

BRYN MAWR BANK CORP  
Form 10-K  
March 13, 2008  
Table of Contents

# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## Form 10-K

(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, 2007

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 0-15261.

# BRYN MAWR BANK CORPORATION

(Exact name of registrant as specified in its charter)

Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

**Pennsylvania**  
(State of other jurisdiction of

**23-2434506**  
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

**801 Lancaster Avenue, Bryn Mawr, Pennsylvania**  
(Address of principal executive offices)

**19010**  
(Zip Code)

(Registrant's telephone number, including area code) **(610) 525-1700**

**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>
<b>Common Stock (\$1 par value)</b>	<b>Nasdaq Global Market</b>

**Securities registered pursuant to Section 12(g) of the Act: None**

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.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period 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 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.

**Table of Contents**

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	x
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 x

The aggregate market value of shares of common stock held by non-affiliates of Registrant (including fiduciary accounts administered by affiliates\*) was \$188,520,000 on June 30, 2007.

As of December 31, 2007 there were 8,526,084 shares of common stock outstanding.

Documents Incorporated by Reference: Parts I, II and IV Portions of Registrant's Annual Report to Shareholders for the year ended December 31, 2007, as indicated, Parts I and III Definitive Proxy Statement of Registrant filed with respect to the Registrant's 2008 Annual Meeting of Shareholders to be held on April 23, 2008 filed with the Commission pursuant to Regulation 14A.

\* Registrant does not admit by virtue of the foregoing that its officers and directors are affiliates as defined in Rule 405 and does not admit that it controls the shares of Registrant's voting stock held by the Trust Department of its bank subsidiary. The exhibit index is on page 15. There are 17 pages in this report.

**Table of Contents**

**Form 10-K**

**Bryn Mawr Bank Corporation**

**Index**

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

UNLESS OTHERWISE INDICATED, ALL INFORMATION IS AS OF MARCH 1, 2008.

**Table of Contents**

**SPECIAL CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS**

*Certain of the statements contained in this report 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 anticipate, believe, estimate, expect, intended, may, plan, seek, 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:*

*the effect of future economic conditions on the Corporation and its customers, including economic factors which affect consumer confidence in the securities markets, wealth creation, investment and savings patterns, and the Corporation's interest rate risk exposure and credit risk;*

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

*governmental monetary and fiscal policies, as well as legislation and regulatory changes;*

*changes in accounting requirements or interpretations;*

*the risks of changes in interest rates on the level and composition of deposits, loan demand, and the value of loan collateral and securities, as well as interest rate risk;*

*the effects of competition from other commercial banks, thrifts, mortgage companies, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money-market and mutual funds and other institutions operating in the Corporation's trade market area and elsewhere including institutions operating locally, regionally, nationally and internationally and such competitors offering banking products and services by mail, telephone, computer and the Internet;*

*any extraordinary events (such as the September 11, 2001 events, the war on terrorism and the U.S. Government's response to those events, including the war in Iraq);*

*the Corporation's success in continuing to generate new business in its existing markets, as well as its success in identifying and penetrating targeted markets and generating a profit in those markets in a reasonable time;*

*the Corporation's 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;*

*the Corporation's timely development of competitive new products and services in a changing environment and the acceptance of such products and services by customers;*

*the Corporation's ability to originate, sell and service residential mortgage loans;*

*the accuracy of assumptions underlying the establishment of reserves for loan losses and estimates in the value of collateral, the market value of mortgage servicing rights and various financial assets and liabilities;*

*technological changes being more difficult or expensive than anticipated;*

*the Corporation's 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 are based upon information presently available, and the Corporation assumes no obligation to update any forward-looking statements.*

---

**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, PA, a western suburb of Philadelphia, PA. 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 eight full-service branches and seven Life Care Community offices throughout Montgomery, Delaware and Chester counties. The Corporation trades on the NASDAQ Global 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 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 regulatory agencies including the Securities and Exchange Commission (SEC), NASDAQ, Federal Deposit Insurance Corporation (FDIC), the Federal Reserve and the Pennsylvania Department of Banking.

**WEBSITE DISCLOSURES**

The Corporation 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 by logging onto the Corporation's website at [www.bmtc.com](http://www.bmtc.com) and clicking on Investor Relations.

**OPERATIONS**

**Bryn Mawr Bank Corporation**

The Corporation has no active staff as of December 31, 2007. The Corporation holds 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 GM, the SEC and other regulatory agencies.

A complete list of directors and executive officers of the Corporation and the Bank, as of March 1, 2008 is incorporated by reference to the last page of the Corporation's Annual Report to Shareholders for the year ended December 31, 2007.

**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 making 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, 2007, the market value of assets under management and administration by the Bank's Wealth Management Division was \$2.192 billion.

The Corporation, through its Bank subsidiary, has expanded its branch footprint by establishing de-novo branch offices in Newtown Square, PA in March 2004, Exton, PA in April 2005 and by relocating the former Wynnewood, PA office to Ardmore, PA in January 2007. The Corporation presently has 8 full-service branch offices, plus 7 Life Care Community locations. Plans are in place to establish a new branch in the West Chester, PA area in 2008. See the section titled **COMPETITION** later in this item for additional information.





## **Table of Contents**

At December 31, 2007, the Corporation and its subsidiaries had 242 full time and 32 part time employees, equaling 258.0 full time equivalent staff.

### **OTHER OPERATING SUBSIDIARIES OF THE BANK**

The Bank has four operating subsidiaries providing various services as described below:

#### **Insurance Counsellors of Bryn Mawr, Inc.**

Insurance Counsellors of Bryn Mawr, Inc. ( ICBM ) began operation in February, 1998 as a wholly owned subsidiary of the Bank. ICBM 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.

ICBM utilizes five licensed insurance agents. ICBM generated \$526 thousand of revenue during 2007. ICBM employees are included in the Corporation's employment numbers above.

#### **BMT Settlement Services, Inc.**

BMT Settlement Services, Inc. ( BMTS ) began operation in February 2002. BMTS is a limited partner in Bryn Mawr Settlement Services, LP (the Limited Partnership ), with Commonwealth Land Transfer Company, to provide title search and abstract services to Bank customers. Under the terms of the Limited Partnership's partnership agreement, BMTS receives seventy percent of the profits of the Limited Partnership, after expenses. BMTS is a wholly owned subsidiary of the Bank.

BMTS' primary market area is located in southeastern Pennsylvania. BMTS is housed in the main office of the Bank, located at 801 Lancaster Avenue, Bryn Mawr, PA 19010. During 2007, BMTS earned \$65 thousand in revenues. BMTS had no employees as of December 31, 2006.

#### **BMT Mortgage Services, Inc.**

BMT Mortgage Services, Inc. ( BMTM ) began operations in February, 2005. BMTM is a member in BMT Mortgage Company, LLC, which was established in 2005 to provide mortgage services to customers of Keller Williams' Bryn Mawr, PA office. Under the terms of the operating agreement, BMTM has a 40% interest in the entity, will perform certain accounting and administrative functions, and will process certain mortgage applications for a fee. BMTM is a wholly owned subsidiary of the Bank.

