

Patriot Financial Manager, L.P.

2929 Arch Street
Philadelphia, PA 19104-2868
(215) 399-4650
www.patriotcp.com

Brochure date: August 29, 2012

This brochure provides information about the qualifications and business practices of Patriot Financial Manager, L.P. If you have any questions about the contents of this brochure, please contact Michelle Vaughn at (215) 609-3365 or mvaughn@patriotcp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Patriot Financial Manager, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

Patriot Financial Manager, L.P. is registered as an investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization, which are included herein.

The following is a discussion of only material changes since our brochure filing dated February 14, 2012.

Cover Page: Updated the Chief Compliance Officer information.

Item 3. Table of Contents

Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. General Information about Patriot.....	4
Item 5. Fees and Compensation.....	5
Item 6. Performance-Based Fees and Side-By-Side Management.....	7
Item 7. Types of Clients.....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9. Disciplinary Information.....	17
Item 10. Other Financial Industry Activities and Affiliations.....	17
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	22
Item 12. Brokerage Practices.....	23
Item 13. Review of Accounts.....	23
Item 14. Client Referrals and Other Compensation.....	24
Item 15. Custody.....	24
Item 16. Investment Discretion.....	24
Item 17. Voting Client Securities.....	24
Item 18. Financial Information.....	25

Item 4. General Information about Patriot Financial Manager, L.P.

Description of advisory firm and principal owners. Patriot Financial Manager, L.P., also referred to as “Patriot Partners” or “Patriot,” is a private equity investment management firm focused on investing in community banks, thrifts and other financial service related companies throughout the United States. Patriot was co-founded by Ira M. Lubert who has more than 25 years of private equity investing experience. The Partners of Patriot consist of Mr. Lubert, Kirk Wycoff and James Lynch (collectively, “the Managing Partners”). Messrs. Lubert, Wycoff and Lynch collectively have over 50 years of entrepreneurial and banking experience.

The Patriot investment team consists of more than 10 experienced professionals with strong backgrounds in banking and the financial services industry. In addition, many on the Patriot investment team have worked together since the Fund’s inception. Patriot also has an extensive network of industry relationships which is critical in creating significant transaction flow. References herein to Patriot may include, as the context requires, various entities controlled by Patriot or its principals and partners, and through which Patriot provides investment management services, such as entities that serve as general partner to limited partnerships.

- A. Advisory services offered.** Patriot provides investment management services exclusively to clients that are privately offered pooled investment vehicles (each a “Fund” or “Client” and, collectively, the “Funds” or “Clients”) to which each Fund’s general partner is an affiliate of Patriot. No Fund’s shares are offered hereby and each Fund is open for investment only via a “private offering.” The Funds are intended only for investment by accredited investors, qualified purchasers and qualifies clients as those terms are defined under the federal securities laws.

Each Fund’s investment objective aims to provide investment returns net of fees and expenses as described in further detail in each Fund’s offering documents. In pursuit of the Funds’ investment objective, Patriot plans to invest primarily in both public and private community banks and financial services firms whose businesses are “closely related” to banking (including financial services companies such as finance companies, asset management companies, and technology companies related to the financial services industry).

- B. Tailoring to individual needs.** Though Patriot utilizes a similar strategy for all of the Funds, it tailors advisory services to the specific needs of the Funds in accordance with the investment objectives, strategies and limitations (if any) described in each Fund’s respective offering documents and partnership agreements; not to the individual investors of the Funds. However, from time to time, Patriot may enter into side agreements, commonly known as “side letters,” with certain investors under which Patriot may agree to waive or modify the

application of certain investment terms applicable to such investor, without obtaining the consent of any other investor in the Funds, other than such an investor whose rights would be materially and adversely changed by such waiver or modification.

- C. Wrap fee programs.** Patriot does not participate in wrap fee programs.
- D. Assets under management.** Not including uncalled capital, Patriot managed approximately \$195,919,312 of client assets on a discretionary basis as of December 31, 2011.

Item 5. Fees and Compensation

- A. How Patriot is compensated for advisory services.** Patriot does not have a standard fee schedule for its advisory services. The specific terms for the compensation of Patriot by each Fund are dictated by each Fund's charter documents, offering documents, management and advisory agreements, and any other applicable agreements (such as side letters or waivers). Each Fund generally pays a management fee (the "Management Fee"). The Management Fee is based on a percentage of assets invested in or committed to a Fund by its investors, and may vary based on the stage of investment of the Fund and the amounts committed to the Fund by its various investors. The Management Fee generally ranges from 1.75% to 2%, but may be negotiated to be lower or higher for certain clients based on the size of the investments.

The general partner may elect to waive or defer a portion or all of the Management Fee. If any Management Fee is waived, the general partner can be entitled to receive a priority allocation of a Fund's profits equal to the amount of the waived Management Fee and either a cash distribution of such amount or, if it so chooses, to be given credit for the waived amount against its commitment. In addition, the general partner reserves the right not to charge itself, members of the general partner or its affiliates all or a portion of the Management Fee with respect to their respective Commitment.

Carried Interest. Patriot is also entitled to receive a portion of distributions from the disposition of portfolio securities and other current income of a Fund, net of partnership expenses. However, Patriot's distribution entitlement is subject to certain conditions such as the prior return of capital to Fund investors and/or prior payment to Fund investors of a certain preferential rate of return on invested capital. Certain of these distributions are referred to as the "Carried Interest." A Carried Interest is charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended.

