

BRYN MAWR BANK CORP  
Form 10-K  
March 11, 2016  
Table Of Contents

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

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**Form 10-K**

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**(Mark One)**

**ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2015**

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

**for the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 001-35746.**

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**BRYN MAWR BANK CORPORATION**

**(Exact name of registrant as specified in its charter)**

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<b>Pennsylvania</b>	<b>23-2434506</b>
<b>(State of other jurisdiction of Incorporation or Organization)</b>	<b>(I.R.S. Employer Identification Number)</b>
<b>801 Lancaster Avenue, Bryn Mawr, Pennsylvania</b>	<b>19010</b>
<b>(Address of principal executive offices)</b>	<b>(Zip Code)</b>
<b>(Registrant's telephone number, including area code) (610) 525-1700</b>	

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**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
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<b>Common Stock (\$1 par value)</b>	<b>The Nasdaq Stock Market LLC</b>
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**Securities registered pursuant to Section 12(g) of the Act: None**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes      No

Indicate by check mark if registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

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Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period than the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (& 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Large Accelerated Filer Accelerated Filer  
Non-Accelerated Filer Smaller Reporting Company

Indicate by checkmark whether the Registrant is a shell company (as defined by Rule 126-2 of the Exchange Act):

Yes No

The aggregate market value of shares of common stock held by non-affiliates of Registrant (including fiduciary accounts administered by affiliates) was \$528,844,200 on June 30, 2015 based on the price at which our common stock was last sold on that date.\*

As of March 2, 2016, there were 16,788,558 shares of common stock outstanding.

Documents Incorporated by Reference: Portions of the Definitive Proxy Statement of Registrant to be filed with the Commission pursuant to Regulation 14A with respect to the Registrant's Annual Meeting of Shareholders to be held on April 28, 2016 ("2016 Proxy Statement"), as indicated, are incorporated into this Form 10-K by reference.

\*Registrant does not admit by virtue of the foregoing that its officers and directors are "affiliates" as defined in Rule 405.

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Table Of Contents

**Form 10-K**

**Bryn Mawr Bank Corporation**

**Index**

<b>Item No.</b>		<b>Page</b>
	Part I	
1.	<u>Business</u>	1
1A.	<u>Risk Factors</u>	11
1B.	<u>Unresolved Staff Comments</u>	19
2.	<u>Properties</u>	19
3.	<u>Legal Proceedings</u>	21
4.	<u>Mine Safety Disclosures</u>	21
	Part II	
5.	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	21
6.	<u>Selected Financial Data</u>	24
7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&amp;A”)</u>	25
7A.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	50
8.	<u>Financial Statements and Supplementary Data</u>	50
9.	<u>Change in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	118
9A.	<u>Controls and Procedures</u>	118
9B.	<u>Other Information</u>	121
	Part III	
10.	<u>Directors and Executive Officers of the Registrant</u>	121
11.	<u>Executive Compensation</u>	121
12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	121
13.	<u>Certain Relationships and Related Transactions</u>	122
14.	<u>Principal Accountant Fees and Services</u>	122
	Part IV	
15.	<u>Exhibits and Financial Statement Schedules</u>	122



Table Of Contents

**SPECIAL CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS**

*Certain of the statements contained in this report and the documents incorporated by reference herein may constitute forward-looking statements for the purposes of the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended, and may involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Bryn Mawr Bank Corporation (the "Corporation") to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements include statements with respect to the Corporation's financial goals, business plans, business prospects, credit quality, credit risk, reserve adequacy, liquidity, origination and sale of residential mortgage loans, mortgage servicing rights, the effect of changes in accounting standards, and market and pricing trends loss. The words "may", "would", "could", "will", "likely", "expect," "anticipate," "intend", "estimate", "plan", "forecast", "project" and "believe" and similar expressions are intended to identify such forward-looking statements. The Corporation's actual results may differ materially from the results anticipated by the forward-looking statements due to a variety of factors, including without limitation:*

*• local, regional, national and international economic conditions and the impact they may have on us and our customers and our assessment of that impact;*

*• our need for capital;*

*• lower demand for our products and services and lower revenues and earnings could result from an economic recession;*

*• lower earnings could result from other-than-temporary impairment charges related to our investment securities portfolios or other assets;*

*• changes in monetary or fiscal policy, or existing statutes, regulatory guidance, legislation or judicial decisions that adversely affect our business, including changes in federal income tax or other tax regulations;*