#### **BMT Leasing, Inc.**

BMT Leasing, Inc. ( BMTL ) began operations in September, 2006. BMTL is a Delaware corporation registered to do business in Pennsylvania. BMTL is an equipment leasing company servicing customers nationwide from its Bryn Mawr location with leases ranging from \$10 thousand to \$150 thousand. BMTL is a wholly owned subsidiary of the Bank and had 13 employees as of March 1, 2008.

### **SOURCES OF THE CORPORATION'S REVENUE**

#### **Operations**

The following table shows the percentage of consolidated revenues.

Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

	2007		2006		2005	
Interest income on loans, leases and investments	\$ 54,218	71.3%	\$ 45,906	71.4%	\$ 37,968	67.6%
Other banking fees including insurance	5,661	7.5%	3,696	5.8%	3,488	6.2%
Wealth management segment	13,502	17.8%	12,422	19.3%	11,542	20.5%
Mortgage banking segment	2,618	3.4%	2,242	3.5%	3,215	5.7%
<b>Total revenues from operations</b>	<b>\$ 64,267</b>	<b>100.0%</b>	<b>\$ 64,267</b>	<b>100.0%</b>	<b>\$ 56,213</b>	<b>100.0%</b>

See Note 23, Segment Information, in the Notes to the Consolidated Financial Statements for additional information.

## **Table of Contents**

### **STATISTICAL INFORMATION**

The statistical information required in this Part I Item I is incorporated by reference to the information appearing in the Corporation's Annual Report to Shareholders for the year ended December 31, 2007 in the sections captioned Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations ( MD&A ) and Financial Statements and related notes.

#### **Financial Information About Segments**

The financial information concerning the Corporation's business segments is incorporated by reference to the MD&A of the Corporation's Annual Report to shareholders for the year ended December 31, 2007 and Note 23 Segment Information to the financial statements accompanying such Annual Report.

### **COMPETITION**

The Corporation and its subsidiaries, including the Bank, compete for deposits, loans and Wealth Management services in Delaware, Montgomery, Chester and Philadelphia Counties in southeastern Pennsylvania. The Corporation has a significant presence in the affluent Philadelphia suburbs known as the Main Line. The Corporation has eight full-service branches and seven Life Care Community offices.

The markets in which the Corporation competes are highly competitive. The Corporation's direct competition in attracting deposits, loans and wealth management services come from commercial banks, investment management companies, savings and loan associations, and trust companies. The Corporation also competes with credit unions, on-line banking enterprises, consumer finance companies, mortgage companies, insurance companies, stock brokerage companies, investment advisory companies and other entities providing one or more of the services and products offered by the Corporation.

The Corporation is able to compete with the other firms because of its consistent level of customer service, excellent reputation, professional expertise, full product line, competitive rates and fees.

As mentioned in the MD&A, the earning asset growth exceeded the growth of lower cost NOW, savings and money market accounts, and non-interest bearing demand deposits. Accordingly, funding for asset growth came from higher cost retail certificates of deposit and other wholesale funding sources.

### **SUPERVISION AND REGULATION**

The Corporation and its subsidiaries, including the Bank, are subject to extensive regulation under both federal and state law. To the extent that the following information describes statutory provisions and regulations, which apply to the Corporation and its subsidiaries, it is qualified in its entirety by reference to those statutory provisions and regulations.

#### **Bank Holding Company Regulation**

The Corporation, as a bank holding company, is regulated under the Bank Holding Company Act of 1956, as amended (the Act ). The Act limits the business of bank holding companies to banking, managing or controlling banks, performing certain servicing activities for subsidiaries and engaging in such other activities as the Federal Reserve Board may determine to be closely related to banking. The Corporation and its non-bank subsidiaries are subject to the supervision of the Federal Reserve Board and the Corporation is required to file with the Federal Reserve Board an annual report and such additional information as the Federal Reserve Board may require pursuant to the Act and the regulations which implement the Act. The Federal Reserve Board also conducts inspections of the Corporation and each of its non-banking subsidiaries.

The Act requires each bank holding company to obtain prior approval by the Federal Reserve Board before it may acquire (i) direct or indirect ownership or control of more than 5% of the voting shares of any company, including another bank holding company or a bank, unless it already owns a majority of such voting shares, or (ii) all, or substantially all, of the assets of any company.

The Act also prohibits a bank holding company from engaging in, or from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company engaged in non-banking activities unless the Federal Reserve Board, by order or regulation, has found such activities to be so closely related to banking or to managing or controlling banks as to be appropriate. The Federal Reserve Board has by

## Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

regulation determined that certain activities are so closely related to banking or to managing or controlling banks, so as to permit bank holding companies, such as the Corporation, and its subsidiaries formed for such purposes, to engage in such activities, subject to obtaining the Federal Reserve Board's approval in certain cases.

---

**Table of Contents**

Under the Act, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension or provision of credit, lease or sale of property or furnishing any service to a customer on the condition that the customer provide additional credit or service to the bank, to its bank holding company or any other subsidiaries of its bank holding company or on the condition that the customer refrain from obtaining credit or service from a competitor of its bank holding company. Further, the Bank, as a subsidiary bank of a bank holding company, such as the Corporation, is subject to certain restrictions on any extensions of credit it provides to the Corporation or any of its non-bank subsidiaries, investments in the stock or securities thereof, and on the taking of such stock or securities as collateral for loans to any borrower.

In addition, the Federal Reserve Board may issue cease and desist orders against bank holding companies and non-bank subsidiaries to stop actions believed to present a serious threat to a subsidiary bank. The Federal Reserve Board also regulates certain debt obligations and changes in control of bank holding companies.

Under Federal Reserve Board policy, a bank holding company is expected to act as a source of financial strength to each of its subsidiary banks and to commit resources, including capital funds during periods of financial stress, to support each such bank. Consistent with its source of strength policy for subsidiary banks, the Federal Reserve Board has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fund fully the dividends, and the prospective rate of earnings retention appears to be consistent with the company's capital needs, asset quality and overall financial condition.

Federal law also grants to federal banking agencies the power to issue cease and desist orders when a depository institution or a bank holding company or an officer or director thereof is engaged in or is about to engage in unsafe and unsound practices. The Federal Reserve Board may require a bank holding company, such as the Corporation, to discontinue certain of its activities or activities of its other subsidiaries, other than the Bank, or divest itself of such subsidiaries if such activities cause serious risk to the Bank and are inconsistent with the Bank Holding Company Act or other applicable federal banking laws.

**Federal Reserve Board and Pennsylvania Department of Banking Regulations**

The Corporation's Pennsylvania state chartered bank, The Bryn Mawr Trust Company, is regulated and supervised by the Pennsylvania Department of Banking (the Department of Banking) and subject to regulation by The Federal Reserve Board and the FDIC. The Department of Banking and the Federal Reserve Board regularly examine the Bank's reserves, loans, investments, management practices and other aspects of its operations and the Bank must furnish periodic reports to these agencies. The Bank is a member of the Federal Reserve System.