For administrative purposes, the general partner is not obligated to make any distributions to Client investors until such time as an aggregate amount exceeds a monetary threshold level as described in each Fund's partnership agreement. Furthermore, subject to certain provisions in the partnership agreements, the

general partner may, in its sole discretion, make distributions either in cash or in-kind, as well as, postpone part or all distributions.

Other Fees Received. On occasion, the general partner may receive supervisory, acquisition, disposition, break-up, origination, or other transaction fees in direct connection with a Fund's portfolio investment ("Transaction Fees"). In the event that the general partner, manager, or their respective affiliates receive any such Transaction Fees, they may be used to offset the management fee or otherwise be credited to, or shared with, in a manner more fully described in each Fund's offering documents and partnership agreements.

- B. Deduction of fees from invested assets.** Patriot's compensation is deducted from the assets or distributions of the Fund. Fund investors are not separately billed for services. Management Fees are paid quarterly in advance. Carried Interest is paid upon the distribution of the applicable assets and in a manner as described in each Fund's offering documents and partnership agreements.
- C. Other types of fees or expenses paid by client.** Each Fund generally pays all offering and organizational expenses incurred in the formation, origination and syndication of the Fund and the related entities up to a certain maximum limit set forth in each Fund's partnership agreement, including, but not limited to, legal, travel, lodging, meals and entertainment, side letter reviews and negotiations, accounting, printing and a portion of salaries of employees of ICP affiliates who may be engaged in capital fund raising activities on behalf of the Funds.

Furthermore, each Fund generally pays all expenses related, but not limited to, its activities, including all costs related to the investigation, research, purchase and sale (whether or not consummated) and holding of investments, legal, auditing, tax and accounting fees, insurance, litigation expenses, third party consultants' fees, report preparation fees, including internal costs of preparing reports and internal and third party printing and copying costs, costs and expenses associated with Partners' meetings and mailings and other committee meetings, e.g., advisory committee, and other operating expenses of a Fund.

Other expenses may be charged to the Funds if described in the Fund's offering documents. Funds can incur brokerage and other transaction costs. For more information on brokerage, see Item 12 Brokerage Practices. Fund investors are not directly charged with fees or expenses, but in effect pay their pro rata share of any fees or expenses charged to the Fund.

- D. Payment of fees in advance.** In the event that a Fund's investment advisory agreement with Patriot terminates during a period covered by Management Fees paid in advance, Patriot would pro rate such Management Fee and reimburse the portion of such Management Fee covering the remainder of the period.
- E. Compensation for sales of the Funds.** Patriot does not receive compensation for the sale of Fund interests. However, on occasion, the general partner may receive

supervisory, acquisition, sales brokerage, disposition, break-up, and/or origination, or other transaction fees in direct connection with the Funds' portfolio investment. In the event that the general partner, manager, or their respective affiliates receive any such Transaction Fees, it may be used to offset the management fee or otherwise be credited to, or shared with, in a manner more fully described in each Fund's offering documents and partnership agreements.

Item 6. Performance-Based Fees and Side-By-Side Management

As described in Item 5, Patriot may be paid a Carried Interest. Patriot and certain of its supervised persons receive incentive compensation, which is tied explicitly to the performance of the particular Fund, and such compensation will continue to be earned based upon the performance of a Fund's portfolio as a whole, rather than that of individual transactions. The existence of the Carried Interest may create an incentive for Patriot to cause a Fund to make riskier or more speculative investments than would be the case in the absence of the Carried Interest. However, Patriot does not have side-by-side management.

Patriot's adopted compliance policies and procedures and its code of ethics policy prohibit supervised persons from favoring one account over another or considering the firm's financial interest when providing investment advice to its Clients, and any individual compensated based on the performance-fee aspect of a Fund is paid based on the Fund's overall performance, not the outcome of any single transaction or investment.

Item 7. Types of Clients.

Patriot provides discretionary investment advisory services to Funds that are privately offered pooled investment vehicles. As noted above, each investor is required to meet certain suitability qualifications, such as being an accredited investor, a qualified purchaser or a qualified client within the meaning set forth under the federal securities laws. Investors in the Funds may include, but are not limited to, pension plans, corporate and business entities, endowments and foundations, trusts, and high net worth individuals. The Funds require minimum capital commitments from investors, as specified in Fund offering documents and under certain circumstances, may be negotiable at some discretion of Patriot. Each Fund's general partner has the discretion to waive or reduce the minimum initial investment or commitment and may have done so for certain investors. Required commitments by the general partner may be funded by contributions from the managing partners, employees of the manager and others.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

- A. Investment Strategies.** As more fully described in each Fund's offering documents, the objective of each Fund is generally to provide risk-adjusted returns by applying a hands-on, value-added investment approach. Patriot plans to invest primarily in both public and private community banks and financial services firms whose businesses are closely related to, or closely aligned with, banking (including financial services companies such as finance companies, asset management companies, and technology companies related to the financial

services industry). Investors should be aware that there can be no assurance that Patriot's investment strategy used to obtain an investment objective will achieve any particular returns or avoid a loss. A Fund's ability to achieve returns will depend on a variety of factors, many of which are beyond its or Patriot's control.