*• changes in the level of non-performing assets and charge-offs;*

*• changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;*

*• other changes in accounting requirements or interpretations;*

*the accuracy of assumptions underlying the establishment of provisions for loan and lease losses and estimates in the value of collateral, and various financial assets and liabilities;*

*inflation, securities market and monetary fluctuations;*

*changes in the securities markets with respect to the market values of financial assets and the stability of particular securities markets;*

*changes in interest rates, spreads on interest-earning assets and interest-bearing liabilities, and interest rate sensitivity;*

*prepayment speeds, loan originations and credit losses;*

*sources of liquidity and financial resources in the amounts, at the times and on the terms required to support our future business;*

*legislation or other governmental action affecting the financial services industry as a whole, us or our subsidiaries individually or collectively, including changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which we must comply;*

*results of examinations by the Federal Reserve Board, including the possibility that such regulator may, among other things, require us to increase our allowance for loan losses or to write down assets;*

*our common stock outstanding and common stock price volatility;*

*fair value of and number of stock-based compensation awards to be issued in future periods;*

*with respect to mergers and acquisitions, our business and the acquired business will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;*

*revenues following the completion of a merger or acquisition may be lower than expected;*

*deposit attrition, operating costs, customer loss and business disruption following a merger or acquisition, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;*

*material differences in the actual financial results of our merger and acquisition activities compared with expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame;*

*our success in continuing to generate new business in our existing markets, as well as their success in identifying and penetrating targeted markets and generating a profit in those markets in a reasonable time;*

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Table Of Contents

*our ability to continue to generate investment results for customers and the ability to continue to develop investment products in a manner that meets customers' needs;*

*changes in consumer and business spending, borrowing and savings habits and demand for financial services in the relevant market areas;*

*rapid technological developments and changes;*

*the effects of competition from other commercial banks, thrifts, mortgage companies, finance companies, credit unions, securities brokerage firms, insurance companies, money-market and mutual funds and other institutions operating in our market areas and elsewhere including institutions operating locally, regionally, nationally and internationally together with such competitors offering banking products and services by mail, telephone, computer and the internet;*

*our ability to continue to introduce competitive new products and services on a timely, cost-effective basis and the mix of those products and services;*

*containing costs and expenses;*

*protection and validity of intellectual property rights;*

*reliance on large customers;*

*technological, implementation and cost/financial risks in contracts;*

*the outcome of pending and future litigation and governmental proceedings;*

*any extraordinary events (such as natural disasters, acts of terrorism, wars or political conflicts);*

*ability to retain key employees and members of senior management;*

*the ability of key third-party providers to perform their obligations to us and our subsidiaries; and*

*Our success in managing the risks involved in the foregoing.*

*All written or oral forward-looking statements attributed to the Corporation are expressly qualified in their entirety by use of the foregoing cautionary statements. All forward-looking statements included in this Report and the documents incorporated by reference herein are based upon the Corporation's beliefs and assumptions as of the date of this Report. The Corporation assumes no obligation to update any forward-looking statement. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Report or incorporated documents might not occur and you should not put undue reliance on any forward-looking statements.*

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Table Of Contents

**PART I**

**ITEM 1. BUSINESS**

**GENERAL**

The Bryn Mawr Trust Company (the “Bank”) received its Pennsylvania banking charter in 1889 and is a member of the Federal Reserve System. In 1986, Bryn Mawr Bank Corporation (the “Corporation”) was formed and on January 2, 1987, the Bank became a wholly-owned subsidiary of the Corporation. The Bank and Corporation are headquartered in Bryn Mawr, Pennsylvania, a western suburb of Philadelphia. The Corporation and its subsidiaries offer a full range of personal and business banking services, consumer and commercial loans, equipment leasing, mortgages, insurance and wealth management services, including investment management, trust and estate administration, retirement planning, custody services, and tax planning and preparation from 26 full-service branches, eight limited-hour retirement community branches, five wealth offices and a full-service insurance agency throughout Montgomery, Delaware, Chester, Philadelphia and Dauphin counties of Pennsylvania and New Castle County in Delaware. The Corporation’s common stock trades on the NASDAQ Stock Market (“NASDAQ”) under the symbol BMTC.