The Bank's operations are subject to certain requirements and restrictions under federal and state laws, including requirements to maintain reserves against deposits, limitations on the interest rates that may be paid on certain types of deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, limitations on the types of investments that may be made and the types of services which may be offered. Various consumer laws and regulations also affect the operations of the Bank. These regulations and laws are intended primarily for the protection of the Bank's depositors and customers rather than holders of the Corporation's stock.

The regulations of the Pennsylvania Department of Banking restrict the amount of dividends that can be paid to the Corporation by the Bank. Payment of dividends is restricted to the amount of the Bank's retained earnings which was \$84.6 million as of December 31, 2007. However, the amount of dividends paid by the Bank cannot reduce capital levels below levels that would cause the Bank to be less than adequately capitalized. The payment of dividends by the Bank to the Corporation is the source on which the Corporation currently depends to pay dividends to its shareholders.

As a bank incorporated under and subject to Pennsylvania banking laws and insured by the FDIC, the Bank must obtain the prior approval of the Department of Banking and the Federal Reserve Board before establishing a new branch banking office. Depending on the type of bank or financial institution, a merger of banks located in Pennsylvania is subject to the prior approval of one or more of the following: the Department of Banking, the FDIC, the Federal Reserve Board and the Office of the Comptroller of the Currency. An approval of a merger by the appropriate bank regulatory agency would depend upon several factors, including whether the merged institution is a federally insured state bank, a member of the Federal Reserve System, or a national bank. Additionally, any new branch expansion or merger must comply with branching restrictions provided by state law. The Pennsylvania Banking Code permits Pennsylvania banks to establish branches anywhere in the state.

---

## **Table of Contents**

### **Deposit Insurance Assessment**

The deposits of the Bank are insured by the FDIC up to the limits set forth under applicable law and are subject to deposit insurance premium assessments. The FDIC imposes a risk based deposit premium assessment system, which was amended pursuant to the Federal Deposit Insurance Reform Act of 2005 (the "Act"). Under this system, the amount of FDIC assessments paid by an individual insured depository institution, such as the Bank, is based on the level of risk incurred in its activities. The FDIC places a depository institution in one of four risk categories determined by reference to its capital levels and supervisory ratings. In addition, in the case of those institutions in the lowest risk category, the FDIC further determines its assessment rates based on certain specified financial ratios. Effective January 1, 2007, assessments can range from \$0.05 per \$100 of deposits in the lowest risk category to \$0.43 per \$100 of deposits for banks in the highest risk category. The assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits. The Act provides for a one time premium assessment credit for eligible insured depository institutions. The Bank has been granted a one time credit of approximately \$409,000 for use against future FDIC insurance premiums. The Bank used approximately \$365 thousand of the credit against the 2007 premium assessments and has \$45 thousand remaining to use towards 2008 assessments.

### **Government Monetary Policies**

The monetary and fiscal policies of the Federal Reserve Board and the other regulatory agencies have had, and will probably continue to have, an important impact on the operating results of the Bank through their power to implement national monetary policy in order to, among other things, curb inflation or combat a recession. The monetary policies of the Federal Reserve Board may have a major effect upon the levels of the Bank's loans, investments and deposits through the Federal Reserve Board's open market operations in United States government securities, through its regulation of, among other things, the discount rate on borrowing of depository institutions, and the reserve requirements against depository institution deposits. It is not possible to predict the nature and impact of future changes in monetary and fiscal policies.

The earnings of the Bank and, therefore, of the Corporation are affected by domestic economic conditions, particularly those conditions in the trade area as well as the monetary and fiscal policies of the United States government and its agencies.

### **Safety and Soundness**

The Federal Reserve Board also has authority to prohibit a bank holding company from engaging in any activity or transaction deemed by the Federal Reserve Board to be an unsafe or unsound practice. The payment of dividends could, depending upon the financial condition of the Bank or Corporation, be such an unsafe or unsound practice and the regulatory agencies have indicated their view that it generally would be an unsafe and unsound practice to pay dividends except out of current operating earnings. The ability of the Bank to pay dividends in the future is presently and could be further influenced, among other things, by applicable capital guidelines discussed below or by bank regulatory and supervisory policies. The ability of the Bank to make funds available to the Corporation is also subject to restrictions imposed by federal law. The amount of other payments by the Bank to the Corporation is subject to review by regulatory authorities having appropriate authority over the Bank or Corporation and to certain legal limitations.

### **Risk Based Capital Guidelines**

The Federal Reserve Board has promulgated certain Risk Based Capital Guidelines. Under the guidelines, various types of Corporation assets are assigned risk categories and weighted based on their relative risk. In addition, certain off balance sheet items are translated into balance sheet equivalents and also weighted according to their potential risk. The sum of both of these asset categories, referred to as Total Risk Weighted Assets, is then compared to the Corporation's total capital, providing a Tier I Capital Ratio, under the guidelines. A Tier II capital ratio is also computed for the Corporation, adding an allowable portion of the loan loss reserve to capital. Both the Tier I and Tier II ratios of the Corporation are in excess of those minimum capital ratios required. The focus of the guidelines is to measure the Corporation's capital risk. The guidelines do not explicitly take into account other risks, such as interest rate changes or liquidity.

The Corporation adopted SFAS No. 158, Employer's Accounting for Defined Benefit, Pension and other Post Retirement Plans (FAS 158), in the fourth quarter of 2006. As a result of its adoption, the Corporation recorded additional pension liabilities of \$6.5 million, deferred taxes of \$2.3 million and a reduction of accumulative other comprehensive income (capital) of \$4.2 million effective December 31, 2006. Federal Reserve Bank regulatory guidance states that the effects of the initial adoption and subsequent application of FAS 158 are excluded from regulatory capital calculations.



## **Table of Contents**

The Bank in its normal business originates off-balance sheet items, such as outstanding loan commitments and standby letters of credit. The Bank makes loan commitments to borrowers to assure the borrower of financing by the Bank for a specified period of time and/or at a specified interest rate. The obligation to the Bank, pursuant to an unfunded loan commitment, is limited by the terms of the commitment letter and other loan documentation issued by the Bank to each borrower. The Bank carefully reviews outstanding loan commitments on a periodic basis. A standby letter of credit is an instrument issued by the Bank, which represents a contingent obligation to make payments with respect to a specific transaction of a customer. The Bank carefully evaluates the creditworthiness of each of its letter of credit customers. The Corporation carefully monitors its risks as measured by the Risk Capital Guidelines and seeks to adhere to the Risk Capital Guidelines.

### **Gramm-Leach Bliley Act**

The Gramm-Leach-Bliley Act ( GLB Act ) repealed provisions of the Glass-Steagall Act, which prohibited commercial banks and securities firms from affiliating with each other and engaging in each other's businesses. Thus, many of the barriers prohibiting affiliations between commercial banks and securities firms have been eliminated.