B. Investment risks. The purchase of the interests involving privately offered pooled investment vehicles involves certain risks and is suitable only for persons of substantial financial means who have no need for liquidity in their investment and who can bear the risk of potential loss of their investment. Investment returns are unpredictable, and no assurances can be made that actual results will be equal to the goals described in each Fund's offering documents. Additional risks include, but are not limited to, the following, as further described in each Fund's offering documents:

1. ***No Assurance of Investment Return.*** The general partner cannot provide assurance that it will be able to choose, make and realize gains on investments in any particular portfolio company. There is no assurance that the Funds will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the Funds' offering documents. There can be no assurance that projected or targeted returns will be achieved or that any distribution will be made to the limited partners.
2. ***Concentration of Investments.*** The Funds generally participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be materially and adversely affected by the unfavorable performance of a single investment.
3. ***Focused Investment Strategy.*** The Funds will be focused on investments in the financial services industry, and community banks in particular, and, thus, may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause Fund investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus.
4. ***Market Conditions May Dramatically Affect Fund Investments.*** Volatile market conditions at various times have had a dramatic effect on private investments. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of Fund investments. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. or abroad. Any of these occurrences could have a significant impact on the operating results of community banks, and, in turn, on the return of Fund investments.

- 5. *Market Price Fluctuations.*** General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. Many of the companies in which the Funds will make investments may be susceptible to economic slowdowns or recessions. An economic slowdown may affect the ability of a company to engage in a liquidity event such as a sale, recapitalization, or initial public offering. The value of each Fund's portfolio is likely to decrease during these periods and could lead to financial losses. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of each Fund's investments. Furthermore, certain losses resulting from these types of events are uninsurable. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. and abroad.
- 6. *Market for Investments in Securities is Volatile.*** The Funds may acquire investments through the acquisition of stock, securities or other interests in which there is no public market or there is limited trading in such securities. There can be no assurance that an active trading market for such securities will develop or, if developed, be sustained. If a market for investments does not exist or is limited, a Fund may have difficulty selling or disposing of such investments. Even if a market for such securities exists or develops, it may not provide significant liquidity or trade at prices advantageous to a Fund. Compliance with rules and regulations that restrict the trading of securities of companies where a Fund maintains a board of director representative or similar inside position may also restrict the timing of an exit strategy or the disposition of investments. Such limitations may restrict the ability of a Fund to liquidate investments or realize an exit price in accordance with a Fund's business plan and such events may limit the returns to investors.
- 7. *Risk and Illiquid Investments.*** The Funds' performance will be dependent on the growth and performance of the portfolio companies in which the Funds invest, some of which may be troubled or have little operating history. The success of these companies will be subject to factors over which the Funds will have little or no control, including without limitation for risks identified in the preceding risk factors. It is anticipated that investments in portfolio companies generally will be highly illiquid in nature. Resale of securities in which the Funds invest will generally be restricted by applicable securities laws, and there will generally be no public market for such securities. Purchase of Fund interests should be considered a long-term investment. Limited partners may not withdraw capital from the Funds. Transfer of the interests is subject to significant restrictions. Interests are not transferable except with the consent of the general partner under certain conditions as

described in the Fund offering documents and partnership agreements. There will be no public market for the interests.

Because of various restrictions and the absence of a public market for Fund interests, a limited partner may be unable to liquidate its investment even though its personal financial circumstances would make liquidation advisable or desirable. Fund interests will not be readily acceptable as collateral for loans.

8. ***Investment Strategy that includes Privately Held Companies Presents Certain Challenges.*** The Funds will invest in privately-held companies. Generally, very little public information exists about these companies, and the Funds will be required to rely on the ability of the general partner to obtain adequate information to evaluate the potential returns from investing in these companies. Moreover, these companies typically depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular portfolio company. Also, these companies frequently have less diverse product lines and a smaller market presence than larger competitors. They are, thus, generally more vulnerable to economic downturns and may experience substantial variations in operating results.
9. ***Unidentified Portfolio Assets.*** An investment in the Funds represents an investment in the ability of the general partner and/or the investment manager to select appropriate investments on behalf of the Funds rather than an investment in a specific portfolio of assets. Investors will not have the opportunity to evaluate personally the relevant economic, financial and other information that will be utilized by the general partner, the manager or any general partner of a subsidiary in their selection and evaluation of additional investments. There can be no assurance that the Funds will be able to identify and complete investments or that Funds' investments will be assessments.
10. ***Troubled Companies.*** The Funds may invest in portfolio companies that are in various stages of correcting previous operational or regulatory problems. Some or all of these companies may operate at a loss or with substantial variation in operating profits and losses from period to period, and may have a need for substantial additional capital to support expansion or to achieve or maintain a stable operating position. If turnarounds are not achieved, these portfolio companies could experience failures or substantial declines in value, and a Fund may not be able to divest itself of such unprofitable investment in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons.
11. ***Minority Investments in Portfolio Companies.*** The Funds may invest in minority positions of companies and in companies for which the Funds have

no right to appoint a director or otherwise exert significant influence. In such cases, each Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom each Fund is not affiliated and whose interests may conflict with the interests of each Fund. If the Funds do not maintain a controlling interest, the Funds may be subject to the discretion of one or more third parties as to the management of such companies. These parties may execute a management plan or make strategic judgments that differ from that of a Fund, in which case, the performance of a Fund's investment may be subject to the decisions of such parties. There can be no assurance that the existing management team, or any successor, of a portfolio company will be able to operate the portfolio company in accordance with each Fund's plans.

