,000 shares if the underwriters exercise their over-allotment option in full).
<i>Shares to be outstanding after this offering⁽¹⁾⁽²⁾</i>	[] shares ([] shares if the underwriters exercise their over-allotment option in full). The common stock to be issued in this offering represents approximately []% of the total number of currently outstanding shares of common stock ([]% if the underwriters exercise their over-allotment option in full). The actual number of shares issued will vary depending on the sales price under this offering.
<i>Net proceeds⁽³⁾</i>	The net proceeds of this offering to us will be approximately \$[] million after deducting underwriting discounts and commissions and the offering expenses payable to us. The amount of net proceeds will be approximately \$[] million if the underwriters exercise their over-allotment option in full.
<i>Use of proceeds</i>	We intend to use the net proceeds from this offering for general corporate purposes, including but not limited to, contributing capital to Community Bank and supporting organic growth and opportunistic acquisitions of whole banking institutions or branch locations, should appropriate acquisition opportunities arise. Currently, we do not have any agreements, arrangements or understandings regarding any possible acquisitions. See <i>Use of Proceeds</i> at page ___.
<i>Ticker symbol</i>	TCFC
<i>Proposed NASDAQ Listing</i>	We have applied to list our common stock on the NASDAQ Capital Market under the symbol TCFC.
<i>Dividends and distributions</i>	We currently pay a quarterly cash dividend on our common stock of \$0.10 per share. Before 2013, we paid an annual cash dividend on our common stock which was \$0.40 per share for 2012. We expect to maintain our current cash dividend rate after the offering. However, in determining the amount and timing of any dividends, the board of directors will take into account our financial condition and results of operations, tax considerations, capital requirements and alternative uses for capital and economic conditions. See <i>Price Range of Common Stock and Dividend Information</i> at page ___.
<i>Risk factors</i>	Investing in our common stock involves risks. You should carefully consider the information under <i>Risk Factors</i> beginning on page ___ and the other information included in this prospectus before investing in our common stock.
<i>Directed share program</i>	The underwriters have reserved for sale at the offering price being paid by investors up to [] shares of common stock being offered by this prospectus

for sale to our shareholders as of _____, 2013. We do not know if these persons will choose to purchase all or any portion of

(footnotes on following page)

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these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Please see *Underwriting* at page ____.

- (1) The number of shares of common stock shown above to be outstanding after this offering is based on [] shares outstanding as of _____, 2013.
- (2) Unless otherwise indicated, the number of shares of common stock presented in this prospectus excludes:
 - [] shares of common stock reserved for issuance upon the exercise of options at a weighted average exercise price of \$[] per share;
 - [] shares of common stock reserved for issuance pursuant to future grants under our incentive compensation plans; and
 - [] shares of common stock issuable pursuant to the exercise of the underwriters' over-allotment option.
- (3) Unless otherwise stated, all information contained in this prospectus reflects an assumed public offering price of \$[] per share, which was the last reported sale price of our common stock on the OTCQB Marketplace on _____, 2013.

Table of Contents**SUMMARY OF SELECTED FINANCIAL DATA**

The following table shows selected historical consolidated financial data for the Company as of and for each of the five years ended December 31, 2012, which has been derived from our audited consolidated financial statements. The financial data as of and for the six months ended June 30, 2013 and 2012 are derived from our unaudited financial statements. The unaudited financial statements have been prepared on the same basis as our audited financial statements, and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the data for such period. You should read this table together with our consolidated financial statements and related notes included elsewhere in this prospectus. The results of operations for the six-month period ended June 30, 2013 do not necessarily indicate the results which may be expected for any future period or the full year.

	At or For the Six Months Ended June 30,		At or for the Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
(In thousands, except per share amounts)							
FINANCIAL CONDITION DATA							
Total assets	\$ 980,102	\$ 975,875	\$ 981,639	\$ 983,480	\$ 885,936	\$ 815,043	\$ 716,685
Loans receivable, net	745,252	734,415	747,641	710,089	654,450	616,593	542,977
Investment securities	154,000	167,581	159,825	195,344	161,935	144,214	122,934
Deposits	784,681	815,774	820,231	827,253	724,582	640,419	525,168
Borrowings	94,502	63,552	61,527	60,577	71,440	88,750	106,486
Junior subordinated debentures	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Stockholders equity preferred	20,000	20,000	20,000	20,000	16,317	16,317	16,317
Stockholders equity common	61,072	56,362	59,047	55,454	54,788	51,873	50,797
OPERATING DATA							
Interest and dividend income	\$ 19,590	\$ 20,211	\$ 40,293	\$ 39,959	\$ 39,537	\$ 37,887	\$ 37,258
Interest expenses	4,042	5,789	10,604	13,121	13,580	16,166	18,035
Net interest income	15,548	14,422	29,689	26,838	25,957	21,721	19,223
Provision for loan losses	355	778	2,529	4,087	3,933	3,473	1,301
Net interest income after provision for loan losses	15,193	13,644	27,160	22,751	22,024	18,248	17,922
Noninterest income	2,258	1,743	4,410	4,193	3,580	2,810	2,519
Noninterest expenses	12,249	12,261	23,804	22,249	18,195	16,580	14,582