The GLB Act amended the Glass-Steagall Act to allow new financial holding companies ( FHC ) to offer banking, insurance, securities and other financial products to consumers. Specifically, the GLB Act amends section 4 of the Act in order to provide for a framework for the engagement in new financial activities. Bank holding companies may elect to become a financial holding company if all its subsidiary depository institutions are well-capitalized and well-managed. If these requirements are met, a bank holding company may file a certification to that effect with the Federal Reserve Board and declare that it elects to become a FHC. After the certification and declaration is filed, the FHC may engage either de novo or through an acquisition in any activity that has been determined by the Federal Reserve Board to be financial in nature or incidental to such financial activity. Bank holding companies may engage in financial activities without prior notice to the Federal Reserve Board if those activities qualify under the new list in section 4(k) of the Act. However, notice must be given to the Federal Reserve Board, within 30 days after the FHC has commenced one or more of the financial activities. The Corporation has not become an FHC.

Under the GLB Act, a bank subject to various requirements is permitted to engage through financial subsidiaries in certain financial activities permissible for affiliates of FHC's. However, to be able to engage in such activities a bank must continue to be well-capitalized and well-managed and receive at least a satisfactory rating in its most recent Community Reinvestment Act examination.

### **Community Reinvestment Act**

The Community Reinvestment Act requires banks to help serve the credit needs of their communities, including providing credit to low and moderate income individuals and areas. Should the Bank fail to serve adequately the communities it serves, potential penalties may include regulatory denials to expand branches, relocate, add subsidiaries and affiliates, expand into new financial activities and merge with or purchase other financial institutions.

### **Privacy of Consumer Financial Information**

The GLB Act also contains a provision designed to protect the privacy of each consumer's financial information in a financial institution. Pursuant to the requirements of the GLB Act, the financial institution regulators have promulgated final regulations intended to better protect the privacy of a consumer's financial information maintained in financial institutions. The regulations are designed to prevent financial institutions, such as the Bank, from disclosing a consumer's nonpublic personal information to third parties that are not affiliated with the financial institution.

However, financial institutions can share a customer's personal information or information about business and corporations with their affiliated companies. The regulations also provide that financial institutions can disclose nonpublic personal information to nonaffiliated third parties for marketing purposes but the financial institution must provide a description of its privacy policies to the consumers and give the consumers an opportunity to opt-out of such disclosure and, thus, prevent disclosure by the financial institution of the consumer's nonpublic personal information to nonaffiliated third parties.

These privacy regulations will affect how consumer's information is transmitted through diversified financial companies and conveyed to outside vendors. The Bank does not believe the privacy regulations will have a material adverse impact on its operations in the near term.





## **Table of Contents**

### **Consumer Protection Rules Sale of Insurance Products**

In addition, as mandated by the GLB Act, the regulators have published consumer protection rules which apply to the retail sales practices, solicitation, advertising or offers of insurance products, including annuities, by depository institutions such as banks and their subsidiaries.

The rules provide that before the sale of insurance or annuity products can be completed, disclosures must be made that state (i) such insurance products are not deposits or other obligations of or guaranteed by the FDIC or any other agency of the United States, the Bank or its affiliates; and (ii) in the case of an insurance product that involves an investment risk, including an annuity, that there is an investment risk involved with the product, including a possible loss of value.

The rules also provide that the Bank may not condition an extension of credit on the consumer's purchase of an insurance product or annuity from the Bank or its affiliates or on the consumer's agreement not to obtain or a prohibition on the consumer obtaining an insurance product or annuity from an unaffiliated entity.

The rules also require formal acknowledgement from the consumer that such disclosures have been received. In addition, to the extent practical, the Bank must keep insurance and annuity sales activities physically separate from the areas where retail banking transactions are routinely accepted from the general public.

### **Sarbanes-Oxley Act**

The Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) addresses, among other matters, increased disclosures; audit committees; certification of financial statements by the chief executive officer and the chief financial officer; forfeiture of bonuses and profits made by directors and senior officers in the twelve (12) month period covered by restated financial statements; a prohibition on insider trading during pension blackout periods; disclosure of off-balance sheet transactions; a prohibition applicable to companies, other than federally insured financial institutions, on personal loans to their directors and officers; expedited filing of reports concerning stock transactions by a company's directors and executive officers; the formation of a public accounting oversight board; auditor independence; and increased criminal penalties for violation of certain securities laws.

KPMG LLP (KPMG), the Corporation's Independent Registered Public Accounting Firm, has issued an attestation report that management's assessment that the Corporation maintained effective internal control over financial reporting as of December 31, 2007 is fairly stated, in all material respects, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in their opinion, KPMG stated that the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO framework.

The rules and regulations which implement the Sarbanes-Oxley Act had a significant economic impact on the compliance cost of the Corporation. It is not possible to assess the future impact on the Corporation or the Bank of any of the foregoing regulations and proposed regulations.

### **Patriot Act of 2001**

The Patriot Act of 2001, which was enacted in the wake of the September 11, 2001 attacks, includes provisions designed to combat international money laundering and advance the U.S. government's war against terrorism. The Patriot Act and the regulations which implement it contain many obligations which must be satisfied by financial institutions, including the Bank. Those regulations impose obligations on financial institutions, such as the Bank, to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. The failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the financial institution.

### **Government Policies and Future Legislation**

As the enactment of the GLB Act and the Sarbanes-Oxley Act confirm, from time to time various laws are passed in the United States Congress as well as the Pennsylvania legislature and by various bank regulatory authorities which would alter the powers of, and place restrictions on, different types of banks and financial organizations. It is impossible to predict whether any potential legislation or regulations will be adopted

and the impact, if any, of such adoption on the business of the Corporation or its subsidiaries, especially the Bank.

---

**Table of Contents**

**ITEM 1A. RISK FACTORS**

Investment in the Corporation's common shares involves risk. The market price of the Corporation's common shares may fluctuate significantly in response to a number of factors including those that follow. The following list contains certain risks that may be unique to the Corporation and to the banking industry. The following list of risks should not be viewed as an all inclusive list or in any particular order.

**Future loan and lease losses may exceed the Corporation's allowance for loan and lease losses**

The Corporation is subject to credit risk, which is the risk of losing principal or interest due to borrowers' failure to repay loans in accordance with their terms. A downturn in the economy or the real estate market in the Corporation's market area or a rapid change in interest rates could have a negative effect on collateral values and borrowers' ability to repay. This deterioration in economic conditions could result in losses to the Corporation in excess of loan and lease loss allowances. To the extent loans are not paid timely by borrowers, the loans and leases are placed on non-accrual, thereby reducing interest income. To the extent loan and lease charge-offs exceed the Corporation's projections, increased amounts allocated to the provision for loan losses would reduce income.