12. ***Lending.*** The risk of non-payment (or delayed payment) of loans is inherent in community banking, and such non-payment or delayed or deferred payment, if it occurs, may have a material adverse effect on the earnings and overall financial condition of the Funds' portfolio companies, as well as on the value of their securities. In addition, the marketing focus of the Funds' portfolio companies on real estate and small to medium-sized businesses may result in the assumption of certain lending risks that are different from and greater than loans made to larger companies.
13. ***Community Banks Face Intense Competition.*** Banking is a highly competitive industry. This is particularly true for community banks and de novo banks, which must compete with established financial institutions. In addition, competition also comes from other businesses which provide financial services, including consumer loan companies, credit unions, mortgage brokers, insurance companies, securities brokerage firms, money market mutual funds, internet banks and private lenders.
14. ***Bank Performance is Significantly Dependent on Economic Conditions and Related uncertainties.*** Commercial banking is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies. Conditions such as inflation, recession, unemployment, volatile interest rates, real estate values, governmental monetary policy, international conflicts, the actions of terrorists and other factors beyond a banking organization's control may adversely affect its results of operations. Moreover, because community banks generally serve a limited primary trade area, adverse economic conditions in the region served by a community bank could adversely affect such banking organization's ability to attract deposits and make loans, as well as result in an increase in loan delinquencies, foreclosures and nonperforming assets and a decrease in the value of the property or other collateral which secures loans,

all of which could adversely affect a banking organization's results of operations.

15. *Bank Performance is Significantly Affected by Changes in Interest Rates.*

The operations of banking institutions are dependent to a large extent on net interest income, which is the difference between the interest income earned on interest-earning assets such as loans and investment securities and the interest expense paid on interest-bearing liabilities such as deposits and borrowings. Changes in the general level of interest rates can affect net interest income by affecting the difference between the weighted average yield earned on interest-earning assets and the weighted average rate paid on interest-bearing liabilities, or interest rate spread, and the average life of interest-earning assets and interest-bearing liabilities. Changes in interest rates can also affect, among other things, the ability to originate loans, the value of interest-earning assets and the ability to realize gains from the sale of such assets; the ability to obtain and retain deposits in competition with other available investment alternatives; and the ability of borrowers to repay adjustable or variable rate loans. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond a Fund's control.

16. *Banking Institutions Face Significant Operational Risk.* Financial holding companies, bank holding companies, banks, savings and loan holding companies, thrifts and their subsidiaries and affiliates (collectively, "banking institutions") are exposed to many types of operational risk, including reputation risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems. Negative opinion can result from a banking institution's actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect a banking institution's ability to attract and keep customers and can expose it to litigation and regulatory action.

17. *Banking Institutions are Subject to Extensive Federal and State Banking Regulations.* If a Fund acquires a controlling investment in (i) one or more banks or bank holding companies it may, although it is not its current intent to do so, become a bank holding company under the Bank Holding Company Act of 1956, as amended ("BHC Act"), or (ii) one or more savings associations or savings and loan holding companies it may become a savings and loan holding company under Section 10 of the Home Owners' Loan Act, as amended. In each case, a Fund would become subject to regulation, supervision and examination by the FRB. Bank holding companies and savings and loan holding companies are together referred to herein as

“depository institution holding companies.” Each of the portfolio companies also will be subject to extensive regulation, supervision and examination under federal banking laws and regulations regardless of whether a Fund becomes a depository institution holding company.

Banking institutions and other financial institutions operate in a highly regulated environment and are subject to extensive federal and state legal and regulatory restrictions and limitations and to regulation, supervision and examination by regulatory authorities. Regulation of these banking institutions is intended primarily for the protection of depositors, the deposit insurance fund of the Federal Deposit Insurance Corporation (“FDIC”) and the banking system as a whole. The regulation is not intended for the protection of shareholders or other investors and in some instances may be contrary to their interests.

Insured depository institutions and their holding companies are subject to changes in federal and state laws, as well as changes in regulations, governmental policies and accounting principles. The laws and regulations governing financial institutions in general, and the commercial banking industry in particular, have been modified substantially in recent years, and additional changes are likely.

- 18. *Potential Concentration of Voting Power.*** Limited partners will be able to vote on matters concerning their respective Funds only in a very limited set of circumstances, such as removing the general partner or terminating the commitment period in certain circumstances. The general partner will control most decisions, including decisions relating to the day-to-day operations of the Funds. Even in situations where the limited partners vote on a Fund matter, a small group of limited partners with relatively large commitments could have the requisite percentage of votes to determine the outcome of such decisions (although the concentration of voting power will not be known until a Fund conducts a closing). Such a concentration of voting power, if it occurs, could have the effect of limiting the ability of limited partners with relatively smaller commitments to have a meaningful vote on matters requiring a vote of limited partners.
- 19. *Limited Recourse Against the General Partner.*** The partnership agreements limit the circumstances under which the general partner or its affiliates will be held liable to the Funds. As a result, limited partners may have a more limited right of action in certain cases.
- 20. *Consequences of Default.*** If limited partners fail to fund their commitment obligations or to make required capital contributions when due, the Fund’s ability to complete its investment program or otherwise continue operations may be substantially impaired. A limited partner’s failure to fund such amounts when due is an event of default. A default by a substantial number of

limited partners may severely limit opportunities for investment diversification and would likely reduce returns to a Fund. A default by any single limited partner could result in substantial costs to a Fund if such default causes a Fund to fail to meet its contractual obligations or if the general partner must pursue remedial action against such limited partner. A default will have significant adverse consequence to the defaulting partner.