The goal of the Corporation is to become the preeminent community bank and wealth management organization in the Philadelphia area. The Corporation’s strategy to achieve this goal includes investing in foundational strength to support its growth, leveraging the strength of its brand, building out its core franchise and targeting high potential markets, basing its sales strategy on high performing relationships, concentrating on core product solutions and broadening the scope of its product offerings, using the Corporation’s human resources as a strategic advantage, engaging in inorganic growth by strategically acquiring small to mid-sized banks, insurance brokerages, wealth management companies, and advisory and planning services firms, and lifting out high-performing teams where strategically advantageous.

The Corporation operates in a highly competitive market area that includes local, national and regional banks as competitors along with savings banks, credit unions, insurance companies, trust companies, registered investment advisors and mutual fund families. The Corporation and its subsidiaries are regulated by many agencies, including the Securities and Exchange Commission (“SEC”), the Federal Deposit Insurance Corporation (“FDIC”), the Federal Reserve and the Pennsylvania and Delaware Departments of Banking.

**WEBSITE DISCLOSURES**

The Corporation files with the Securities and Exchange Commission (the “SEC”) and makes available, free of charge, through its website, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after the reports are electronically filed with the SEC. These reports can be obtained on the Corporation’s website at [www.bmtc.com](http://www.bmtc.com) by following the link, “About Us,” followed by “Investor Relations.” The information contained on or connected to our website is not incorporated by reference into this Annual Report on Form 10-K. Further copies of these reports are located at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding our filings, at [www.sec.gov](http://www.sec.gov).

## **OPERATIONS**

### **Bryn Mawr Bank Corporation**

The Corporation has no active staff as of December 31, 2015. The Corporation is the sole shareholder of the stock of the Bank. Additionally, the Corporation performs several functions including shareholder communications, shareholder recordkeeping, the distribution of dividends and the periodic filing of reports and payment of fees to NASDAQ, the SEC and other regulatory agencies.

As of December 31, 2015, the Corporation and its subsidiaries had 488 full time and 42 part time employees, totaling 509 full time equivalent staff.

## **ACTIVE SUBSIDIARIES OF THE CORPORATION**

The Corporation has three active subsidiaries which provide various services as described below:

### **Lau Associates**

Lau Associates LLC is a nationally recognized independent, family wealth office serving high net worth individuals and families, with special expertise in planning intergenerational inherited wealth. Lau Associates employed 13 full time employees as of December 31, 2015, and are included in the Corporation’s employment numbers. Lau Associates LLC is a wholly-owned subsidiary of the Corporation.



Table Of Contents

**¶The Bryn Mawr Trust Company of Delaware**

The Bryn Mawr Trust Company of Delaware (“BMTC-DE”) is a limited-purpose trust company located in Greenville, DE and has the ability to be named and serve as a corporate fiduciary under Delaware law. BMTC-DE employed five full-time and two part time employees as of December 31, 2015. BMTC-DE employees are included in the Corporation’s employment numbers. Being able to serve as a corporate fiduciary under Delaware law is advantageous as Delaware statutes are widely recognized as being favorable with respect to the creation of tax-advantaged trust structures, LLCs and related wealth transfer vehicles for families and individuals throughout the United States. BMTC-DE is a wholly-owned subsidiary of the Corporation.

**¶The Bryn Mawr Trust Company**

The Bank is engaged in commercial and retail banking business, providing basic banking services, including the acceptance of demand, time and savings deposits and the origination of commercial, real estate and consumer loans and other extensions of credit including leases. The Bank also provides a full range of wealth management services including trust administration and other related fiduciary services, custody services, investment management and advisory services, employee benefit account and IRA administration, estate settlement, tax services, financial planning and brokerage services. As of December 31, 2015, the market value of assets under management, administration, supervision and asset management/brokerage by the Bank’s Wealth Management Division was \$8.365 billion.

The Bank presently has 26 full-service branch offices, eight limited-hour retirement community branches, three wealth management offices and a full-service insurance agency. See the section titled “COMPETITION” later in this item for additional information.

**ACTIVE SUBSIDIARIES OF THE BANK**

The Bank has three active subsidiaries providing various services as described below:

**¶Key Capital Mortgage, Inc.**

Key Capital Mortgage, Inc. (“KCM”) is a wholly-owned subsidiary of the Bank, located in Media, Pennsylvania, which was established on October 1, 2015. KCM specializes in providing non-traditional commercial mortgage loans to small businesses throughout the United States. As of December 31, 2015, KCM employed five full-time employees which are included in the Corporation’s employment numbers above.