**Rapidly changing interest rate environment could reduce the Corporation's net interest margin, net interest income, fee income and net income**

Interest and fees on loans and securities, net of interest paid on deposits and borrowings, are a large part of the Corporation's net income. Interest rates are key drivers of the Corporation's net interest margin and subject to many factors beyond the control of Management. As interest rates change, net interest income is affected. Rapidly changing interest rates in the future could result in interest expense increasing faster than interest income because of mismatches in financial instrument maturities and/or competitive pressures. Further, substantially higher interest rates generally reduce loan demand and may result in slower loan growth particularly in real estate related loans, which have been a significant portion of the Corporation's revenue growth over the past two years. Decreases or increases in interest rates could have a negative effect on the spreads between the interest rates earned on assets and the rates of interest paid on liabilities, and therefore decrease net interest income. Also, changes in interest rates might also impact the values of equity and debt securities under management and administration by the Wealth Management Division which may have a negative impact on fee income. See the section captioned "Net Interest Income" in the MD&A of the Corporation's Annual Report to Shareholders for additional details regarding interest rate risk.

**A General Economic Slowdown Could Impact Wealth Management Division Revenues**

A general economic slowdown might decrease the value of Wealth Management Division assets under management and administration resulting in lower fee income. Such an economic downturn might also result in Wealth Management Division clients seeking alternative investment opportunities with other providers, resulting in lower fee income to the Corporation.

**Slower than anticipated growth in new branches and from lower than expected new business could result in reduced net income**

The Corporation has opened three new branches since 2003. Risks associated with this include slower than anticipated growth in new branch locations and lower than expected loan, deposit and other income from these new branches. New branches require a significant investment of both financial and personnel resources. Lower than expected loan, deposit and other revenue growth in new branches could result in additional expenses, lower revenue and might divert resources from current core operations, ultimately reducing net income.

**The financial services industry is very competitive**

The Corporation faces competition in attracting and retaining deposits, making loans, and providing other financial services such as trust and investment management services throughout the Corporation's market area. The Corporation's competitors include other community banks, larger banking institutions, trust companies and a wide range of other financial institutions such as credit unions, government-sponsored enterprises, on-line banking enterprises, mutual fund companies, insurance companies and other non-bank businesses. Many of these competitors have substantially greater resources than the Corporation. This is especially evident in regards to advertising and public relations spending. For a more complete discussion of our competitive environment, see "Business Competition" in Item 1 above. If the Corporation is unable to compete effectively, the Corporation will lose market share and income from deposits, loans, and other products may be reduced.



## **Table of Contents**

### **Decreased residential mortgage origination, volume and pricing decisions of competitors**

The Corporation originates, sells and services residential mortgage loans. Changes in interest rates and pricing decisions by our loan competitors affect demand for the Corporation's residential mortgage loan products, the revenue realized on the sale of loans and revenues received from servicing such loans for others, ultimately reducing the Corporation's net income. A new regulation may be introduced to the residential mortgage origination market due to issues resulting from the 2007 sub-prime mortgage crisis. This new regulation may increase costs and make it more difficult to operate a residential mortgage origination business.

### **New leasing business may result in additional risks not previously experienced by the Corporation**

The Corporation's new leasing business which began operations in September 2006 consists of leasing various types of equipment to businesses in amounts ranging from \$10 thousand to \$150 thousand throughout the United States. In addition to anticipated credit losses higher than our traditional lending business, the Corporation will be operating in a geographic area well beyond our Philadelphia market area. Additional risks may include additional state regulatory burdens including multi-state tax issues such as state income taxes, personal property taxes and sales and use taxes.

### **Lack of growth in other deposits and increased reliance on wholesale funding may impact earning asset growth**

Other deposits are defined as total deposits less wholesale deposits. Historically other deposits have experienced modest growth each year as evidenced by the compound annual growth rate of 13.9% over the ten year period ending December 31, 2005. Since that time, other deposit growth has been very slow due to a number of factors which include intense competition as discussed earlier in this report under the heading Competition, a more educated consumer, an abundance of information from the Internet, more electronic banking options, wider acceptance of debt and credit transactions, and reduced customer loyalty. If growth of other deposits remains slow, the Corporation intends to fund earning asset growth with higher cost wholesale sources. However, after it evaluates the capacity and cost of continuing to fund asset growth with wholesale sources, the Corporation may decide to reduce or eliminate future asset growth. Such a decision could impact profitability.

### **Additional risk factors also include the following all of which may reduce revenues and / or increase expenses and/or pull Management's attention away from core banking operations which may ultimately reduce the Corporation's net income**

Inability to hire or retain key professionals, management and staff

Changes in securities analysts estimates of financial performance

Volatility of stock market prices and volumes

Rumors or erroneous information

Changes in market values of similar companies

New developments in the banking industry

Variations in quarterly or annual operating results

## Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

New litigation or changes in existing litigation

Regulatory actions

Changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

### **ITEM 2. PROPERTIES**

The Corporation maintains its headquarters and largest branch location in a three-story, stone-front office building consisting of 37,000 net useable square feet located at the corner of Lancaster and Bryn Mawr Avenues in Bryn Mawr, PA. The building has been the Corporation's headquarters since its founding in 1889. In 1988, additional space was added to the main office building to facilitate drive-in banking and expanded office space. The Corporation and its subsidiaries own these buildings.

**Table of Contents**

In addition, as part of the Bryn Mawr ( Main Office ) office complex, the Corporation occupies three buildings across the street from the Main Office. These buildings house accounting, other administrative functions and the Corporation s Wealth Division. The surplus space in these buildings is sublet to several tenants on short term leases. The Corporation leases two of these buildings and owns the third building.

The Corporation s operations center and Wayne branch office are located in a three story building owned by the Corporation and located in Wayne, PA, approximately 6 miles from the Main Office complex.

Additionally, the Corporation and its subsidiaries own or lease eight branch office facilities and seven Life Care Community offices. The Corporation owns five of its branch locations and has long term ground leases on its most recently established branches. All of the life care community office locations are leased under various terms ranging from month to month up to five years.

The Corporation sold the Wynnewood, PA branch office in January 2007, which sale resulted in a pre-tax gain of \$1.333 million.

Total monthly minimum cash lease payments for office, branch office (including ground leases) and life care community locations amounts to \$64 thousand per month.

**ITEM 3. LEGAL PROCEEDINGS**

Neither the Corporation nor any of its subsidiaries is a party to, nor is any of their property the subject of, any material legal proceedings other than ordinary routine litigation incident to their businesses.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

The Corporation held a special Shareholders meeting on November 20, 2007 for the purpose of considering and acting upon the following matters: (i) to increase the number of authorized shares of common stock from 25,000,000 shares to 100,000,000 shares; (ii) to approve amendments to the Articles of Incorporation and By-Laws providing for the issuance of uncertificated shares as well as shares evidenced by paper stock certificates; (iii) to approve the amendment of Article 7 of the Articles of Incorporation to provide that each director may be elected by a majority of the votes cast for such position in person or by proxy, at a duly organized meeting of the shareholders, by the holders of shares entitled to vote; (iv) to approve an amendment to the Articles of Incorporation to update a statutory reference relating to the indemnification of officers and directors; and (v) to approve an amendment to the Articles of Incorporation and By-laws to permit the Board of Directors to amend the By-Laws without shareholder approval except in certain cases, and to approve certain amendments to the By-Laws to be made by the Board of Directors.