- 21. *Time Required to Maturity of Investment.*** Generally, there will be no readily available market for a substantial number of investments made by the Funds. Disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors. It is anticipated there will be a significant period of time before a Fund realizes its investments in portfolio companies. Such investments may typically take several years from the date of the initial investment to reach a state of maturity when realization of the investment can be achieved, but it also may take longer. Transaction structures typically will not provide for liquidity of a Fund's investment prior to that time.
- 22. *Foreign Investment.*** A Fund may invest, to a limited extent, in companies located outside the U.S and overseas investments may entail risks not present in U.S. markets. These risks include the possibilities that foreign markets may not be as developed or efficient as those in the U.S., that securities of some foreign issuers may be less liquid than those of comparable U.S. issuers, that volume and liquidity in most foreign markets are less than in the United States, and that at times volatility of price can be greater than in the United States. In addition, applicable regulations may be less stringent or different than in the U.S., less information may be publicly available, and non-U.S. issuers may not be subject to accounting and financial reporting standards, practices and requirements comparable to those applicable to U.S. issuers. Moreover, since evidences of ownership of such instruments may be held outside the United States, a Fund may be subject to additional risks, including possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions, which might adversely affect payments on foreign instruments or might restrict payments to foreign investors.
- 23. *Competition for Investments.*** Each Fund expects to encounter competition from other entities with similar investment objectives. Potential competitors include venture capital funds, angel investors, corporate venture programs, private equity funds and mezzanine funds, investment banks and other equity and non-equity based investment funds, and other sources of financing, including traditional financial services companies such as commercial banks. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the general partner and the Fund manager. Additionally, such competitors may also be able to accept more risk than the Funds can prudently manage. Increased competition would make it

more difficult for each Fund to purchase or originate investments at attractive prices. In addition, the Funds may make investments in foreign markets, which would add a new level of competition. As a result of this competition, a Fund may be limited in or precluded from making otherwise attractive investment.

- 24. *Third-Party Participants.*** The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks not present in investments with no third-party involvement, including the possibility that a co-venture or partner of a Fund may at any time have economic or business interests or goals that are inconsistent with those of a Fund or may be in a position to take action contrary to a Fund's investment objectives.
- 25. *Limitation on Fund Management.*** Limited partners have no rights or powers to participate in the management of the Funds or to otherwise participate in making decisions that may materially affect the value of their investment. Accordingly, no person should purchase interests in a Fund unless such person is willing to entrust all aspects of the management of the Fund to the general partner and the Fund manager.
- 26. *Funds are Dependent on Management.*** Decisions with respect to the management of a Fund will be made by the general partner. The success of a Fund will depend on the ability of the general partner to identify and consummate suitable investments, to improve the operating performance of the portfolio companies and to dispose of investments of a Fund sufficient to produce required returns. The loss of the services of one or more of the senior investment professionals providing service to the general partner or manager could have a material adverse impact on a Fund's ability to realize its investment objectives.
- 27. *Uninsured Losses.*** The general partner for each Fund will attempt to maintain insurance coverage against liability to third parties as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. In addition, there can be no assurance that the particular risks, which are currently insurable, will continue to be insurable on an economic basis. Because each Fund is a pooled investment fund, the assets of the Funds may be at risk in the event of an uninsured liability to third parties.
- 28. *Liabilities Upon Disposition.*** In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. The Funds may also be required to indemnify the purchasers of their

investments or other third parties to the extent that any such representations prove inaccurate.

- 29. *Side Letters.*** The general partner and/or the Funds may from time to time enter into other written agreements with one or more limited partners whereby, in consideration for agreeing to invest certain amounts in a Fund and other considerations deemed material to a Fund, such limited partners may be granted rights not otherwise afforded to other limited partners. These side letters may entitle a limited partner to make an investment in a Fund on terms other than those described in the Funds' offering documents and the partnership agreements. Any such terms, including with respect to (i) reporting obligations; (ii) transfer rights to affiliates; (iii) withdrawal rights due to adverse tax or regulatory events; (iv) consent rights to certain partnership agreement amendments; or (v) any other matters described in Fund offering documents and partnership agreements, may be more favorable than those offered to any other limited partners. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the partnership agreement with respect to such limited partner.
- 30. *Tax Considerations.*** An investment in a Fund may involve complex U.S. federal income tax considerations that will differ for each investor. Under certain circumstances, investors could be required to recognize taxable income in a taxable year for U.S. federal income tax purposes, even if a Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income. Funds may not make any distributions to their investors, and an investor's tax liability attributable to an investment in a Fund may in a given tax year exceed the cash distributed. Funds may invest in entities which would cause them to have to report taxable income for U.S. Federal income tax purposes prior to the time the Fund receives distributions from such investments.
- 31. *Other Regulatory Risks.*** Each Fund relies on various exemptions from federal and state statutes and rules, such as ERISA, the Investment Company Act of 1940 ("1940 Act") and the Securities Act of 1933 (the "Securities Act"), to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these statutes and rules or certain others, such as the Advisers Act, anti-money laundering rules, and the U.S. Internal Revenue Code, could impact a Fund's ability to continue to operate as it currently does. A Fund's exemption from certain investor protection laws means that a Fund's investors do not have the benefit of protections afforded by such laws, including ERISA, the 1940 Act and the Securities Act.
- 32. *Conflicts of Interest.*** Conflicts may arise in instances where the interests of the general partner and its affiliates may conflict with the interests of the Funds and the investors. Fund investments are also subject to various conflicts of interest, including those between co-investors in specific projects,

between various investors in a Fund, and between Patriot and a Fund. Prospective investors are advised to review the applicable Fund offering documents that discuss the potential conflicts of interests when investing in a Fund.