**Powers Craft Parker & Beard, Inc.**

Powers Craft Parker & Beard, Inc. (“PCPB”) is a wholly-owned subsidiary of the Bank, headquartered in Rosemont, Pennsylvania. On October 1, 2014, the Bank acquired 100% of the stock of PCPB and merged the entity with and into its existing full-service insurance agency, Insurance Counsellors of Bryn Mawr, Inc. (“ICBM”). The surviving entity operates under the PCPB name. On April 1, 2015, the Bank acquired the Robert J. McAllister Agency, Inc. (“RJM”), an insurance brokerage headquartered in Rosemont, Pennsylvania. RJM was subsequently merged into PCPB. PCPB is a full-service insurance agency, through which the Bank offers insurance and related products and services to its customer base. This includes casualty, property and allied insurance lines, as well as life insurance, annuities, medical insurance and accident and health insurance for groups and individuals.

As of December 31, 2015, PCPB employed 15 full-time employees, of which 14 are licensed insurance agents, along with three part-time employees, of which two are licensed insurance agents. PCPB employees are included in the Corporation’s employment numbers above.

**Bryn Mawr Equipment Finance, Inc.**

Bryn Mawr Equipment Finance, Inc. (“BMEF”), a wholly-owned subsidiary of the Bank, is a Delaware corporation registered to do business in Pennsylvania. BMEF is a small-ticket equipment financing company servicing customers nationwide from its Bryn Mawr location. BMEF had nine employees as of December 31, 2015. BMEF employees are included in the Corporation’s employment numbers above.

Table Of Contents

**BUSINESS COMBINATIONS**

The Corporation and its subsidiaries engaged in the following business combinations since January 1, 2010:

**Robert J. McAllister Agency, Inc.**

On April 1, 2015, the acquisition of RJM, an insurance brokerage headquartered in Rosemont, Pennsylvania, was completed. Consideration paid totaled \$1.0 million, of which \$500 thousand was paid at closing and five contingent cash payments, not to exceed \$100 thousand each, will be payable on each of March 31, 2016, March 31, 2017, March 31, 2018, March 31, 2019, and March 31, 2020, subject to the attainment of certain revenue targets during the related periods. The acquisition enhanced PCPB's ability to offer comprehensive insurance solutions to both individual and business clients.

**Continental Bank Holdings, Inc.**

On January 1, 2015, the merger of Continental Bank Holdings, Inc. ("CBH") with and into the Corporation (the "Merger"), and the merger of Continental Bank with and into the Bank, were completed. Consideration paid totaled \$125.1 million, comprised of 3,878,383 shares (which included fractional shares paid in cash) of the Corporation's common stock, the assumption of options to purchase Corporation common stock valued at \$2.3 million and \$1.3 million for the cash-out of certain warrants. The Merger initially added \$424.7 million of loans, \$181.8 million of investments, \$481.7 million of deposits and ten new branches. The acquisition of CBH enabled the Corporation to expand its footprint into a significant portion of Montgomery County, Pennsylvania.

**Powers Craft Parker and Beard, Inc.**

On October 1, 2014, the acquisition of PCPB, an insurance brokerage headquartered in Rosemont, Pennsylvania, was completed. The consideration paid by the Corporation was \$7.0 million, of which \$5.4 million was paid at closing and the first of three contingent payments, of \$542 thousand, was paid during the fourth quarter of 2015. The remaining \$1.1 million consists of two contingent payments, with each payment not to exceed \$542 thousand. Each payment is subject to the attainment of certain revenue targets during the applicable periods. The addition enabled the Corporation to offer a full range of insurance products to both individual and business clients.

**First Bank of Delaware**

On November 17, 2012, the acquisition of \$70.3 million of deposits, \$76.6 million of loans and a branch location from First Bank of Delaware (“FBD”), by the Corporation was completed. The consideration paid by the Corporation totaled \$10.6 million cash, paid at closing. The transaction, which was accounted for as a business combination, enabled the Corporation to expand its banking arm into the Delaware market by opening its first full-service branch there, complementing its existing wealth management operations in the state.

#### **Davidson Trust Company**

On May 15, 2012, the acquisition of Davidson Trust Company (“DTC”) by the Corporation was completed. The consideration paid by the Corporation totaled \$10.5 million, of which \$8.4 million was paid in cash, at closing and the remaining \$2.1 million was paid in equal installments on November 14, 2012, May 14, 2013 and November 14, 2013. The transaction was accounted for as a business combination. The acquisition of DTC initially increased the Corporation’s wealth management division assets under management by \$1.0 b