The shareholders approved item (i) above, increasing the number of authorized shares of common stock from 25,000,000 shares to 100,000,000 shares by the following vote:

<b>For</b>	<b>Against</b>	<b>Abstain</b>
5,954,124	1,019,258	10,443

The shareholders approved item (ii) above, amending the Articles of Incorporation and By-Laws to provide for the issuance of uncertificated shares as well as shares evidenced by paper stock certificates by the following vote:

<b>For</b>	<b>Against</b>	<b>Abstain</b>
6,816,028	124,519	43,278

The shareholders approved item (iii) above, amending Article 7 of the Articles of Incorporation to provide that each director may be elected by a majority of the votes cast for such position in person or by proxy, at a duly organized meeting of the shareholders, by the holders of shares entitled to vote by the following vote:



Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

**For**  
5,200,052

**Against**  
505,384

**Abstain**  
9,544

**Broker non-votes**  
1,268,845

10

**Table of Contents**

The shareholders approved item (iv) above, amending the Articles of Incorporation to update a statutory reference relating to the indemnification of officers and directors by the following vote:

<b>For</b>	<b>Against</b>	<b>Abstain</b>
6,577,602	307,732	98,502

The shareholders did not approve item (v) above regarding the amendment the Articles of Incorporation and By-Laws to permit the Board of Directors to amend the By-Laws without shareholders approval except in certain cases, and certain By-Law amendments to be made by the Board of Directors by the following vote:

<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Broker non-votes</b>
3,860,790	1,726,100	127,199	1,268,844

**PART II**

**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Price Range of Shares**

The information required by this Item 5 is incorporated by reference to the information appearing under the caption "Price Range of Shares" in the Corporation's Annual Report to Shareholders for the year ended December 31, 2007.

**Comparison of Cumulative Total Return Chart**

The information required by this Item 5 is incorporated by reference to the information appearing under the caption "Comparison of Cumulative Total Returns" in the Corporation's Annual Report to Shareholders for the year ended December 31, 2007.

**Equity Compensation Plan Information**

The following table gives information about our common stock that may be issued upon the exercise of options under the Corporation's Stock Option Plans as of December 31, 2007. Additional information regarding the Corporation's stock option plans can be found at Note 13 "Stock Option Plan" in the accompanying Notes to Consolidated Financial Statements found in the Corporation's Annual Report to Shareholders for the year ended December 31, 2007 and such information is incorporated herein by reference thereto. Information about the payment of the independent directors' retainer compensation in our common stock is set forth in the paragraph following the table.

Plan Category	A. Number of securities to be issued upon exercise of outstanding options	B. Weighted-average exercise price of outstanding options	C. Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by shareholders	860,750	\$ 18.52	310,685

## Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

Equity compensation  
plans not approved by  
shareholders

Total	860,750	\$ 18.52	310,685
-------	---------	----------	---------

We have agreed to pay, and our non-employee independent directors have agreed to accept, payment of their annual \$12,500 retainer compensation in the form of our common stock, payable in April of each year at the market value of the stock on the day prior to the day of payment. If all of the Corporation's non-employee independent directors, including the directors elected at the Annual Meeting, continue this compensation arrangement for their 2008-2009 terms as directors, it is estimated, based on the \$22.93 per share market price of the stock on December 31, 2007, that such directors, as a group, will receive a total of 4,361 shares of our common stock as retainer compensation.

**Table of Contents****Issuers Purchases of Equity Securities**

The following tables present the repurchasing activity of the Corporation during the fourth quarter of 2007:

Shares Repurchased in the 4<sup>th</sup> Quarter of 2007 were as follows: <sup>(1)(2)</sup>

Period:	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Programs
Oct. 1, 2007 Oct. 31, 2007	609	\$ 22.00		208,597
Nov. 1, 2007 Nov. 30, 2007				208,597
Dec. 1, 2007 Dec. 31, 2007				208,597
Total	609	\$ 22.00		208,597

Notes to these tables:

- (1) On February 24, 2006, the Board of Directors of the Corporation adopted a new stock repurchase program (the 2006 Program ) under which the Corporation may repurchase up to 450,000 shares of the Corporation s common stock, not to exceed \$10 million. The 2006 Program was publicly announced in a Press Release dated February 24, 2006. There is no expiration date on the 2006 Program. All shares purchased through the 2006 Program were accomplished in open market transactions.
- (2) In October 2007, 609 shares were purchased by the Corporation s deferred compensation plan through open market transactions by the Corporation s Wealth Management Division investment personnel.

**ITEM 6. SELECTED FINANCIAL DATA**

The information required by this Item 6 is incorporated by reference to the information appearing under the caption Selected Financial Data in the financial section of the Corporation s Annual Report to Shareholders for the year ended December 31, 2007 at page 1.

**ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OPERATIONS ( MD&A )**

The information required by this Item 7 is incorporated by reference to the information appearing under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations in the financial section of the Corporation s Annual Report to Shareholders for the year ended December 31, 2007.

**ITEM 7A. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information required by this Item 7A is incorporated by reference to information appearing in the MD&A Section of the Corporation s Annual Report to Shareholders for the year ended December 31, 2007, more specifically in the sections entitled Net Interest Income Rate Volume Analyses, Analyses of interest rates and Interest Differential, Net Interest Margin, Interest Rate Sensitivity, Summary Interest Rate Simulation, and Gap Report; Provision for Loan and Lease Losses General Discussion of Loans and Lease Losses, Asset Quality and Analysis of Credit Risk, Non Performing Assets and Related Ratios, Summary of Changes in the Allowance of Loan and Lease Losses, Allocation of Allowance for Loan and Lease Losses; Non- interest Income ; Non-interest Expense ; Income Taxes ; Balance Sheet Analysis ; Discussion of Segments ; Capital ; Liquidity ; Off Balance Sheet Risk ; Contractual Cash Obligation of the Corporation as of December 31, 2007.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements and the auditor's report thereon and supplementary data required by this Item 8 are incorporated by reference to the financial section of the Corporation's Annual Report to Shareholders for the year ended December 31, 2007.

**ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

---

**Table of Contents**

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

The Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer, Frederick C. Peters II, and Chief Financial Officer, J. Duncan Smith, CPA, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2007 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures as of December 31, 2007, are effective in timely alerting them to material information relating to the Corporation (including its consolidated subsidiaries) required to be included in the Corporation's periodic SEC filings.

**Changes in Internal Control over Financial Reporting**

As of the date of this Report, there have not been any significant changes in the Corporation's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

**Management's Report on Internal Control over Financial Reporting**

The information required in this Item 9A is incorporated by reference to the financial section of the Corporation's Annual Report to Shareholders for the year ended December 31, 2007.

**Reports of Independent Registered Public Accounting Firm**

The information required in this Item 9A is incorporated by reference to the financial section of the Corporation's Annual Report to Shareholders for the year ended December 31, 2007.

**ITEM 9B. OTHER INFORMATION**

None

**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information with respect to Directors of the Corporation is incorporated by reference to the definitive proxy statement of the Corporation filed with the SEC pursuant to Regulation 14A at pages 4 to 11.