Additional information about conflicts of interest can be found below in “Item 10.C.3. Other investment advisers or financial planners.”

Item 9. Disciplinary Information

Neither Patriot nor any supervised person has been involved in the past ten years in any legal or disciplinary event that Patriot believes is material to an investor or client or prospective investor or client in their evaluation of Patriot’s advisory business or management.

Item 10. Other Financial Industry Activities and Affiliations

- A. Broker-dealer registration.** Neither Patriot nor any of its management persons is presently registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. However, as disclosed in each Fund’s offering documents and partnership agreements, one or more managing partners may establish, own or participate in one or more entities (a “Broker Dealer Affiliate”) to engage in broker-dealer activities, insurance brokerage activities and consulting activities in areas where they have expertise.
- B. Commodity industry registration.** Neither Patriot nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Material Relationships.** Patriot has relationships and arrangements that are material to Patriot’s advisory business with the following types of related persons:

 - 1. Broker-dealers, municipal securities dealers, or government securities dealers or brokers.** Please also refer to “Item 10 A. Broker-dealer registration” above.
 - 2. Investment companies or other pooled investment vehicles.** In addition to managing its Funds, Patriot is part of Independence Capital Partners (“ICP”). ICP provides services to its affiliated private equity management firms. ICP currently provides services to Patriot Financial Manager, L.P.; Lubert-Adler Real Estate, L.P.; LLR Partners, L.P.; Quaker Partners, L.P.; LBC Credit Partners, L.P.; and LEM Capital, L.P. (collectively, the “ICP Member Firms”). Each ICP Member Firm is individually and separately owned by its senior investment professionals and manages investment funds focused on distinct assets classes. ICP provides the ICP Member Firms with back-office and infrastructure resources, including office space, finance, accounting and other support services from ICP. A centralized team covers finance,

accounting and tax, compliance, risk management and insurance, information technology, investor relations and reporting, and human resources To the extent that Patriot's relationship with its affiliate ICP Member Firms, their funds and their managers presents a conflict of interest, please refer to "Item 10.C.3. Other investment advisers or financial planners."

- 3. Other investment advisers or financial planners.** Affiliates of the general partner and the manager may have ownership interests in other entities that have a similar investment purpose to Patriot Funds. In particular, among his holdings in other ICP Member Firms, Mr. Lubert has ownership interests in Lubert-Adler Real Estate, L.P.; LEM Capital, L.P.; LLR Partners, L.P.; LBC Credit Partners, L.P.; Quaker Partners, L.P. and LEM Capital, L.P. Conflicts of interest may arise as a result of such ownership and activities, particularly ownership of investment funds that may operate in the same markets targeted by the Funds. In addition, employees and partners may hold, and will continue to hold, investments in banking institutions that they made prior to the admission of limited partners to a Fund.

Allocation of time commitment by partners: Other than as described below and their time commitment to any investment vehicles currently under management, Messrs. Wycoff and Lynch will, during the Commitment Period for each Fund, devote substantially all of their business time to the management of that Fund. Thereafter, they will devote such business time to the management of that Fund as is necessary to perform their duties.

Mr. Lubert is a principal or partner of several other ICP Member Firms, and he has several investments in operating businesses and may become involved as a principal in future pooled investment funds. All of these activities will limit the amount of time Mr. Lubert will be able to devote to each Fund managed by Patriot.

Serving as board member or director: The Managing Partners also serve as members of various boards of directors, including in Mr. Wycoff's case, as Chairman of the Board of Continental Bank Holdings, Inc., and the time they spend in connection with such board activities will reduce the time they devote to a Fund. Such directorships also may create potential conflicts relating to potential investments of which they become aware. In addition, in the ordinary course of business, a Fund may maintain deposit accounts with banks in which a Fund invests or with which a Fund has an ongoing relationship.

Co-investments between funds: Investment opportunities also may arise that are appropriate for co-investment by the Funds as more fully described in each Fund's offering documents and partnership agreements. For example, under the partnership agreement of Patriot Financial Partners I, L.P. ("Fund I"), all investment opportunities must be presented to Fund I until the capital

commitments to Fund I are fully invested, released, expended, allocated to accrued expenses, reserved to satisfy obligations under binding agreements, letters of intent or similar agreements or reserved for follow-on investments, or the commitment period of Fund I has ended. Co-investment opportunities are subject to certain restrictions in accordance with each Fund's respective governing documents.

Co-investments between Funds and ICP Member Firms: Investment opportunities may arise that are appropriate for a Fund and one or more other ICP Member Firms. Generally, in these situations, the Fund management team which first sourced or originated the opportunity may invest in the opportunity without offering it to the other ICP Member Firms. In addition, where the management team for a Fund determines in its reasonable discretion that it would be advantageous to co-invest in an opportunity with one or more other ICP Member Firms, then a Fund may co-invest with the other ICP Member Firms in such opportunity only in the same investment. Prospective investors are advised to review a Fund's offering document and partnership agreement that more fully describe each Fund's approach to co-investment opportunities and allocations. These co-investment opportunities also may be subject to the approval of the co-investing ICP Member Firms' advisory or executive boards in accordance with *their* respective governing documents. A Fund expects that the relative amounts co-invested by the ICP Member Firms will be determined in the reasonable discretion of the management team for the Fund and the management teams of the other applicable ICP Member Firms in view of the relative available capital, investment objectives, financing capacity and diversification limits of each ICP Member Firm (among other things).

As a result of this conflict resolution process, the amount the Funds invest in a particular investment opportunity may be less than it otherwise would be willing and able to invest, and in certain cases, the Funds may be required to forego certain investment opportunities that otherwise would be appropriate. In addition, co-investment by other ICP Member Firms may curtail the co-investment opportunities available to limited partners.

Cross Trades, principal trades and personal transactions: Each partnership may not acquire any securities from or sell any securities to any of its affiliates, other than the respective parallel funds as set forth in each partnership agreement, without advisory committee approval. During a Fund's commitment period, no key person or fund manager invest directly in a privately-held company of the type in which a Fund may invest without seeking pre-approval as required by the Code of Ethics and first offering the investment opportunity to the Funds. Also, during a Fund commitment period, no fund manager can acquire portfolio securities issued by a public company without the preapproval other than in certain circumstances as outlined in each partnership agreement and as required by the Code of Ethics.

Carried Interest: Under certain conditions, the general partner is entitled to Carried Interest as described in each Fund's offering documents and partnership agreements. As noted earlier, the existence of the general partner's Carried Interest may create an incentive for the general partner to make riskier or more speculative investments on behalf of a Fund than would be the case in the absence of the Carried Interest.

Side Letters: The general partner and/or the Funds may from time to time enter into other written agreements or side letters with one or more limited partners whereby, in consideration for agreeing to invest certain amounts in a Fund and other consideration deemed material to a Fund, such limited partners may be granted rights not otherwise afforded to other limited partners. These side letters may entitle a limited partner to make an investment in a Fund on terms other than those described in the Funds' offering documents and the partnership agreements. Any such terms, including with respect to (i) reporting obligations; (ii) transfer rights to affiliates; (iii) withdrawal rights due to adverse tax or regulatory events; (iv) consent rights to certain partnership agreement amendments; or (v) any other matters described in Fund offering documents and partnership agreements, may be more favorable than those offered to any other limited partners. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the partnership agreement with respect to such limited partner.

Taxable and non-taxable entities: Investors in the Patriot Funds are expected to include both taxable and tax-exempt entities. In addition, investors likely will include persons and entities organized in various jurisdictions. As a result, decisions made by the general partner may create conflicts of interest among such investors because those decisions may be more beneficial for one type of investor than for another. In selecting investments that are appropriate for a Fund, the general partner will consider the investment objectives of each Fund as a whole and not the investment objectives of any individual investor.

- 4. Futures commission merchants, commodity pool operators, or commodity trading advisors.** None.
- 5. Banking or thrift institutions.** None.
- 6. Accountant or accounting firm.** In addition to KPMG providing independent annual audited financial statements, ICP provides to the Funds various services such as accounting, human resources, IT, investor relations and compliance. ICP also provides similar services to other ICP Member Firms. See above under "Item 10.C.2. Other investment advisers or financial planners."

- 7. **Lawyers or law firms.** None.
 - 8. **Insurance companies or agencies.** None.
 - 9. **Pension consultants.** None.
 - 10. **Real estate brokers or dealers.** None.
 - 11. **Sponsors or syndicators of limited partnerships.** As a manager and sponsor of pooled investment vehicles, Patriot may also enter from time to time into relationships with other sponsors and syndicators of pooled investment vehicles. See above under “**Item 10.C.3. Investment companies or other pooled investment vehicles.**”
- D. **Selection of investment advisers.** Patriot does not recommend or select other investment advisers for its Clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. **Code of Ethics.** Patriot’s code of ethics policy (“the Code”) is based upon the premise that all Patriot personnel (“Access Persons”) have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service and put the interests of its clients first. The Code requires Access Persons to (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of Patriot; (3) observe Patriot’s personal trading policies so as to avoid “front-running” and other conflicts of interests between Patriot and its Clients; (3) report any perceived violations of the Code; and (4) ensure that they have read the Code, agreed to adhere to the Code, and are aware that a record of all violations of the Code will be maintained by Patriot.

Personal Trading: The Code of ethics also governs the securities trading and investing activities of Access Persons for their own accounts. All Access Persons must first pre-clear personal trades for covered securities, as defined under the policy, in a personal account. They must also seek preapproval when participating in a private placement or transacting in initial public offerings (IPOs). A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a Client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists.

The Code also imposes on Access Persons reporting requirements for covered securities in order to monitor and identify potential trading violations. A copy of the Code is distributed to each Access Person at the time of hire and annually thereafter. Access Persons are also required to attend annual Code of Ethics training and certify that they are in compliance with the Code. Access Persons

who violate the Code can be subject to sanctions by Patriot, including possible employment termination. A copy of the Code is available to investors upon request.

- B.** For information on Patriot's practice with respect to recommendations to Clients of securities in which Patriot or a related person has a material financial interest, please see above under "Item 10.C.3. Other investment advisers or financial planners" and "11.A. Code of Ethics."
- C.** For information on investments by Patriot or related persons in securities recommended to Clients, see above under "Items 10.C.3. Other investment advisers or financial planners" and "11.A. Code of Ethics."
- D.** For information on how Patriot treats simultaneous purchases by Clients and Patriot or related persons, see above under "Items 10.C.3. Other investment advisers or financial planners" and "11.A. Code of Ethics."