The information with respect to Committees of the Corporation's Board of Directors are incorporated by reference to the definitive proxy statement of the Corporation filed with the SEC pursuant to Regulation 14A at pages 5 to 11.

Each member of the Audit Committee is independent and financially literate as defined by Nasdaq GM. The Board of Directors of the Corporation has determined that Scott M. Jenkins and Britton H. Murdoch are financial experts as defined by SEC regulations.

The Boards of Directors of the Corporation and the Bank have each determined that all of its members are independent and meet the independence requirements of the Nasdaq GM, except for Frederick C. Peters, II. Because Mr. Peters is the President and Chief Executive Officer of the Corporation and the Bank, he is not independent. Mr. Peters also serves as Chairman of the Corporation and the Bank.



**Table of Contents****Executive Officers of the Corporation and the Bank**

Below is certain information with respect to the executive officers of the Corporation and Bank as of March 1, 2008:

<b>NAME</b>	<b>AGE AS OF MARCH 1, 2008</b>	<b>OFFICE WITH THE CORPORATION AND/OR BANK</b>
Frederick C. Peters II	58	President and Chief Executive Officer and Chairman of Corporation and Bank
J. Duncan Smith, CPA	49	Treasurer and Chief Financial Officer of Corporation and Executive Vice President, Treasurer & Chief Financial Officer of Bank
Alison E. Gers	50	Executive Vice President of Bank Community Banking Division, Marketing, Technology and Information, Services and Operations
Joseph G. Keefer	49	Executive Vice President of Bank - Chief Lending Officer
Robert J. Ricciardi	59	Secretary of Corporation and Executive Vice President, Secretary and Chief Credit Policy Officer of the Bank
Matthew G. Waschull	46	Executive Vice President of Bank Wealth Management Division

**Mr. Peters** was elected President and Chief Executive Officer and a Director of the Corporation and the Bank on January 22, 2001. Mr. Peters was elected the Chairman of each of the Boards of the Bank and Corporation effective August 5, 2002. Prior to that, Mr. Peters was founder, President and Chief Executive Officer of the 1<sup>st</sup> Main Line Bank, a division of National Penn Bank, from May 1995 to January 2001.

**Mr. Smith** was employed by the Corporation in April 2005 as Treasurer and Chief Financial Officer of the Corporation and as Executive Vice President, Treasurer and Chief Financial Officer of the Bank. From March 1993 through March 2005, Mr. Smith was the Principal Accounting Officer for First Chester County Corporation which is headquartered in West Chester, PA. During his tenure at First Chester County Corporation he held a variety of positions, the last of which was Executive Vice President and Chief Financial Officer.

**Ms. Gers** was employed by the Bank in 1998 as Senior Vice President of Marketing. Ms. Gers was appointed Executive Vice President of the Bank in 2001. Since joining the Bank, Ms. Gers has held various positions. As of September 2005, Ms. Gers was responsible for the Community Banking Division, marketing, technology and information services and operations.

**Mr. Keefer** was employed by the Bank in 1991 as Vice President and Commercial Lending manager. Mr. Keefer was made the Bank's Chief Lending Officer in December 1997. In December 2002, Mr. Keefer assumed responsibility for the Bank's Credit Division. In February 2001, Mr. Keefer was designated Executive Vice President and Chief Lending Officer of the Bank.

**Mr. Ricciardi** was employed by the Bank in 1971. In January 2001, Mr. Ricciardi was named Secretary of the Corporation and the Bank, and was responsible for the Credit Division, the Community Banking Division and the Risk Management Division. In December 2002, Mr. Ricciardi relinquished responsibility for the Credit Division. As of September 2005, Mr. Ricciardi was responsible for the Risk Management Division, the Human Resources/Facilities Division and Insurance Counsellors of Bryn Mawr.

**Mr. Waschull** was appointed Executive Vice President of the Bank in charge of the Wealth Management Division in February 2007. Prior to joining Bryn Mawr Trust, Mr. Waschull served as Managing Director for a substantial segment of the private wealth management business at Wilmington Trust Company in Wilmington, Delaware.



## Edgar Filing: BRYN MAWR BANK CORP - Form 10-K

None of the above executive officers has any family relationship with any other executive officer or with any director of the Corporation or named Bank.

The Corporation has adopted a Code of Business Conduct and Ethics ( the Code ) which amended, restated and combined into one code its Code of Ethics for Officers and Directors and its Employee Code of Ethics. The Code is available on the Corporation s website at [www.bmtc.com](http://www.bmtc.com) under the Code of Ethics caption and printed copies are available to any

**Table of Contents**

shareholder upon request. The Code meets the requirements for a code of ethics for the Corporation's principal executive officer, principal financial officer and Comptroller or persons performing similar functions under Item 406 of Regulation S-K of the SEC. Any amendments to the Code, or any waivers of the Code for directors or executive officers will be disclosed promptly on a Form 8-K filed with the SEC or by any other means approved by the SEC.

The information with respect to compliance with Section 16 of SEC Exchange Act of 1934 is incorporated by reference to the definitive proxy statement of the Corporation filed with the SEC pursuant to Regulation 14A at page 2.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required for Item 11 is incorporated by reference to the executive compensation section and the Corporation's compensation committee report section of the definitive proxy statement of the Corporation, filed with the SEC pursuant to Regulation 14A at page 21.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The information required for Item 12 is incorporated by reference to Item 5, Page 11 of the Corporation's 2007 Form 10-K filed with the SEC.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required for Item 13 is incorporated by reference to the Corporation's definitive proxy statement, filed with the SEC pursuant to Regulation 14A at page 33.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required for Item 14 is incorporated by reference to the Corporation's definitive proxy statement, filed with the SEC pursuant to Regulation 14A at page 35.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

*Item 15(a)(1)* The following items are incorporated by reference to the Corporation's 2007 Annual Report to Shareholders, attached hereto as Exhibit 13.1 (see table of contents on cover of Annual Report for specific page references):

Report of Independent Registered Public Accounting Firm, KPMG LLP

Consolidated Financial Statements and related Notes

Quarterly Results of Operations

*Item 15(a)(2)* Financial Statement Schedules are omitted because of the absence of the conditions under which they are required or because the information called for is included in the Consolidated Financial Statements or Notes thereto.