Item 12. Brokerage Practices

- A.** Patriot does not maintain a traditional trading desk to buy and sell publicly traded securities similar to investment advisers who routinely transact in publicly traded securities for separately managed accounts. However, Patriot is granted discretion over the selection of brokers, the commissions paid, the amount and types of securities, and other investments to be bought and sold without obtaining prior consent or approval from a Fund or investors. Patriot's investment authority with respect to any particular Fund is subject to the investment objectives, guidelines and/or conditions set forth in the Funds' private offering documents.

Because the Funds also invest in privately negotiated transactions, the brokerage terms of such transactions are largely influenced by the counterparty and the availability of brokers capable of successfully executing such transactions. Patriot seeks to have all its privately negotiated transactions executed in the best interest of its participating Clients, taking into account various factors such as the size, competency, market activity and availability of brokers in addition to cost.

- 1. Research and Other Soft Dollar Benefits.** Patriot does not participate in or accept soft dollar benefits or commission sharing arrangements. However, Patriot does utilize a third-party electronic database system that provides banking and other financially related information, but fees associated with the use of it is paid out-of-pocket and not with soft dollars.
- 2. Brokerage for Client Referrals.** Patriot does not direct brokerage in exchange for Client referrals.
- 3. Directed Brokerage.** Patriot is granted discretion over the selection of brokers for securities transactions of the Funds. Patriot's investment authority

with respect to any particular Fund is subject to the investment objectives, guidelines and/or conditions set forth in the Fund's offering documents.

- 4. Trade Errors.** In the event that a Fund incurs a trade error involving a publicly traded security transaction, such error is to be corrected by Patriot as soon as practicable and in a manner such that such Fund incurs no financial loss.

- B. Aggregation of Client purchases or sales.** Patriot recognizes its fiduciary duty to act in the best interest of the Funds. In instances when Patriot may be in a position to allocate investment opportunities to more than one Fund at a time, it will use reasonable efforts to ensure that each Fund is allocated its share in a manner as described by each Fund's respective offering documents and partnership agreements.

Item 13. Review of Accounts

- A. Monitoring of accounts.** The only accounts managed by Patriot are the Funds. Patriot's investment team meets on a periodic basis to discuss new investment opportunities as well as existing investments. The investment staff includes Patriot's partners, principals, associates and analysts who communicate daily and meet weekly to review the status of the Funds' portfolio.
- B. Review triggers.** Patriot continually monitors each Fund's performance and investments.
- C. Reports to Clients.** A Fund's investors generally receive the following reports: (i) annual audited financial statements of the Fund, (ii) quarterly unaudited financial statements; (iii) quarterly commentary reports; and (iv) such other information as is necessary for the preparation of tax returns. Furthermore, each Fund generally holds an annual meeting of investors to review the status of the Funds.

Item 14. Client Referrals and Other Compensation

- A. Third-party compensation.** No person who is not a client of Patriot provides an economic benefit such as sales awards or other prizes to Patriot for providing investment advice or other advisory services to clients. Furthermore, no commission, placement fee or other remuneration will be payable by the Funds to any person in connection with the offering and/or sale of Fund interests, other than for reimbursement to ICP or a Broker Dealer Affiliate of a portion of the cost of certain employees (but not the managing partners) engaged in capital raising activities on behalf of the Funds.
- B.** Patriot does not provide compensation to any person with respect to referrals of Clients.

Item 15. Custody

Each Fund's account is subject to audit by a registered independent accountant at least annually, distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors within 120 days of the end of its fiscal year, and upon liquidation distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors promptly after the completion of such audit. Such audits will include any funds and securities that, as required by applicable law, are placed in custody with a qualified custodian.

Item 16. Investment Discretion

Under each Fund's investment advisory agreements and charter documents, Patriot has investment discretion to manage the Funds' assets in accordance with the disclosure in the related private offering documents. As the Fund manager, Patriot has the discretion to recommend to the general partner, without consent of the Fund investors, the particular portfolio companies or securities to be bought and sold, the broker or dealer to be used (if any) and the commission rates to be paid by the Funds in cases where a broker or dealer is used. Patriot will also provide investment advice to the Funds, subject to certain investment limitations regarding diversification and type of permitted investments as set forth in the applicable partnership agreement. When executing transactions on behalf of the Funds through a broker, dealer or underwriter, Patriot's objective will be to obtain the most favorable commission and the best price available on each transaction in light of the quality of execution provided. Consequently, brokers, dealers and underwriters are selected primarily on the basis of various factors such as, but not limited to, the broker's execution, capability and trading expertise.

Item 17. Voting Client Securities

To the extent that any Fund holds voting securities, Patriot has the sole authority to direct the voting of such securities. The voting securities held by the Funds may generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly traded securities, the Funds generally have broad voting authority on a wide range of matters affecting these privately held issuers. Patriot votes such interests, on behalf of the Funds, in the economic interests of the Funds. When voting securities, Patriot considers relevant facts, which may include, among many others, the impact on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices. A Fund may decline to vote proxies when Patriot determines that the cost of voting the proxy exceeds the expected benefit to the Fund; however, in certain situations, the Funds may be subjected to passivity agreements or commitments with a portfolio investment company to vote with company management. Fund investors will be provided a copy of Patriot's proxy voting policies and procedures upon request. A copy of the record of votes will also be provided upon request.

Item 18. Financial Information

Patriot does not require or solicit prepayment of fees six months or more in advance. Patriot is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.