**Table of Contents**

**Item 15(a)(3) Exhibits**

<b>Exhibit No.</b>	<b>Description and References</b>
3.1	Amended and Restated By-Laws, effective November 20, 2007, incorporated by reference to Exhibit 3.2 of the Corporation's Form 8-K filed with the SEC on November 21, 2007
3.2	Amended and Restated Articles of Incorporation, effective November 21, 2007, incorporated by reference to Exhibit 3.1 of the Corporation's Form 8-K filed with the SEC on November 21, 2007
4.1	Shareholders Rights Plan, dated November 18, 2003, incorporated by reference to Exhibit 4 of the Corporation's Form 8-A12G filed with the SEC on November 25, 2003
4.2	Amended and Restated By-Laws, effective November 20, 2007, incorporated by reference to Exhibit 3.2 of the Corporation's Form 8-K filed with the SEC on November 21, 2007
4.3	Amended and Restated Articles of Incorporation, effective November 21, 2007, incorporated by reference to Exhibit 3.1 of the Corporation's Form 8-K filed with the SEC on November 21, 2007
10.1	Amended and Restated Supplemental Employee Retirement Plan of the Bryn Mawr Bank Corporation, effective January 1, 1999, filed herewith
10.2	Executive Change-of-Control Severance Agreement, dated October 19, 1995, between the Bryn Mawr Trust Company and Robert J. Ricciardi, incorporated by reference to Exhibit 10.O of the Corporation's Form 10-K filed with the SEC on March 15, 2007
10.3	The Bryn Mawr Bank Corporation 1998 Stock Option Plan, incorporated by reference to Exhibit B of the Corporation's Proxy Statement dated March 6, 1998 filed with the SEC on March 5, 1998
10.4	Deferred Bonus Plan for Executives of the Bryn Mawr Bank Corporation, dated January 1, 1999, incorporated by reference to Exhibit 10.U of the Corporation's Form 10-K filed with the SEC on March 15, 2007
10.5	Deferred Payment Plan for Directors of the Bryn Mawr Bank Corporation, dated January 1, 2000, incorporated by reference to Exhibit 10.S of the Corporation's Form 10-K filed with the SEC on March 15, 2007
10.6	Deferred Payment Plan for Directors of the Bryn Mawr Trust Company, effective January 1, 2000, incorporated by reference to Exhibit 10.T of the Corporation's Form 10-K filed with the SEC on March 15, 2007
10.7	Employment Agreement, dated January 11, 2001, between the Bryn Mawr Bank Corporation and Frederick C. Peters II, incorporated by reference to Exhibit 10.N of the Corporation's Form 10-K filed with the SEC on March 29, 2001
10.8	Executive Change-of-Control Severance Agreement, dated January 22, 2001, between the Bryn Mawr Trust Company and Frederick C. Peters II, incorporated by reference to Exhibit 10.K of the Corporation's Form 10-K filed with the SEC on March 15, 2007
10.9	The Bryn Mawr Bank Corporation 2001 Stock Option Plan, incorporated by reference to Appendix B of the Corporation's Proxy Statement dated March 8, 2001 filed with the SEC on March 6, 2001
10.10	Bryn Mawr Bank Corporation 2004 Stock Option Plan, incorporated by reference to Appendix A of the Corporation's Proxy Statement dated March 10, 2004 filed with the SEC on March 8, 2004
10.11	Executive Change-of-Control Amended and Restated Severance Agreement, dated May 21, 2004, between the Bryn Mawr Trust Company and Alison E. Gers, incorporated by reference to Exhibit 10.M of the Corporation's Form 10-K filed with the SEC on March 15, 2007
10.12	Executive Change-of-Control Amended and Restated Severance Agreement, dated May 21, 2004, between the Bryn Mawr Trust Company and Joseph G. Keefer, incorporated by reference to Exhibit 10.N of the Corporation's Form 10-K filed with the SEC on March 15, 2007

**Table of Contents**

- 10.13 Executive Severance and Change of Control Agreement, dated April 4, 2005, between the Bryn Mawr Trust Company and J. Duncan Smith, incorporated by reference to Exhibit 10.1 to the Corporation's Form 8-K filed with the SEC on April 6, 2005
- 10.14 Form of Key Employee Non-Qualified Stock Option Agreement, incorporated by reference to Exhibit 10.3 to the Corporation's Form 10-Q filed with the SEC on May 10, 2005
- 10.15 Form of Non-Qualified Stock Option Agreement for Non-Employee Directors, incorporated by reference to Exhibit 10.2 of the Corporation's Form 10-Q filed with the SEC on May 10, 2005
- 10.16 Letter Employment Agreement, dated January 3, 2007, from the Bryn Mawr Trust Company to Matthew G. Waschull, incorporated by reference to Exhibit 10.2 of the Corporation's Form 10-Q filed with the SEC on August 7, 2007
- 10.17 Executive Change-of-Control Amended and Restated Severance Agreement, dated February 5, 2007, between the Bryn Mawr Trust Company and Matthew G. Waschull, incorporated by reference to Exhibit 10.P of the Corporation's Form 10-K filed with the SEC on March 15, 2007
- 10.18 Non-Disclosure and Nonsolicitation Agreement, dated March 9, 2007, between the Bryn Mawr Trust Company and Matthew G. Waschull, filed herewith
- 10.19 2007 Long Term Incentive Plan, effective April 25, 2007, incorporated by reference to Exhibit 10.1 of the Corporation's Form 10-Q filed with the SEC May 10, 2007
- 13.1 Corporation's 2007 Annual Report to Shareholders, filed herewith
- 21.1 List of Subsidiaries, filed herewith
- 23.1 Consent of KPMG LLP, filed herewith
- 31.1 Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
- 31.2 Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
- 99.1 Corporation's Proxy Statement for 2007 Annual Meeting to be held on April 23, 2008, expected to be filed with the Securities and Exchange Commission on or around March 15, 2008, and incorporated hereto by reference
- Item 15(b)** The Exhibits described above in Item 15(a)(3) are attached hereto or incorporated by reference herein, as noted
- Item 15(c)** Not Applicable

**SIGNATURES**

Pursuant to the requirements of section 13 or 15d of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized

(Registrant) Bryn Mawr Bank Corporation

By (Signature and Title) /s/ J. Duncan Smith, Treasurer and Chief Financial Officer  
Date March 13, 2008

**Table of Contents**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Corporation and in the capacities and on the date indicated.

NAME	TITLE	DATE
<b>/s/ Frederick C. Peters II</b> <b>Frederick C. Peters II</b>	Chairman, President and Chief Executive Officer (Principal Executive Officer) and Director	March 13, 2008
<b>/s/ J. Duncan Smith</b> <b>J. Duncan Smith</b>	Treasurer and Chief Financial Officer (Principal Financial and Principal Accounting Officer)	March 13, 2008
<b>/s/ David E. Lees</b> <b>David E. Lees</b>	Director	March <u>12</u> , 2008
<b>/s/ Andrea F. Gilbert</b> <b>Andrea F. Gilbert</b>	Director	March 11, 2008
<b>Wendell F. Holland</b>	Director	March __, 2008
<b>/s/ Francis J. Leto</b> <b>Francis J. Leto</b>	Director	March <u>11</u> , 2008
<b>/s/ B. Loyall Taylor, Jr.</b> <b>B. Loyall Taylor, Jr.</b>	Director	March <u>11</u> , 2008
<b>/s/ Thomas L. Bennett</b> <b>Thomas L. Bennett</b>	Director	March <u>12</u> , 2008
<b>Britton H. Murdoch</b>	Director	March __, 2008
<b>/s/ Scott M. Jenkins</b> <b>Scott M. Jenkins</b>	Director	March <u>13</u> , 2008